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**Commonwealth of Kentucky**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,507,367,300	9,478,895,200	9,779,620,200	10,040,232,900	10,261,330,800
Surplus Expenditure Plan	121,722,500		25,600,900		
Special Appropriation	-97,295,800				
Current Year Appropriation	10,433,000		32,884,900		
Continuing Approp.-General Fund	57,456,023	157,286,322	156,424,000	112,087,000	96,104,600
Mandated Allotments	49,582,077	60,156,325	40,949,300		
Other	30,419,900	-50,935,967	-126,059,800		
<b>Total General Fund</b>	<b>9,679,685,000</b>	<b>9,645,401,880</b>	<b>9,909,419,500</b>	<b>10,152,319,900</b>	<b>10,357,435,400</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	105,714,800	94,393,600	93,093,500	101,879,500	74,579,500
Continuing Approp.-Tobacco Settlement	37,651,100	45,099,647	45,573,400	450,500	2,505,300
Budget Reduction-General Fund Tobacco	-927,058		-47,393,700		
Other		9,125,278			
<b>Total Tobacco Settlement - Phase I</b>	<b>142,438,842</b>	<b>148,618,525</b>	<b>91,273,200</b>	<b>102,330,000</b>	<b>77,084,800</b>
<b>Restricted Funds</b>					
Balance Forward	770,341,186	898,753,512	673,196,446	401,086,546	287,405,246
Current Receipts	4,937,805,813	5,118,124,995	6,111,807,900	6,343,014,900	6,548,377,300
Non-Revenue Receipts	1,020,812,543	881,604,924	2,046,863,400	1,147,270,600	976,896,900
Fund Transfers	-116,489,729	-89,149,200	-75,022,800	-102,489,900	-72,476,700
<b>Total Restricted Funds</b>	<b>6,612,469,813</b>	<b>6,809,334,231</b>	<b>8,756,844,946</b>	<b>7,788,882,146</b>	<b>7,740,202,746</b>
<b>Federal Funds</b>					
Balance Forward	123,586,767	77,357,396	186,962,100	24,362,300	20,931,400
Current Receipts	9,230,006,968	9,157,280,570	9,918,363,000	10,893,653,900	11,203,128,400
Non-Revenue Receipts	-15,341,526	-384,929,171	-11,071,300	-2,068,700	3,054,100
ARRA Receipts	243,973,779	102,849,291	3,322,700		
<b>Total Federal Funds</b>	<b>9,582,225,988</b>	<b>8,952,558,086</b>	<b>10,097,576,500</b>	<b>10,915,947,500</b>	<b>11,227,113,900</b>
<b>Road Fund</b>					
Regular Appropriation	1,351,731,000	1,542,875,000	1,557,664,700	1,578,613,400	1,545,167,600
Surplus Expenditure Plan	67,517,612	50,311,839	17,718,000		
Current Year Appropriation	395,400				
Continuing Approp.-Road Fund	435,549,345	594,914,617			
Other	40,651,249	-3,267,719	-397,700		
<b>Total Road Fund</b>	<b>1,895,844,606</b>	<b>2,184,833,737</b>	<b>1,574,985,000</b>	<b>1,578,613,400</b>	<b>1,545,167,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>27,912,664,249</b>	<b>27,740,746,459</b>	<b>30,430,099,146</b>	<b>30,538,092,946</b>	<b>30,947,004,446</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,992,298,099	6,200,134,187	6,396,274,300	6,629,633,351	6,778,329,599
Operating Expenses	2,382,683,237	2,383,779,356	3,172,269,000	3,261,317,564	3,350,413,251
Grants Loans Benefits	15,312,653,025	14,680,783,019	16,632,130,200	17,572,368,285	17,974,515,650
Debt Service	752,199,566	949,929,637	1,052,247,900	1,099,265,900	1,185,603,700
Capital Outlay	270,924,993	211,270,270	167,193,200	183,968,300	178,205,900
Construction	1,176,206,173	1,334,703,217	2,365,063,100	1,343,840,300	1,121,294,800
<b>TOTAL EXPENDITURES</b>	<b>25,886,965,094</b>	<b>25,760,599,687</b>	<b>29,785,177,700</b>	<b>30,090,393,700</b>	<b>30,588,362,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,332,236,465	9,423,146,076	9,718,636,200	10,021,117,900	10,239,997,000
Tobacco Settlement - Phase I	94,344,396	100,312,786	88,529,200	97,645,200	74,900,700
Restricted Funds	5,691,346,601	6,010,349,408	8,355,758,400	7,501,476,900	7,521,561,600
Federal Funds	9,504,870,092	8,763,835,019	10,073,214,200	10,895,016,100	11,210,211,800
Road Fund	1,264,167,540	1,462,956,398	1,549,039,700	1,575,137,600	1,541,691,800
<b>TOTAL EXPENDITURES</b>	<b>25,886,965,094</b>	<b>25,760,599,687</b>	<b>29,785,177,700</b>	<b>30,090,393,700</b>	<b>30,588,362,900</b>

**EXPENDITURES BY UNIT**

Executive Branch	25,488,288,686	25,353,983,622	29,352,593,000	29,646,598,600	30,139,403,600
Legislative Branch	48,982,015	48,855,355	54,515,000	56,878,800	58,286,700
Judicial Branch	349,694,393	357,760,710	378,069,700	386,916,300	390,672,600
<b>TOTAL EXPENDITURES</b>	<u>25,886,965,094</u>	<u>25,760,599,687</u>	<u>29,785,177,700</u>	<u>30,090,393,700</u>	<u>30,588,362,900</u>

**Executive Branch**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,137,228,400	9,111,800,300	9,410,218,100	9,649,746,100	9,863,741,700
Surplus Expenditure Plan	121,722,500		25,600,900		
Special Appropriation	-97,295,800				
Current Year Appropriation	10,433,000		32,884,900		
Continuing Approp.-General Fund	42,806,313	143,049,215	133,777,900	98,294,200	84,633,000
Mandated Allotments	49,582,077	60,156,325	40,949,300		
Other	30,419,900	-50,935,967	-126,059,800		
<b>Total General Fund</b>	<b>9,294,896,390</b>	<b>9,264,069,873</b>	<b>9,517,371,300</b>	<b>9,748,040,300</b>	<b>9,948,374,700</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	105,714,800	94,393,600	93,093,500	101,879,500	74,579,500
Continuing Approp.-Tobacco Settlement	37,651,100	45,099,647	45,573,400	450,500	2,505,300
Budget Reduction-General Fund Tobacco	-927,058		-47,393,700		
Other		9,125,278			
<b>Total Tobacco Settlement - Phase I</b>	<b>142,438,842</b>	<b>148,618,525</b>	<b>91,273,200</b>	<b>102,330,000</b>	<b>77,084,800</b>
<b>Restricted Funds</b>					
Balance Forward	746,178,470	876,197,737	652,037,800	387,206,500	280,065,100
Current Receipts	4,919,773,867	5,091,661,327	6,085,576,400	6,317,447,400	6,522,815,700
Non-Revenue Receipts	1,002,685,024	863,099,705	2,029,173,400	1,129,580,600	959,199,200
Fund Transfers	-116,474,729	-89,149,200	-75,022,800	-102,009,900	-72,476,700
<b>Total Restricted Funds</b>	<b>6,552,162,632</b>	<b>6,741,809,569</b>	<b>8,691,764,800</b>	<b>7,732,224,600</b>	<b>7,689,603,300</b>
<b>Federal Funds</b>					
Balance Forward	123,586,767	77,357,396	186,962,100	24,362,300	20,931,400
Current Receipts	9,226,499,968	9,153,035,570	9,915,233,800	10,890,054,600	11,199,517,200
Non-Revenue Receipts	-15,341,526	-384,929,171	-11,071,300	-2,068,700	3,054,100
ARRA Receipts	243,973,779	102,849,291	3,322,700		
<b>Total Federal Funds</b>	<b>9,578,718,988</b>	<b>8,948,313,086</b>	<b>10,094,447,300</b>	<b>10,912,348,200</b>	<b>11,223,502,700</b>
<b>Road Fund</b>					
Regular Appropriation	1,351,731,000	1,542,875,000	1,557,664,700	1,578,613,400	1,545,167,600
Surplus Expenditure Plan	67,517,612	50,311,839	17,718,000		
Current Year Appropriation	395,400				
Continuing Approp.-Road Fund	435,549,345	594,914,617			
Other	40,651,249	-3,267,719	-397,700		
<b>Total Road Fund</b>	<b>1,895,844,606</b>	<b>2,184,833,737</b>	<b>1,574,985,000</b>	<b>1,578,613,400</b>	<b>1,545,167,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>27,464,061,458</b>	<b>27,287,644,790</b>	<b>29,969,841,600</b>	<b>30,073,556,500</b>	<b>30,483,733,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,761,612,419	5,961,322,281	6,141,016,300	6,355,602,851	6,499,084,899
Operating Expenses	2,214,914,133	2,216,109,041	2,998,392,300	3,094,852,964	3,183,998,651
Grants Loans Benefits	15,312,653,025	14,680,783,019	16,632,130,200	17,572,368,285	17,974,515,650
Debt Service	752,199,566	949,929,637	1,049,047,900	1,096,065,900	1,182,403,700
Capital Outlay	270,703,369	211,136,426	166,943,200	183,868,300	178,105,900
Construction	1,176,206,173	1,334,703,217	2,365,063,100	1,343,840,300	1,121,294,800
<b>TOTAL EXPENDITURES</b>	<b>25,488,288,686</b>	<b>25,353,983,622</b>	<b>29,352,593,000</b>	<b>29,646,598,600</b>	<b>30,139,403,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,974,818,463	9,067,141,002	9,340,380,800	9,630,239,500	9,844,380,700
Tobacco Settlement - Phase I	94,344,396	100,312,786	88,529,200	97,645,200	74,900,700
Restricted Funds	5,653,595,195	5,963,983,417	8,304,558,300	7,452,159,500	7,471,829,800
Federal Funds	9,501,363,092	8,759,590,019	10,070,085,000	10,891,416,800	11,206,600,600
Road Fund	1,264,167,540	1,462,956,398	1,549,039,700	1,575,137,600	1,541,691,800
<b>TOTAL EXPENDITURES</b>	<b>25,488,288,686</b>	<b>25,353,983,622</b>	<b>29,352,593,000</b>	<b>29,646,598,600</b>	<b>30,139,403,600</b>

**EXPENDITURES BY UNIT**

General Government	1,010,774,968	1,014,860,020	1,149,716,600	1,100,936,000	1,083,959,700
Economic Development	43,423,392	24,342,286	26,873,900	21,863,000	42,996,200
Department of Education	4,785,643,666	4,715,499,643	4,773,512,800	4,926,720,600	5,015,541,600
Education and Workforce Development	1,436,639,138	1,110,105,890	1,266,569,000	1,279,145,700	1,282,291,400
Energy and Environment	253,034,912	226,738,978	251,464,300	248,324,300	243,048,800
Finance and Administration	527,929,164	763,471,742	792,320,500	853,226,100	856,729,900
Health and Family Services	8,149,967,894	7,992,466,056	9,342,063,200	10,284,029,800	10,612,997,600
Justice and Public Safety	879,402,952	920,846,510	927,757,200	931,695,100	942,490,600
Labor	198,683,327	194,166,534	212,534,200	234,944,700	227,360,200
Personnel	61,732,001	55,678,866	61,343,500	63,473,300	64,800,700
Postsecondary Education	5,572,697,340	5,541,614,021	6,644,267,800	6,795,890,500	7,037,014,200
Public Protection	76,552,479	80,078,719	92,659,000	97,733,400	98,922,900
Tourism, Arts and Heritage	219,062,912	219,019,257	224,019,000	229,609,400	229,164,900
Transportation	2,271,544,540	2,495,095,100	3,587,492,000	2,579,006,700	2,402,084,900
<b>TOTAL EXPENDITURES</b>	<b>25,487,088,686</b>	<b>25,353,983,622</b>	<b>29,352,593,000</b>	<b>29,646,598,600</b>	<b>30,139,403,600</b>

# General Government

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**General Government**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	611,613,100	656,766,600	724,502,800	683,024,800	665,706,500
State Salary and Compensation Allocation	8,239,000	290,600	581,400		
Current Year Appropriation	481,000				
Continuing Approp.-General Fund	68,217	203,765	313,600		
Mandated Allotments	25,168,232	23,996,400	22,716,800		
Other	30,419,900	-50,935,967	-77,030,600		
<b>Total General Fund</b>	<b>675,989,449</b>	<b>630,321,398</b>	<b>671,084,000</b>	<b>683,024,800</b>	<b>665,706,500</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	17,691,600	18,850,600	16,291,800	33,614,100	14,733,700
Continuing Approp.-Tobacco Settlement	28,670,281	32,963,311	33,540,400	450,500	2,505,300
Budget Reduction-General Fund Tobacco			-16,481,100		
Reorganization Adjustment	2,050,000				
Other		6,265,246	-5,751,000		
<b>Total Tobacco Settlement - Phase I</b>	<b>48,411,881</b>	<b>58,079,157</b>	<b>27,600,100</b>	<b>34,064,600</b>	<b>17,239,000</b>
<b>Restricted Funds</b>					
Balance Forward	70,094,861	81,074,535	92,845,400	71,935,300	54,184,900
Current Receipts	121,981,016	126,434,147	192,342,600	172,534,700	190,015,600
Non-Revenue Receipts	56,852,628	57,098,154	50,117,900	64,122,400	64,318,100
Fund Transfers	-6,095,200	-3,400,000	-3,300,000	-3,800,000	-2,050,000
<b>Total Restricted Funds</b>	<b>242,833,304</b>	<b>261,206,835</b>	<b>332,005,900</b>	<b>304,792,400</b>	<b>306,468,600</b>
<b>Federal Funds</b>					
Balance Forward	20,040,510	18,569,559	16,447,600	10,776,000	5,643,600
Current Receipts	166,275,529	192,367,631	198,212,300	130,101,900	130,404,200
Non-Revenue Receipts	-3,406,677	-519,210			
ARRA Receipts	10,663,110	9,029,132	322,700		
<b>Total Federal Funds</b>	<b>193,572,472</b>	<b>219,447,112</b>	<b>214,982,600</b>	<b>140,877,900</b>	<b>136,047,800</b>
<b>Road Fund</b>					
Regular Appropriation	500,000	500,000	500,000	510,100	512,500
<b>Total Road Fund</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>510,100</b>	<b>512,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,161,307,106</b>	<b>1,169,554,503</b>	<b>1,246,172,600</b>	<b>1,163,269,800</b>	<b>1,125,974,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	277,061,820	295,763,009	319,316,400	319,984,100	333,017,200
Operating Expenses	71,053,371	70,481,833	78,968,100	82,113,400	84,109,200
Grants Loans Benefits	461,419,716	441,354,441	494,361,800	429,083,500	389,129,200
Debt Service	194,190,907	203,231,744	251,981,100	260,119,000	270,233,700
Capital Outlay	5,609,037	2,675,181	5,089,200	9,636,000	7,470,400
Construction	1,440,118	1,353,811			
<b>TOTAL EXPENDITURES</b>	<b>1,010,774,968</b>	<b>1,014,860,020</b>	<b>1,149,716,600</b>	<b>1,100,936,000</b>	<b>1,083,959,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	649,017,212	618,485,944	657,789,800	683,024,800	665,706,500
Tobacco Settlement - Phase I	24,496,106	24,538,744	27,149,600	31,559,300	17,234,400
Restricted Funds	161,758,769	168,361,498	260,070,600	250,607,500	264,917,300
Federal Funds	175,002,913	202,973,834	204,206,600	135,234,300	135,589,000
Road Fund	499,969	500,000	500,000	510,100	512,500
<b>TOTAL EXPENDITURES</b>	<b>1,010,774,968</b>	<b>1,014,860,020</b>	<b>1,149,716,600</b>	<b>1,100,936,000</b>	<b>1,083,959,700</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Governor	7,421,863	7,735,788	9,127,900	8,902,000	9,004,200
Office of State Budget Director	3,050,183	3,154,327	3,316,900	3,273,000	3,437,700
State Planning Fund	173,200	158,700	158,700	150,800	150,800
Homeland Security	11,632,795	13,431,877	6,641,200	7,391,400	7,765,100

Department of Veterans' Affairs	46,629,460	52,018,523	53,106,300	58,712,500	68,529,000
Governor's Office of Agricultural Policy	24,441,388	23,379,093	25,076,300	29,890,600	15,275,400
Kentucky Infrastructure Authority	42,399,641	57,307,233	62,752,300	68,087,300	73,351,200
Military Affairs	128,579,166	128,708,653	175,624,000	97,245,600	97,797,800
Commission on Human Rights	1,886,617	2,064,271	1,972,300	1,948,200	1,983,800
Commission on Women	196,129	205,687	214,300	226,400	232,000
Department for Local Government	49,823,899	50,375,398	50,042,800	50,898,800	50,839,100
Local Government Economic Assistance Fund	68,862,814	55,134,265	50,838,500	50,207,700	48,690,000
Local Government Economic Development Fund	66,581,877	42,999,068	29,415,900	28,945,400	28,426,200
Area Development Fund	544,200	498,500	498,500	473,600	473,600
Executive Branch Ethics Commission	522,575	525,809	547,500	531,300	540,200
Secretary of State	2,648,732	2,897,540	3,164,500	3,432,000	3,689,900
Board of Elections	4,363,194	4,262,808	8,046,100	9,484,400	9,504,400
Registry of Election Finance	1,137,800	1,152,417	1,172,800	1,200,900	1,220,800
Attorney General	23,941,939	24,726,338	59,829,500	31,093,300	31,438,300
Unified Prosecutorial System	68,588,870	74,543,498	76,746,400	85,840,000	87,852,500
Treasury	2,791,622	2,777,821	3,202,700	3,266,700	3,344,500
Agriculture	26,865,394	28,482,120	31,297,800	32,503,200	32,891,300
Auditor of Public Accounts	10,480,108	11,539,245	12,048,600	12,763,900	12,996,700
Personnel Board	755,331	772,645	803,900	845,900	856,000
Kentucky Retirement Systems	38,126,294	38,209,101	38,855,900	40,930,800	41,306,800
Occupational & Professional Boards & Commissions	18,810,709	19,300,207	21,685,400	23,362,200	23,713,700
Kentucky River Authority	2,519,231	3,580,309	3,002,200	5,711,700	3,527,300
School Facilities Construction Commission	91,470,481	95,906,990	97,397,700	99,634,000	108,580,000
Teachers' Retirement System	247,199,761	253,817,942	307,628,200	338,956,000	311,515,000
Appropriations Not Otherwise Classified	17,643,517	14,630,237	15,501,500	5,026,400	5,026,400
<b>TOTAL EXPENDITURES</b>	<b>1,010,088,791</b>	<b>1,014,296,412</b>	<b>1,149,716,600</b>	<b>1,100,936,000</b>	<b>1,083,959,700</b>

**General Government  
Office of the Governor**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,017,000	5,219,500	5,313,600	5,527,600	5,629,800
State Salary and Compensation Allocation	311,900	7,100	14,200		
<b>Total General Fund</b>	<b>6,328,900</b>	<b>5,226,600</b>	<b>5,327,800</b>	<b>5,527,600</b>	<b>5,629,800</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I		1,950,600	1,912,500	1,912,500	1,912,500
Continuing Approp.-Tobacco Settlement	319,023	1,256,473	3,101,800		
Budget Reduction-General Fund Tobacco			-2,101,800		
Reorganization Adjustment	2,050,000				
Other		1,445,082			
<b>Total Tobacco Settlement - Phase I</b>	<b>2,369,023</b>	<b>4,652,155</b>	<b>2,912,500</b>	<b>1,912,500</b>	<b>1,912,500</b>
<b>Restricted Funds</b>					
Balance Forward	417,518	417,553	341,000	246,000	134,900
Current Receipts	35	7,690	16,100		
<b>Total Restricted Funds</b>	<b>417,553</b>	<b>425,243</b>	<b>357,100</b>	<b>246,000</b>	<b>134,900</b>
<b>Federal Funds</b>					
Current Receipts	366,652	464,484	453,800	1,350,800	1,350,800
Non-Revenue Receipts	93,244	-30,291			
ARRA Receipts	474,879	440,453	322,700		
<b>Total Federal Funds</b>	<b>934,776</b>	<b>874,645</b>	<b>776,500</b>	<b>1,350,800</b>	<b>1,350,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>10,050,252</b>	<b>11,178,643</b>	<b>9,373,900</b>	<b>9,036,900</b>	<b>9,028,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,889,332	5,269,484	5,373,700	5,931,600	6,033,800
Operating Expenses	1,256,932	916,498	1,097,700	1,134,000	1,134,000
Grants Loans Benefits	1,275,599	1,549,806	2,656,500	1,836,400	1,836,400
<b>TOTAL EXPENDITURES</b>	<b>7,421,863</b>	<b>7,735,788</b>	<b>9,127,900</b>	<b>8,902,000</b>	<b>9,004,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,374,537	5,226,600	5,327,800	5,527,600	5,629,800
Tobacco Settlement - Phase I	1,112,550	1,550,303	2,912,500	1,912,500	1,912,500
Restricted Funds		84,240	111,100	111,100	111,100
Federal Funds	934,776	874,645	776,500	1,350,800	1,350,800
<b>TOTAL EXPENDITURES</b>	<b>7,421,863</b>	<b>7,735,788</b>	<b>9,127,900</b>	<b>8,902,000</b>	<b>9,004,200</b>
<b>EXPENDITURES BY UNIT</b>					
Governor	4,400,767	4,098,764	4,023,600	4,170,800	4,245,600
Governor's Office Expense Allowance	20,724	23,513	24,200	26,200	26,400
Lieutenant Governor	474,858	598,792	615,200	667,800	680,500
Lt. Governor's Expense Allowance	11,665	12,898	13,500	14,600	14,700
Secretary of the Cabinet	93,395	142,969	315,900	343,200	348,700
Kentucky Commission on Military Affairs	433,185	418,518	351,600	204,700	210,100
Office of Minority Empowerment	159,367	150,337	123,200	132,900	135,000
Faith Based Initiatives	65,272	70,105	71,800	78,500	79,900
Early Childhood Advisory Council	1,762,630	2,219,892	3,588,900	3,263,300	3,263,300
<b>TOTAL EXPENDITURES</b>	<b>7,421,863</b>	<b>7,735,788</b>	<b>9,127,900</b>	<b>8,902,000</b>	<b>9,004,200</b>

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

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

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

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

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

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

The Early Childhood Advisory Council established in the Governor's Office in 2011 pursuant to KRS 200.700 coordinates development and continuing activities of Community Early Childhood Councils. The councils work toward implementation of Kentucky's long-range strategic plan for early childhood development on the local level. The councils build upon existing resources, foster public-private partnerships, and work within their communities toward such goals as the availability of high quality, accessible, and affordable early childhood care and education options. The Early Childhood Advisory Council provides technical assistance, monitoring, and evaluation of outcomes of the local partnerships.

## **Policy**

The Budget of the Commonwealth includes a federal award for Race to the Top-Early Learning Challenge; Kentucky was one of six states to receive an award in December 2013. The grant funds will be used to expand the quality rating system of private and public early learning and development programs, support family engagement opportunities to improve a child's early development, expand professional development opportunities related to early learning and development, and improve and link early childhood data with the existing Kentucky Longitudinal Data System.

**General Government  
Office of State Budget Director**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,143,600	2,963,100	3,021,900	3,133,400	3,195,400
State Salary and Compensation Allocation	135,000	4,600	9,200		
<b>Total General Fund</b>	<b>3,278,600</b>	<b>2,967,700</b>	<b>3,031,100</b>	<b>3,133,400</b>	<b>3,195,400</b>
<b>Restricted Funds</b>					
Balance Forward	857,778	854,278	667,700	381,900	242,300
Fund Transfers	-3,500				
<b>Total Restricted Funds</b>	<b>854,278</b>	<b>854,278</b>	<b>667,700</b>	<b>381,900</b>	<b>242,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,132,878</b>	<b>3,821,978</b>	<b>3,698,800</b>	<b>3,515,300</b>	<b>3,437,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,582,718	2,596,001	2,820,400	2,791,500	2,938,700
Operating Expenses	467,465	558,326	496,500	481,500	499,000
<b>TOTAL EXPENDITURES</b>	<b>3,050,183</b>	<b>3,154,327</b>	<b>3,316,900</b>	<b>3,273,000</b>	<b>3,437,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,050,183	2,967,700	3,031,100	3,133,400	3,195,400
Restricted Funds		186,627	285,800	139,600	242,300
<b>TOTAL EXPENDITURES</b>	<b>3,050,183</b>	<b>3,154,327</b>	<b>3,316,900</b>	<b>3,273,000</b>	<b>3,437,700</b>
<b>EXPENDITURES BY UNIT</b>					
Budget & Policy Analysis	2,393,285	2,518,646	2,646,900	2,600,200	2,754,300
Policy Research	176,805	123,096	155,700	120,500	122,400
Economic Analysis	480,094	512,585	514,300	552,300	561,000
<b>TOTAL EXPENDITURES</b>	<b>3,050,183</b>	<b>3,154,327</b>	<b>3,316,900</b>	<b>3,273,000</b>	<b>3,437,700</b>

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

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

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

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

**General Government  
State Planning Fund**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	179,400	158,700	158,700	150,800	150,800
<b>Total General Fund</b>	<b>179,400</b>	<b>158,700</b>	<b>158,700</b>	<b>150,800</b>	<b>150,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>179,400</b>	<b>158,700</b>	<b>158,700</b>	<b>150,800</b>	<b>150,800</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	173,200	158,700	158,700	150,800	150,800
<b>TOTAL EXPENDITURES</b>	<b>173,200</b>	<b>158,700</b>	<b>158,700</b>	<b>150,800</b>	<b>150,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	173,200	158,700	158,700	150,800	150,800
<b>TOTAL EXPENDITURES</b>	<b>173,200</b>	<b>158,700</b>	<b>158,700</b>	<b>150,800</b>	<b>150,800</b>
<b>EXPENDITURES BY UNIT</b>					
State Planning Fund	173,200	158,700	158,700	150,800	150,800
<b>TOTAL EXPENDITURES</b>	<b>173,200</b>	<b>158,700</b>	<b>158,700</b>	<b>150,800</b>	<b>150,800</b>

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

**General Government  
Homeland Security**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	210,200	202,500	207,500	233,000	236,600
State Salary and Compensation Allocation	20,500	300	600		
<b>Total General Fund</b>	<b>230,700</b>	<b>202,800</b>	<b>208,100</b>	<b>233,000</b>	<b>236,600</b>
<b>Restricted Funds</b>					
Balance Forward	507,040	534,354	858,000	623,600	309,500
Current Receipts	1,104,264	1,055,870	1,090,900	1,726,300	2,162,900
Non-Revenue Receipts	508	252,392	200	300	400
Fund Transfers	-17,300				
<b>Total Restricted Funds</b>	<b>1,594,513</b>	<b>1,842,615</b>	<b>1,949,100</b>	<b>2,350,200</b>	<b>2,472,800</b>
<b>Federal Funds</b>					
Balance Forward	251,912	144,641	226,400	7,200	7,200
Current Receipts	10,012,365	12,076,168	4,638,400	4,857,600	4,857,600
<b>Total Federal Funds</b>	<b>10,264,277</b>	<b>12,220,809</b>	<b>4,864,800</b>	<b>4,864,800</b>	<b>4,864,800</b>
<b>Road Fund</b>					
Regular Appropriation	250,000	250,000	250,000	260,100	262,500
<b>Total Road Fund</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>260,100</b>	<b>262,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,339,490</b>	<b>14,516,224</b>	<b>7,272,000</b>	<b>7,708,100</b>	<b>7,836,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,686,752	2,811,497	1,943,400	2,077,300	2,050,700
Operating Expenses	350,137	168,564	185,300	203,500	203,600
Grants Loans Benefits	9,595,907	10,451,815	4,512,500	5,110,600	5,510,800
<b>TOTAL EXPENDITURES</b>	<b>11,632,795</b>	<b>13,431,877</b>	<b>6,641,200</b>	<b>7,391,400</b>	<b>7,765,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	203,000	202,800	208,100	233,000	236,600
Restricted Funds	1,060,159	984,625	1,325,500	2,040,700	2,408,400
Federal Funds	10,119,636	11,994,452	4,857,600	4,857,600	4,857,600
Road Fund	250,000	250,000	250,000	260,100	262,500
<b>TOTAL EXPENDITURES</b>	<b>11,632,795</b>	<b>13,431,877</b>	<b>6,641,200</b>	<b>7,391,400</b>	<b>7,765,100</b>
<b>EXPENDITURES BY UNIT</b>					
Office of Homeland Security	10,970,965	11,732,343	5,916,600	5,951,600	5,957,600
Commerical Mobile Radio Service	661,830	1,699,533	724,600	1,439,800	1,807,500
<b>TOTAL EXPENDITURES</b>	<b>11,632,795</b>	<b>13,431,877</b>	<b>6,641,200</b>	<b>7,391,400</b>	<b>7,765,100</b>

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

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

**General Government  
Veterans' Affairs**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,976,600	17,978,500	14,045,400	17,798,500	17,984,100
State Salary and Compensation Allocation	946,500	39,100	78,200		
<b>Total General Fund</b>	<b>17,923,100</b>	<b>18,017,600</b>	<b>14,123,600</b>	<b>17,798,500</b>	<b>17,984,100</b>
<b>Restricted Funds</b>					
Balance Forward	712,981	1,483,667	3,103,800	1,802,900	637,800
Current Receipts	32,738,530	35,763,177	37,681,800	39,748,900	50,310,200
Non-Revenue Receipts	1,816	-142,088			
Fund Transfers	-1,871,500				
<b>Total Restricted Funds</b>	<b>31,581,827</b>	<b>37,104,756</b>	<b>40,785,600</b>	<b>41,551,800</b>	<b>50,948,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>49,504,927</b>	<b>55,122,356</b>	<b>54,909,200</b>	<b>59,350,300</b>	<b>68,932,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	38,026,370	42,971,881	43,974,100	49,508,900	57,196,000
Operating Expenses	7,939,423	8,367,885	8,325,300	8,441,800	10,458,700
Grants Loans Benefits	377,610	496,063	550,000	650,000	650,000
Debt Service	184,260			84,500	169,000
Capital Outlay	90,617	170,778	256,900	27,300	55,300
Construction	11,180	11,915			
<b>TOTAL EXPENDITURES</b>	<b>46,629,460</b>	<b>52,018,523</b>	<b>53,106,300</b>	<b>58,712,500</b>	<b>68,529,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	16,531,300	18,017,600	14,123,600	17,798,500	17,984,100
Restricted Funds	30,098,160	34,000,923	38,982,700	40,914,000	50,544,900
<b>TOTAL EXPENDITURES</b>	<b>46,629,460</b>	<b>52,018,523</b>	<b>53,106,300</b>	<b>58,712,500</b>	<b>68,529,000</b>
<b>EXPENDITURES BY UNIT</b>					
Field Services and Cemeteries	4,762,454	4,967,300	5,120,700	5,569,800	5,736,300
Kentucky Veterans' Centers	41,867,006	47,051,223	47,985,600	53,142,700	62,792,700
<b>TOTAL EXPENDITURES</b>	<b>46,629,460</b>	<b>52,018,523</b>	<b>53,106,300</b>	<b>58,712,500</b>	<b>68,529,000</b>

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

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

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

In April 2013, KDVA opened a 36-bed expansion at the Western Kentucky Veterans' Center that utilizes the new "Community Living Concept" recently required by the federal Veterans' Administration. Three 12-bed buildings will provide a more personalized care for its residents. A fourth 120-bed Veterans' Center, in Hardin County, began construction during the Fall of 2013 and will also utilize the "Community Living Concept."

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

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

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

### **Policy**

The Budget of the Commonwealth includes \$2,055,000 from the General Fund in fiscal year 2015 and \$1,600,000 in fiscal year 2016 for operation of the new Veterans' Center in Radcliff, Kentucky.

The Budget of the Commonwealth includes \$50,000 from the General Fund in fiscal year 2016 for operation of Kentucky Veterans' Cemetery in Leslie County.

The Budget of the Commonwealth provides General Fund in the amount of \$84,500 in fiscal year 2015 and \$169,000 in fiscal year 2016 for debt service on new bonds included in the capital budget.

**General Government**  
**Governor's Office of Agricultural Policy**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	17,691,600	16,900,000	14,379,300	31,101,600	12,221,200
Continuing Approp.-Tobacco Settlement	28,351,258	31,706,838	30,438,600	450,500	2,505,300
Budget Reduction-General Fund Tobacco			-14,379,300		
Other		4,820,164	-5,751,000		
<b>Total Tobacco Settlement - Phase I</b>	<b>46,042,858</b>	<b>53,427,002</b>	<b>24,687,600</b>	<b>31,552,100</b>	<b>14,726,500</b>
<b>Restricted Funds</b>					
Balance Forward	400,883	1,158,114	1,353,600	984,400	555,200
Current Receipts	519,004	586,138	120,000	114,600	124,300
Non-Revenue Receipts	474,300		350,000	300,000	100,000
Fund Transfers	-39,800				
<b>Total Restricted Funds</b>	<b>1,354,387</b>	<b>1,744,251</b>	<b>1,823,600</b>	<b>1,399,000</b>	<b>779,500</b>
<b>Federal Funds</b>					
Non-Revenue Receipts	-50,401				
ARRA Receipts	911,960				
<b>Total Federal Funds</b>	<b>861,559</b>				
<b>TOTAL SOURCE OF FUNDS</b>	<b>48,258,804</b>	<b>55,171,253</b>	<b>26,511,200</b>	<b>32,951,100</b>	<b>15,506,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,597,720	1,622,269	1,622,600	1,789,300	1,817,500
Operating Expenses	294,128	394,137	370,100	360,000	360,000
Grants Loans Benefits	22,548,829	21,362,688	23,083,600	27,741,300	13,097,900
Construction	711				
<b>TOTAL EXPENDITURES</b>	<b>24,441,388</b>	<b>23,379,093</b>	<b>25,076,300</b>	<b>29,890,600</b>	<b>15,275,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Tobacco Settlement - Phase I	23,383,556	22,988,441	24,237,100	29,046,800	14,721,900
Restricted Funds	196,273	390,653	839,200	843,800	553,500
Federal Funds	861,559				
<b>TOTAL EXPENDITURES</b>	<b>24,441,388</b>	<b>23,379,093</b>	<b>25,076,300</b>	<b>29,890,600</b>	<b>15,275,400</b>
<b>EXPENDITURES BY UNIT</b>					
Governor's Office of Agricultural Policy	24,441,388	23,379,093	25,076,300	29,890,600	15,275,400
<b>TOTAL EXPENDITURES</b>	<b>24,441,388</b>	<b>23,379,093</b>	<b>25,076,300</b>	<b>29,890,600</b>	<b>15,275,400</b>

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

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

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

Half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account for county level grants and a state account for investments that have a regional or statewide purpose. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, the Kentucky Agricultural Heritage Center, improvements to 4-H camps and FFA Leadership Center, and funding for land conservation programs.

A portion of funds received into the Agriculture Development Fund are allocated for projects at the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties within the state as

described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several programs in which counties may participate. Funds are provided as matching grants.

In addition to their work with the Kentucky Agricultural Development Fund, personnel at GOAP provide staffing for the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a *de jure* municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The Commissioner of the Kentucky Department of Agriculture serves as the Chair and the Secretary of the Finance Cabinet serves as another statutory member. The Governor appoints the remaining ten board members.

**Policy**

The Budget of the Commonwealth suspends KRS 248.703(1)(a), and directs that the counties' portion of the Tobacco Settlement-Phase I payments will be \$19,350,000 in fiscal year 2015 and \$9,850,000 fiscal year 2016.

**General Government  
Kentucky Infrastructure Authority**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,739,600	1,385,800	1,387,800	1,337,300	1,563,800
State Salary and Compensation Allocation	48,800	200	400		
<b>Total General Fund</b>	<b>5,788,400</b>	<b>1,386,000</b>	<b>1,388,200</b>	<b>1,337,300</b>	<b>1,563,800</b>
<b>Restricted Funds</b>					
Balance Forward	139,119	150,888	186,200		
Current Receipts	146,640	53,850	31,861,500	37,381,000	42,405,500
Non-Revenue Receipts	675,644	718,016			
Fund Transfers	-37,300				
<b>Total Restricted Funds</b>	<b>924,103</b>	<b>922,754</b>	<b>32,047,700</b>	<b>37,381,000</b>	<b>42,405,500</b>
<b>Federal Funds</b>					
Balance Forward	1	1			
Current Receipts	30,437,183	47,824,347	29,316,400	29,369,000	29,381,900
Non-Revenue Receipts	4,183	-4,183			
ARRA Receipts	5,481,360	7,364,520			
<b>Total Federal Funds</b>	<b>35,922,728</b>	<b>55,184,684</b>	<b>29,316,400</b>	<b>29,369,000</b>	<b>29,381,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>42,635,231</b>	<b>57,493,438</b>	<b>62,752,300</b>	<b>68,087,300</b>	<b>73,351,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,686,935	2,709,279	2,870,200	2,886,200	2,910,600
Operating Expenses	149,653	138,134	310,500	320,300	320,300
Grants Loans Benefits	35,335,635	54,440,478	29,015,600	28,984,800	28,964,300
Debt Service	4,224,500		30,556,000	35,896,000	41,156,000
Construction	2,919	19,342			
<b>TOTAL EXPENDITURES</b>	<b>42,399,641</b>	<b>57,307,233</b>	<b>62,752,300</b>	<b>68,087,300</b>	<b>73,351,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,703,700	1,386,000	1,388,200	1,337,300	1,563,800
Restricted Funds	773,215	736,550	32,047,700	37,381,000	42,405,500
Federal Funds	35,922,727	55,184,683	29,316,400	29,369,000	29,381,900
<b>TOTAL EXPENDITURES</b>	<b>42,399,641</b>	<b>57,307,233</b>	<b>62,752,300</b>	<b>68,087,300</b>	<b>73,351,200</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Infrastructure Authority	42,399,641	57,307,233	62,752,300	68,087,300	73,351,200
<b>TOTAL EXPENDITURES</b>	<b>42,399,641</b>	<b>57,307,233</b>	<b>62,752,300</b>	<b>68,087,300</b>	<b>73,351,200</b>

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

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

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

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

**Fund B Revolving Loan/Grant Program** – Loans are made to governmental entities that are unable to wholly finance a project through other public grant or loan programs, through commercial credit at reasonable rates, or from their own resources. The

loans are offered at or below market interest rates for a term not to exceed 30 years. Grants are available, but are reserved for borrowers facing both a financial hardship and an extreme health hazard.

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

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

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

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

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

**Local Government Economic Development Fund** – (Coal Severance Tax Projects) – These funds were authorized by the 2008, 2010 and 2012 General Assembly from the respective single county fund for projects in coal-producing counties. The Authority coordinates the process of implementation and provides project administration for the water and sewer related projects funded in this program. The program is administered jointly with the Department for Local Government.

## **Policy**

The Budget of the Commonwealth includes General Fund appropriations in the amount of \$370,000 in fiscal year 2015 and \$370,000 in fiscal year 2016 from the Local Government Economic Development Fund to support services provided to coal producing counties by KIA.

Included in the General Fund appropriation is \$129,500 in fiscal year 2016 for debt service to support \$3,100,000 in bonds to match an estimated \$32,439,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$97,000 in fiscal year 2016 for debt service to support \$2,300,000 in bonds to match an estimated \$25,511,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

Included in the capital budget is authorization for the Kentucky Infrastructure Authority to expend loan repayment receipts on deposit at the trustee bank to support Agency Leverage Bonds for the Wastewater Revolving Loan program (Fund A) and the Safe Drinking Water Revolving Loan program (Fund F).

**General Government  
Military Affairs**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,947,900	8,513,600	8,674,700	9,347,000	9,330,700
State Salary and Compensation Allocation	486,500	19,300	38,600		
Mandated Allotments	12,500,000	12,500,000	12,500,000		
<b>Total General Fund</b>	<b>21,934,400</b>	<b>21,032,900</b>	<b>21,213,300</b>	<b>9,347,000</b>	<b>9,330,700</b>
<b>Restricted Funds</b>					
Balance Forward	20,584,375	21,526,695	24,342,000	17,269,000	14,157,200
Current Receipts	38,936,427	34,382,484	38,441,000	42,649,700	43,602,300
Non-Revenue Receipts	-1,080,113	-125,372	-4,217,700	482,300	482,300
Fund Transfers	-870,000			-1,500,000	
<b>Total Restricted Funds</b>	<b>57,570,689</b>	<b>55,783,808</b>	<b>58,565,300</b>	<b>58,901,000</b>	<b>58,241,800</b>
<b>Federal Funds</b>					
Balance Forward					151,300
Current Receipts	78,416,924	83,555,514	113,114,400	43,306,100	43,331,000
Non-Revenue Receipts	-2,751,908	-629,803			
<b>Total Federal Funds</b>	<b>75,665,016</b>	<b>82,925,711</b>	<b>113,114,400</b>	<b>43,306,100</b>	<b>43,482,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>155,170,105</b>	<b>159,742,418</b>	<b>192,893,000</b>	<b>111,554,100</b>	<b>111,054,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	37,282,692	40,721,661	43,793,600	38,419,000	39,438,200
Operating Expenses	28,791,951	29,041,963	32,700,000	36,938,900	36,684,900
Grants Loans Benefits	55,581,872	55,215,282	93,760,400	14,040,800	13,740,800
Debt Service	1,777,734	1,795,032	1,795,200	1,838,700	1,925,700
Capital Outlay	5,104,942	1,872,031	3,574,800	6,008,200	6,008,200
Construction	39,975	62,685			
<b>TOTAL EXPENDITURES</b>	<b>128,579,166</b>	<b>128,708,653</b>	<b>175,624,000</b>	<b>97,245,600</b>	<b>97,797,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	16,870,155	14,341,139	21,213,300	9,347,000	9,330,700
Restricted Funds	36,043,995	31,441,803	41,296,300	44,743,800	45,234,900
Federal Funds	75,665,016	82,925,711	113,114,400	43,154,800	43,232,200
<b>TOTAL EXPENDITURES</b>	<b>128,579,166</b>	<b>128,708,653</b>	<b>175,624,000</b>	<b>97,245,600</b>	<b>97,797,800</b>
<b>EXPENDITURES BY UNIT</b>					
Statutory State Operations	25,300,139	31,285,102	30,195,600	30,226,400	30,137,800
Emergency Management	64,175,468	64,716,394	102,949,800	23,093,100	23,204,200
National Guard Operations	200,000	200,643	200,000	200,000	200,000
Emergency & Public Safety Operations	3,077,556	1,965,915	2,500,000		
Bluegrass Station	10,986,872	7,816,734	10,367,000	12,907,600	12,939,100
Central Clothing Distribution	23,347,831	20,714,006	27,270,300	28,271,700	28,632,000
Federal & Grant Operations	1,491,301	2,009,859	2,141,300	2,546,800	2,684,700
<b>TOTAL EXPENDITURES</b>	<b>128,579,166</b>	<b>128,708,653</b>	<b>175,624,000</b>	<b>97,245,600</b>	<b>97,797,800</b>

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

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

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

The Division of Emergency Management is responsible for all aspects of emergency management including planning, assessment,

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

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

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

The Department also operates Bluegrass Station in Fayette County, formerly the AVON Army Depot. The property was acquired by the Commonwealth in 1989 under the Base Re-alignment and Closure Act. This 777 acre facility includes more than 2.4 million square feet and houses 28 tenants that employ over 2,800 Kentuckians. Estimated economic impact of Bluegrass Station exceeds \$248,000,000 per fiscal year. Bluegrass Station is also home to the Logistic Operations Division's Central Clothing Distribution Facility which employs over 200 employees that are responsible for the complete supply chain management and logistics for clothing to all military units of the Army National Guard, Air National Guard, U.S. Marine Corps Reserve and the U.S. Navy Reserve.

The Youth Challenge Program is a 22-week residential development and training program for youth between 16 – 18 years of age who are high school dropouts, drug-free, unemployed and free of serious involvement in the criminal justice system. The program is operated by the Kentucky National Guard and is located in Hardin and Harlan Counties. The 2012-2014 enacted budget allows students accepted in the Challenge Program to be included in the student count used for determining state funding allocated to local school districts through the Support Education Excellence in Kentucky (SEEK) program. The district will calculate the SEEK Funds for the Challenge enrollees and transmit the funds to the Challenge Academy.

### **Policy**

The Budget of the Commonwealth provides General Fund of \$43,500 in fiscal year 2015 and \$130,500 in fiscal year 2016 for debt service on new bonds included in the capital budget.

The Budget of the Commonwealth reallocates General Fund in the amount of \$500,000 in fiscal year 2015 and fiscal year 2016 from Juvenile Justice to Military Affairs to support the Youth Challenge Program.

The Budget of the Commonwealth provides General Fund in the amount of \$300,000 in fiscal year 2015 to provide a grant to the National Guard Foundation of Kentucky to support the National Guard Memorial.

**General Government  
Commission on Human Rights**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,704,300	1,616,100	1,648,700	1,703,200	1,738,800
State Salary and Compensation Allocation	83,400	3,300	6,600		
<b>Total General Fund</b>	<b>1,787,700</b>	<b>1,619,400</b>	<b>1,655,300</b>	<b>1,703,200</b>	<b>1,738,800</b>
<b>Federal Funds</b>					
Balance Forward	129,593	416,563	74,500		
Current Receipts	513,733	128,670	242,500	245,000	245,000
<b>Total Federal Funds</b>	<b>643,326</b>	<b>545,233</b>	<b>317,000</b>	<b>245,000</b>	<b>245,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,431,026</b>	<b>2,164,633</b>	<b>1,972,300</b>	<b>1,948,200</b>	<b>1,983,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,569,679	1,679,516	1,770,300	1,832,000	1,868,100
Operating Expenses	316,883	384,755	202,000	116,200	115,700
Construction	56				
<b>TOTAL EXPENDITURES</b>	<b>1,886,617</b>	<b>2,064,271</b>	<b>1,972,300</b>	<b>1,948,200</b>	<b>1,983,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,659,854	1,619,249	1,655,300	1,703,200	1,738,800
Federal Funds	226,763	445,022	317,000	245,000	245,000
<b>TOTAL EXPENDITURES</b>	<b>1,886,617</b>	<b>2,064,271</b>	<b>1,972,300</b>	<b>1,948,200</b>	<b>1,983,800</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	680,300	710,609	687,400	692,200	703,900
Enforcement Branch	675,348	698,706	663,700	611,200	621,100
Research and Information	312,769	336,431	344,300	358,000	366,000
Legal Affairs	218,200	318,525	276,900	286,800	292,800
<b>TOTAL EXPENDITURES</b>	<b>1,886,617</b>	<b>2,064,271</b>	<b>1,972,300</b>	<b>1,948,200</b>	<b>1,983,800</b>

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

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

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

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

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

**Policy**

The Budget of the Commonwealth includes additional Federal Fund appropriation in fiscal year 2014 of \$83,400 to meet projected expenditures.

**General Government  
Commission on Women**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	210,000	206,400	212,400	226,400	232,000
State Salary and Compensation Allocation	16,000	400	1,000		
<b>Total General Fund</b>	<b>226,000</b>	<b>206,800</b>	<b>213,400</b>	<b>226,400</b>	<b>232,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,728	1,728	900		
<b>Total Restricted Funds</b>	<b>1,728</b>	<b>1,728</b>	<b>900</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>227,728</b>	<b>208,528</b>	<b>214,300</b>	<b>226,400</b>	<b>232,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	180,079	190,335	199,300	211,400	217,000
Operating Expenses	16,050	15,352	15,000	15,000	15,000
<b>TOTAL EXPENDITURES</b>	<b>196,129</b>	<b>205,687</b>	<b>214,300</b>	<b>226,400</b>	<b>232,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	196,129	204,903	213,400	226,400	232,000
Restricted Funds		785	900		
<b>TOTAL EXPENDITURES</b>	<b>196,129</b>	<b>205,687</b>	<b>214,300</b>	<b>226,400</b>	<b>232,000</b>
<b>EXPENDITURES BY UNIT</b>					
Commission on Women	196,129	205,687	214,300	226,400	232,000
<b>TOTAL EXPENDITURES</b>	<b>196,129</b>	<b>205,687</b>	<b>214,300</b>	<b>226,400</b>	<b>232,000</b>

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

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

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

**General Government  
Department for Local Government**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,766,900	7,743,300	7,844,100	8,467,800	8,487,600
State Salary and Compensation Allocation	285,300	8,100	16,200		
Continuing Approp.-General Fund			63,700		
Mandated Allotments		63,700			
<b>Total General Fund</b>	<b>9,052,200</b>	<b>7,815,100</b>	<b>7,924,000</b>	<b>8,467,800</b>	<b>8,487,600</b>
<b>Restricted Funds</b>					
Balance Forward	150,656	121,302	215,800	144,400	73,000
Current Receipts	61,000	161,329	1,028,600	1,228,500	1,228,500
<b>Total Restricted Funds</b>	<b>211,656</b>	<b>282,631</b>	<b>1,244,400</b>	<b>1,372,900</b>	<b>1,301,500</b>
<b>Federal Funds</b>					
Balance Forward	3,955,315	2,323,619	747,900	498,600	249,300
Current Receipts	37,785,951	40,503,230	40,769,500	40,881,800	40,802,300
Non-Revenue Receipts	-344,812	-259,445			
ARRA Receipts	2,329,010	737,670			
<b>Total Federal Funds</b>	<b>43,725,463</b>	<b>43,305,074</b>	<b>41,517,400</b>	<b>41,380,400</b>	<b>41,051,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>52,989,319</b>	<b>51,402,805</b>	<b>50,685,800</b>	<b>51,221,100</b>	<b>50,840,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,250,664	5,267,848	5,137,000	5,315,700	5,406,000
Operating Expenses	754,835	699,486	690,600	850,200	850,200
Grants Loans Benefits	43,524,399	44,408,065	44,215,200	44,732,900	44,582,900
Debt Service	294,000				
<b>TOTAL EXPENDITURES</b>	<b>49,823,899</b>	<b>50,375,398</b>	<b>50,042,800</b>	<b>50,898,800</b>	<b>50,839,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,331,700	7,751,400	7,924,000	8,467,800	8,487,600
Restricted Funds	90,354	66,786	1,100,000	1,299,900	1,299,900
Federal Funds	41,401,845	42,557,213	41,018,800	41,131,100	41,051,600
<b>TOTAL EXPENDITURES</b>	<b>49,823,899</b>	<b>50,375,398</b>	<b>50,042,800</b>	<b>50,898,800</b>	<b>50,839,100</b>
<b>EXPENDITURES BY UNIT</b>					
Operations	5,093,717	4,667,779	5,003,700	5,854,000	5,873,800
Grants	44,730,182	45,707,619	45,039,100	45,044,800	44,965,300
<b>TOTAL EXPENDITURES</b>	<b>49,823,899</b>	<b>50,375,398</b>	<b>50,042,800</b>	<b>50,898,800</b>	<b>50,839,100</b>

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

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 420 cities, 1500 special districts and the 15 Area Development Districts. The Trover Grant which brings University of Louisville medical students to the Western Kentucky Coal Fields for a portion of their residency is administered by the Commissioner's Office.

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

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

Environment program.

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

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

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

### **Policy**

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

Included in the General Fund appropriation is \$275,000 in each fiscal year for the support of the Mary Kendall Homes and \$275,000 in each year for the support of the Gateway Juvenile Diversion, these funds were shifted from the Department of Juvenile Justice. General Fund of \$50,000 was included in fiscal year 2015 for a grant to the Woodford County Fiscal Court to support a food pantry.

Included in the Restricted Funds appropriation in each fiscal year of the biennium is \$200,000 for administrative support of the Shaping Our Appalachian Region (SOAR) initiative.

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

**General Government**  
**Local Government Economic Assistance Fund**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	67,281,600	73,792,800	76,786,400	50,207,700	48,690,000
Other	1,581,300	-18,658,535	-25,947,900		
<b>Total General Fund</b>	<b>68,862,900</b>	<b>55,134,265</b>	<b>50,838,500</b>	<b>50,207,700</b>	<b>48,690,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>68,862,900</b>	<b>55,134,265</b>	<b>50,838,500</b>	<b>50,207,700</b>	<b>48,690,000</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	68,862,814	55,134,265	50,838,500	50,207,700	48,690,000
<b>TOTAL EXPENDITURES</b>	<b>68,862,814</b>	<b>55,134,265</b>	<b>50,838,500</b>	<b>50,207,700</b>	<b>48,690,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	68,862,814	55,134,265	50,838,500	50,207,700	48,690,000
<b>TOTAL EXPENDITURES</b>	<b>68,862,814</b>	<b>55,134,265</b>	<b>50,838,500</b>	<b>50,207,700</b>	<b>48,690,000</b>
<b>EXPENDITURES BY UNIT</b>					
County Coal Severance	38,937,762	32,602,687	28,601,800	28,246,800	27,393,000
Cities Coal Severance	4,295,393	3,599,191	3,050,300	3,012,500	2,921,400
County Mineral Severance	23,082,592	17,051,623	17,285,200	17,070,800	16,554,700
Cities Mineral Severance	2,547,067	1,880,764	1,901,200	1,877,600	1,820,900
<b>TOTAL EXPENDITURES</b>	<b>68,862,814</b>	<b>55,134,265</b>	<b>50,838,500</b>	<b>50,207,700</b>	<b>48,690,000</b>

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

The LGEAF coal severance tax program currently returns funds to an estimated 60 counties and approximately 248 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 15 percent of the coal severance tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

Additionally, the LGEAF minerals severance tax program currently returns funds to an estimated 102 counties and approximately 359 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 50 percent of the other mineral tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

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

- Public safety, including law enforcement, fire protection, ambulance service and other related services,
- Environmental protection, including sewage disposal, sanitation, solid waste and other related programs,
- Public transportation, including mass transit systems, streets and roads,
- Health,
- Recreation,
- Libraries and educational facilities,
- Services for the poor, aged, and handicapped,
- Industrial and economic development,
- Vocational education; and
- Workforce.

**General Government**  
**Local Government Economic Development Fund**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	37,743,300	75,276,500	80,498,600	28,945,400	28,426,200
Other	28,838,600	-32,277,432	-51,082,700		
<b>Total General Fund</b>	<b>66,581,900</b>	<b>42,999,068</b>	<b>29,415,900</b>	<b>28,945,400</b>	<b>28,426,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>66,581,900</b>	<b>42,999,068</b>	<b>29,415,900</b>	<b>28,945,400</b>	<b>28,426,200</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	66,581,877	42,999,068	29,415,900	28,945,400	28,426,200
<b>TOTAL EXPENDITURES</b>	<b>66,581,877</b>	<b>42,999,068</b>	<b>29,415,900</b>	<b>28,945,400</b>	<b>28,426,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	66,581,877	42,999,068	29,415,900	28,945,400	28,426,200
<b>TOTAL EXPENDITURES</b>	<b>66,581,877</b>	<b>42,999,068</b>	<b>29,415,900</b>	<b>28,945,400</b>	<b>28,426,200</b>
<b>EXPENDITURES BY UNIT</b>					
Economic Development Fund	66,581,877	42,999,068	29,415,900	28,945,400	28,426,200
<b>TOTAL EXPENDITURES</b>	<b>66,581,877</b>	<b>42,999,068</b>	<b>29,415,900</b>	<b>28,945,400</b>	<b>28,426,200</b>

The Local Government Economic Development Fund (LGEDF) in KRS 42.458-42.495 is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal producing counties with the means to diversify their economies. The governing statute mandates that 35 percent of coal severance tax revenue be returned to coal producing counties. Two-thirds of the funds are distributed to individual county accounts using a formula based on coal severance taxes paid from the county, surplus labor rate, relative mining earnings, and relative mining employment. One-third of the dollars are reserved for the Multi-County Fund for joint projects. Currently, 34 counties receive coal severance allocations.

The Department for Local Government (DLG) is responsible for LGEDF financial management, accounting, and fund allocation and reporting. It also reviews and approves LGEDF grant applications for both the Single County and Multi-County Accounts. DLG oversees those projects and others authorized by the General Assembly through the budget.

The accompanying chart illustrates the policy described below.

**Off-the-Top Funding Items:** Notwithstanding KRS 42.4582 and KRS 42.4585, \$1,000,000 in each fiscal year is provided to the Trover Clinic Grant through the Department for Local Government. Pursuant to KRS 164.7890 and KRS 164.7891, in each fiscal year, \$800,000 is provided for Pharmacy Scholarships and \$872,500 is provided to the Osteopathic Medicine Scholarship Program through the Kentucky Higher Education Assistance Authority.

**Out-of-the-Middle Funding Items:** The Budget of the Commonwealth provides funding to support the Read to Achieve Program in the Department of Education of \$2,100,000 each fiscal year, support services provided to coal producing counties by the Department of Local Government and the Kentucky Infrastructure Authority by allocating \$1,039,700 in each fiscal year, allocation of \$300,000 each fiscal year for a Mining Engineering Scholarship Program at the University of Kentucky, funding for the Robinson Scholars Program in the amount of \$1,000,000 in each fiscal year to the University of Kentucky, \$1,750,000 in each fiscal year to the Department of Education for enhancing education technology in local school districts within coal-producing counties, \$3,219,800 is provided each year of the 2014-16 biennium to the Mine Safety and Licensing budget to help implement mine safety statutory requirements, and \$500,000 is provided in each fiscal year for the Save the Children program. Debt service support of \$31,282,300 is provided as follows; \$4,617,900 each year for \$54,700,000 in schools facilities construction projects (2002-04), \$4,091,400 each year for \$54,765,000 for KIA water and sewer projects (2002-04), \$6,472,700 in each year for \$80,000,000 in KIA water and sewer projects (2004-06), \$8,562,300 in each year for part of the \$100,000,000 in KIA water and sewer projects (2006-08), and \$7,538,000 in each year for part of \$75,000,000 in KIA water and sewer projects (2008-10).

**Multi-County Fund Items:** The Budget of the Commonwealth finances the following items from the Multi-County Fund: \$2,000,000 in each year of the biennium to the Office of Drug Control Policy to support the Operation Unite grants in coal-producing counties, \$1,584,500 in fiscal year 2015 and \$1,423,800 in fiscal year 2016 to the Department for Energy Development and Independence to support energy research and development projects targeted solely to Kentucky's LGEDF eligible counties, \$200,000 in each fiscal year from the LGEDF Multi-County Fund to the Department for Local Government to be distributed to the 12 Multi-County Regional Industrial Park Authorities, \$25,000 in each fiscal year is provided to the Division of Oil and Gas for an update of the Best Practices Manual, \$200,000 in each fiscal year for administrative support of the Shaping Our Appalachian Region (SOAR) initiative, and \$2,000,000 in each year of the biennium for the Coal County College Completion Scholarship Program administered by the Kentucky Higher Education Assistance Authority.

**Policy**

The Budget of the Commonwealth includes \$2,000,000 in each fiscal year for the Regional Strategic Development Fund from the

portion of the Single County Fund allocated to counties in Eastern Kentucky. Single County funds allocated to Western Kentucky counties are not impacted by this initiative.

Notwithstanding KRS 42.4592 the quarterly allocation of moneys to the Local Government Economic Development Fund Multi-County Fund shall be made only after an additional \$3,856,200 in fiscal year 2015 and \$3,077,200 in fiscal year 2016 is distributed pursuant to KRS 42.4592 (1) (a) and (b).

A reimbursement in the amount of \$2,500,000 from the Lexington-Fayette Urban County Government will be distributed as a single county distribution pursuant to KRS 42.4592 (1) (a) and (b).

Notwithstanding KRS 42.4588(2), LGEDF allocations from the Single County Funds to each coal-producing county and from the Multi-County Fund above the amounts specified in the budget bill may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development.

**Severance Tax Dedicated Programs 2014-2016 Biennium**

	FY 2014 Revised	FY 2015 Enacted	FY 2016 Enacted
<b>Coal Severance Tax Resources</b>			
<b>Coal Severance Tax*</b>	<b>206,438,700</b>	<b>203,064,800</b>	<b>201,581,500</b>
Less: Trover Clinic Grant	(1,000,000)	(1,000,000)	(1,000,000)
Less: Osteopathic Medicine Scholarship Program (KRS 164.7891)	(872,500)	(872,500)	(872,500)
Less: Pharmacy Scholarships (KRS 164.7890)		(800,000)	(800,000)
<b>Total coal severance tax resources to be distributed</b>	<b>204,566,200</b>	<b>200,392,300</b>	<b>198,909,000</b>

<b>Local Government Economic Assistance Fund (LGEAF) Total Funds</b>			
Coal Severance Tax Revenue (15% of Revenue)	30,684,900	30,058,900	29,836,400
Other Mineral Severance Tax Revenue (50% of Revenue)	22,075,300	20,148,800	18,853,600
<b>Total LGEAF to be distributed</b>	<b>52,760,200</b>	<b>50,207,700</b>	<b>48,690,000</b>

<b>Local Government Economic Development Fund (LGEDF)</b>			
Coal Severance (35% of amounts remaining to be distributed)	71,598,200	70,137,200	69,618,000
Less: Debt Service (Past Bond Appropriations 2002-2010)	(25,503,800)	(31,282,300)	(31,282,300)
Less: Read to Achieve (Education)	(3,000,000)	(2,100,000)	(2,100,000)
Less: School Technology in Coal Counties (Education)	(2,500,000)	(1,750,000)	(1,750,000)
Less: Robinson Scholars Program (UK)	(1,000,000)	(1,000,000)	(1,000,000)
Less: Mining Engineering Scholarship Program (UK)	(300,000)	(300,000)	(300,000)
Less: LGEDF Project Administration (DLG - KIA)	(1,039,700)	(1,039,700)	(1,039,700)
Less: Mine Safety (Natural Resources)	(7,552,000)	(3,219,800)	(3,219,800)
Less: Save the Children (Education)	(500,000)	(500,000)	(500,000)
<b>Total LGEDF for County Distribution</b>	<b>30,202,700</b>	<b>28,945,400</b>	<b>28,426,200</b>
<b>Total LGEDF for Single County Calculation (66.7% of LGEDF Distribution)</b>	<b>20,135,100</b>	<b>19,296,900</b>	<b>18,950,800</b>
Less: Regional Strategic Development Fund (Eastern Kentucky)		(2,000,000)	(2,000,000)
Plus: Transfer from Multi-County for Single County Distribution		3,856,200	3,077,200
Plus: Reimbursement from Lexington-Fayette Urban County Government		2,500,000	
<b>Total LGEDF for Single County Distribution</b>	<b>20,135,100</b>	<b>23,653,100</b>	<b>20,028,000</b>

<b>Local Government Economic Development Multi-County Fund</b>			
<b>Multi-County Allocation (33.3% of LGEDF County Distribution)</b>	<b>10,067,600</b>	<b>9,648,500</b>	<b>9,475,400</b>
Balance Forward from prior fiscal year	226,200	262,300	45,100
<b>Total Multi-County Resources</b>	<b>10,293,800</b>	<b>9,910,800</b>	<b>9,520,500</b>
Less: Debt Service - \$80m Water & Sewer Bonds 2004-06 (KIA)	(2,781,500)		
Less: Energy Research Grants (Energy Development & Independence)	(2,000,000)	(1,584,500)	(1,423,800)
Less: Operation Unite (Office of Drug Control Policy)	(2,000,000)	(2,000,000)	(2,000,000)
Less: Drug Courts (Office of Drug Control Policy)	(1,800,000)		
Less: Rupp Arena Renovation Planning and Design (Capital Project)	(1,250,000)		
Less: SOAR Administrative Costs (DLG)		(200,000)	(200,000)
Less: 12 Multi-County Regional Industrial Park Authorities	(200,000)	(200,000)	(200,000)
Less: Coal County College Completion Scholarship Program		(2,000,000)	(2,000,000)
Less: Update Best Practices Manual (Division of Oil and Gas)		(25,000)	(25,000)
Less: Distribution Back to Single County Fund		(3,856,200)	(3,077,200)
<b>Balance</b>	<b>262,300</b>	<b>45,100</b>	<b>594,500</b>

\*Revenue numbers account for quarter lag

**General Government  
Area Development Fund**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	563,900	498,500	498,500	473,600	473,600
<b>Total General Fund</b>	<b>563,900</b>	<b>498,500</b>	<b>498,500</b>	<b>473,600</b>	<b>473,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>563,900</b>	<b>498,500</b>	<b>498,500</b>	<b>473,600</b>	<b>473,600</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	544,200	498,500	498,500	473,600	473,600
<b>TOTAL EXPENDITURES</b>	<b>544,200</b>	<b>498,500</b>	<b>498,500</b>	<b>473,600</b>	<b>473,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	544,200	498,500	498,500	473,600	473,600
<b>TOTAL EXPENDITURES</b>	<b>544,200</b>	<b>498,500</b>	<b>498,500</b>	<b>473,600</b>	<b>473,600</b>
<b>EXPENDITURES BY UNIT</b>					
Area Development Fund	544,200	498,500	498,500	473,600	473,600
<b>TOTAL EXPENDITURES</b>	<b>544,200</b>	<b>498,500</b>	<b>498,500</b>	<b>473,600</b>	<b>473,600</b>

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

**General Government  
Executive Branch Ethics Commission**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	447,200	438,700	447,300	455,000	463,200
State Salary and Compensation Allocation	22,000	500	1,000		
<b>Total General Fund</b>	<b>469,200</b>	<b>439,200</b>	<b>448,300</b>	<b>455,000</b>	<b>463,200</b>
<b>Restricted Funds</b>					
Balance Forward	90,309	77,809	55,000	19,600	9,800
Current Receipts	60,875	63,809	63,800	66,500	67,200
<b>Total Restricted Funds</b>	<b>151,184</b>	<b>141,618</b>	<b>118,800</b>	<b>86,100</b>	<b>77,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>620,384</b>	<b>580,818</b>	<b>567,100</b>	<b>541,100</b>	<b>540,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	453,899	464,383	482,100	478,600	487,500
Operating Expenses	68,676	61,427	65,400	52,700	52,700
<b>TOTAL EXPENDITURES</b>	<b>522,575</b>	<b>525,809</b>	<b>547,500</b>	<b>531,300</b>	<b>540,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	449,200	439,149	448,300	455,000	463,200
Restricted Funds	73,375	86,660	99,200	76,300	77,000
<b>TOTAL EXPENDITURES</b>	<b>522,575</b>	<b>525,809</b>	<b>547,500</b>	<b>531,300</b>	<b>540,200</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Branch Ethics Commission	522,575	525,809	547,500	531,300	540,200
<b>TOTAL EXPENDITURES</b>	<b>522,575</b>	<b>525,809</b>	<b>547,500</b>	<b>531,300</b>	<b>540,200</b>

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

**General Government  
Secretary of State**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,753,700	1,646,100	1,681,900	1,634,500	1,662,800
State Salary and Compensation Allocation	115,000	3,400	6,800		
<b>Total General Fund</b>	<b>1,868,700</b>	<b>1,649,500</b>	<b>1,688,700</b>	<b>1,634,500</b>	<b>1,662,800</b>
<b>Restricted Funds</b>					
Balance Forward	1,042,777	1,541,186	2,256,400	2,185,300	1,373,800
Current Receipts	2,277,741	2,963,289	2,312,600	2,205,600	2,243,000
Fund Transfers	-800,000	-1,000,000	-1,000,000	-1,300,000	-1,300,000
<b>Total Restricted Funds</b>	<b>2,520,518</b>	<b>3,504,474</b>	<b>3,569,000</b>	<b>3,090,900</b>	<b>2,316,800</b>
<b>Federal Funds</b>					
Current Receipts			92,100	80,400	277,000
<b>Total Federal Funds</b>			<b>92,100</b>	<b>80,400</b>	<b>277,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,389,218</b>	<b>5,153,974</b>	<b>5,349,800</b>	<b>4,805,800</b>	<b>4,256,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,088,324	2,074,184	2,406,300	2,684,400	2,800,400
Operating Expenses	553,335	621,673	744,400	726,600	869,500
Grants Loans Benefits		1,100			
Capital Outlay	7,073	200,584	13,800	21,000	20,000
<b>TOTAL EXPENDITURES</b>	<b>2,648,732</b>	<b>2,897,540</b>	<b>3,164,500</b>	<b>3,432,000</b>	<b>3,689,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,669,400	1,649,500	1,688,700	1,634,500	1,662,800
Restricted Funds	979,332	1,248,040	1,383,700	1,717,100	1,750,100
Federal Funds			92,100	80,400	277,000
<b>TOTAL EXPENDITURES</b>	<b>2,648,732</b>	<b>2,897,540</b>	<b>3,164,500</b>	<b>3,432,000</b>	<b>3,689,900</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration	1,528,308	1,536,399	1,958,700	2,201,700	2,431,700
General Operations	1,120,424	1,361,142	1,205,800	1,230,300	1,258,200
<b>TOTAL EXPENDITURES</b>	<b>2,648,732</b>	<b>2,897,540</b>	<b>3,164,500</b>	<b>3,432,000</b>	<b>3,689,900</b>

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

The Office of the Secretary of State consists of the following organizational units: the Office of Business; Office of Elections; and the Office of Administration.

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

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

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

**Policy**

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

**General Government  
Board of Elections**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,891,200	3,907,900	2,514,600	4,027,100	4,047,200
State Salary and Compensation Allocation	50,700	1,900	3,800		
Mandated Allotments	16,200	29,100	6,200		
<b>Total General Fund</b>	<b>3,958,100</b>	<b>3,938,900</b>	<b>2,524,600</b>	<b>4,027,100</b>	<b>4,047,200</b>
<b>Restricted Funds</b>					
Balance Forward	621,827	649,251	652,200	458,000	251,800
Current Receipts	57,729	24,397	21,800	39,800	39,800
Fund Transfers	-1,200				
<b>Total Restricted Funds</b>	<b>678,355</b>	<b>673,648</b>	<b>674,000</b>	<b>497,800</b>	<b>291,600</b>
<b>Federal Funds</b>					
Balance Forward	15,703,671	15,684,736	15,398,800	10,270,200	5,235,800
Current Receipts	443,321	16,888	176,900	176,900	176,900
<b>Total Federal Funds</b>	<b>16,146,993</b>	<b>15,701,624</b>	<b>15,575,700</b>	<b>10,447,100</b>	<b>5,412,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>20,783,448</b>	<b>20,314,172</b>	<b>18,774,300</b>	<b>14,972,000</b>	<b>9,751,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	978,658	849,763	1,373,800	1,408,100	1,428,200
Operating Expenses	581,783	549,557	1,230,800	1,251,500	1,251,500
Grants Loans Benefits	2,802,753	2,863,488	5,441,500	6,824,800	6,824,700
<b>TOTAL EXPENDITURES</b>	<b>4,363,194</b>	<b>4,262,808</b>	<b>8,046,100</b>	<b>9,484,400</b>	<b>9,504,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,871,833	3,938,460	2,524,600	4,027,100	4,047,200
Restricted Funds	29,104	21,530	216,000	246,000	246,000
Federal Funds	462,257	302,818	5,305,500	5,211,300	5,211,200
<b>TOTAL EXPENDITURES</b>	<b>4,363,194</b>	<b>4,262,808</b>	<b>8,046,100</b>	<b>9,484,400</b>	<b>9,504,400</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	1,224,948	1,232,686	1,250,100	1,298,100	1,318,200
State Share of County Election Expenses	1,398,934	1,434,048	6,200	1,490,700	1,490,700
State Share of Voter Registration Expenses	1,270,299	1,282,140	1,288,300	1,288,300	1,288,300
Election Fund	469,013	310,414	5,501,500	5,407,300	5,407,200
<b>TOTAL EXPENDITURES</b>	<b>4,363,194</b>	<b>4,259,288</b>	<b>8,046,100</b>	<b>9,484,400</b>	<b>9,504,400</b>

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

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

**General Administration and Support**

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

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

**State Share of County Election Expenses**

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

The state currently has 3,632 precincts with over 3 million registered voters. The number of precincts increases as voter registration totals increase and as reapportionment of county commissioner/magisterial districts and congressional and state redistricting occur.

### **State Share of Voter Registration Expenses**

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

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

### **Election Fund**

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

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

### **Policy**

The Budget of the Commonwealth includes General Fund in the amount of \$1,490,700 in fiscal year 2015 and \$1,490,700 in fiscal year 2016 for the State Share of County Election Expenses.

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

**General Government  
Registry of Election Finance**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,165,900	1,146,900	1,168,600	1,200,900	1,220,800
State Salary and Compensation Allocation	58,800	2,100	4,200		
<b>Total General Fund</b>	<b>1,224,700</b>	<b>1,149,000</b>	<b>1,172,800</b>	<b>1,200,900</b>	<b>1,220,800</b>
<b>Restricted Funds</b>					
Balance Forward			500	500	500
Current Receipts		4,266			
<b>Total Restricted Funds</b>		<b>4,266</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,224,700</b>	<b>1,153,266</b>	<b>1,173,300</b>	<b>1,201,400</b>	<b>1,221,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	990,832	1,056,532	1,048,400	1,027,900	1,047,800
Operating Expenses	146,968	95,886	124,400	173,000	173,000
<b>TOTAL EXPENDITURES</b>	<b>1,137,800</b>	<b>1,152,417</b>	<b>1,172,800</b>	<b>1,200,900</b>	<b>1,220,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,137,800	1,148,661	1,172,800	1,200,900	1,220,800
Restricted Funds		3,756			
<b>TOTAL EXPENDITURES</b>	<b>1,137,800</b>	<b>1,152,417</b>	<b>1,172,800</b>	<b>1,200,900</b>	<b>1,220,800</b>
<b>EXPENDITURES BY UNIT</b>					
Registry of Election Finance	1,137,800	1,152,417	1,172,800	1,200,900	1,220,800
<b>TOTAL EXPENDITURES</b>	<b>1,137,800</b>	<b>1,152,417</b>	<b>1,172,800</b>	<b>1,200,900</b>	<b>1,220,800</b>

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

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

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

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

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

**General Government  
Attorney General**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,752,500	10,084,300	10,292,300	10,438,600	10,622,700
State Salary and Compensation Allocation	614,700	17,200	34,400		
Mandated Allotments		85,400			
<b>Total General Fund</b>	<b>11,367,200</b>	<b>10,186,900</b>	<b>10,326,700</b>	<b>10,438,600</b>	<b>10,622,700</b>
<b>Restricted Funds</b>					
Balance Forward	9,008,142	12,451,070	18,406,600	16,555,900	10,726,200
Current Receipts	7,376,011	11,049,004	38,353,200	3,793,400	3,883,700
Non-Revenue Receipts	6,595,690	6,295,526	6,020,800	7,306,100	7,325,100
Fund Transfers	-196,700				
<b>Total Restricted Funds</b>	<b>22,783,143</b>	<b>29,795,599</b>	<b>62,780,600</b>	<b>27,655,400</b>	<b>21,935,000</b>
<b>Federal Funds</b>					
Balance Forward	18				
Current Receipts	2,213,469	2,544,780	3,278,100	3,725,500	3,870,300
Non-Revenue Receipts	-167,071	119,150			
ARRA Receipts	1,318,449	486,489			
<b>Total Federal Funds</b>	<b>3,364,865</b>	<b>3,150,420</b>	<b>3,278,100</b>	<b>3,725,500</b>	<b>3,870,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>37,515,209</b>	<b>43,132,919</b>	<b>76,385,400</b>	<b>41,819,500</b>	<b>36,428,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	16,386,517	16,842,252	27,593,900	21,817,800	22,190,900
Operating Expenses	2,193,795	3,026,437	3,631,300	3,194,100	3,166,000
Grants Loans Benefits	5,328,144	4,704,635	28,581,200	6,028,300	6,028,300
Capital Outlay	33,483	153,013	23,100	53,100	53,100
<b>TOTAL EXPENDITURES</b>	<b>23,941,939</b>	<b>24,726,338</b>	<b>59,829,500</b>	<b>31,093,300</b>	<b>31,438,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	10,245,000	10,186,900	10,326,700	10,438,600	10,622,700
Restricted Funds	10,332,073	11,389,060	46,224,700	16,929,200	16,945,300
Federal Funds	3,364,865	3,150,377	3,278,100	3,725,500	3,870,300
<b>TOTAL EXPENDITURES</b>	<b>23,941,939</b>	<b>24,726,338</b>	<b>59,829,500</b>	<b>31,093,300</b>	<b>31,438,300</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	4,195,546	3,596,056	3,850,800	3,943,300	4,018,400
Criminal Services	7,622,722	8,600,013	9,500,300	10,277,800	10,408,200
Advocacy Services	3,318,822	4,184,956	36,892,400	6,264,600	6,323,400
Civil Services	2,512,442	2,594,535	2,611,000	3,551,500	3,613,200
Uninsured Employers Fund	6,292,408	5,750,778	6,975,000	7,056,100	7,075,100
<b>TOTAL EXPENDITURES</b>	<b>23,941,939</b>	<b>24,726,338</b>	<b>59,829,500</b>	<b>31,093,300</b>	<b>31,438,300</b>

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

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

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

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

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

**General Government  
Commonwealth's Attorneys**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	35,272,000	38,867,700	39,630,700	44,536,800	45,444,800
State Salary and Compensation Allocation	1,987,800	67,000	134,000		
Current Year Appropriation	243,000				
<b>Total General Fund</b>	<b>37,502,800</b>	<b>38,934,700</b>	<b>39,764,700</b>	<b>44,536,800</b>	<b>45,444,800</b>
<b>Restricted Funds</b>					
Balance Forward	990,280	1,117,875	1,156,100	922,000	761,000
Current Receipts	1,228,530	1,184,346	1,339,600	1,496,900	1,545,100
Non-Revenue Receipts			-13,300		
<b>Total Restricted Funds</b>	<b>2,218,810</b>	<b>2,302,220</b>	<b>2,482,400</b>	<b>2,418,900</b>	<b>2,306,100</b>
<b>Federal Funds</b>					
Balance Forward		-113,822			
Current Receipts	79,960	58,861	55,300	46,000	48,800
Non-Revenue Receipts	-179,461	111,483			
ARRA Receipts	135,308				
<b>Total Federal Funds</b>	<b>35,807</b>	<b>56,523</b>	<b>55,300</b>	<b>46,000</b>	<b>48,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>39,757,417</b>	<b>41,293,443</b>	<b>42,302,400</b>	<b>47,001,700</b>	<b>47,799,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	33,199,933	35,596,350	37,108,200	41,824,500	42,776,700
Operating Expenses	3,880,228	4,529,035	4,257,200	4,376,400	4,401,200
Grants Loans Benefits	16,557	11,910	15,000	39,800	30,000
Capital Outlay	6,847				
<b>TOTAL EXPENDITURES</b>	<b>37,103,564</b>	<b>40,137,295</b>	<b>41,380,400</b>	<b>46,240,700</b>	<b>47,207,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	35,853,000	38,934,700	39,764,700	44,536,800	45,444,800
Restricted Funds	1,100,935	1,146,072	1,560,400	1,657,900	1,714,300
Federal Funds	149,629	56,522	55,300	46,000	48,800
<b>TOTAL EXPENDITURES</b>	<b>37,103,564</b>	<b>40,137,295</b>	<b>41,380,400</b>	<b>46,240,700</b>	<b>47,207,900</b>
<b>EXPENDITURES BY UNIT</b>					
Commonwealth's Attorneys	37,103,564	40,137,295	41,380,400	46,240,700	47,207,900
<b>TOTAL EXPENDITURES</b>	<b>37,103,564</b>	<b>40,137,295</b>	<b>41,380,400</b>	<b>46,240,700</b>	<b>47,207,900</b>

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

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

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

**Policy**

The Budget of the Commonwealth provided an additional \$1,378,900 in fiscal year 2015 and \$1,507,000 in fiscal year 2016 from the General Fund. This represents a 3 percent increase in the operating budget.

**General Government  
County Attorneys**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	30,242,100	33,596,300	34,308,200	38,653,400	39,640,500
State Salary and Compensation Allocation	1,808,400	72,400	144,800		
Current Year Appropriation	238,000				
<b>Total General Fund</b>	<b>32,288,500</b>	<b>33,668,700</b>	<b>34,453,000</b>	<b>38,653,400</b>	<b>39,640,500</b>
<b>Restricted Funds</b>					
Balance Forward	285,289	300,759	344,900	364,900	357,900
Current Receipts	311,085	305,859	354,000	372,000	380,000
<b>Total Restricted Funds</b>	<b>596,374</b>	<b>606,618</b>	<b>698,900</b>	<b>736,900</b>	<b>737,900</b>
<b>Federal Funds</b>					
Balance Forward		113,822			
Current Receipts	562,369	362,029	579,000	566,900	566,900
ARRA Receipts	12,143				
<b>Total Federal Funds</b>	<b>574,512</b>	<b>475,851</b>	<b>579,000</b>	<b>566,900</b>	<b>566,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>33,459,386</b>	<b>34,751,169</b>	<b>35,730,900</b>	<b>39,957,200</b>	<b>40,945,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	30,579,349	33,283,178	34,538,100	38,357,700	39,388,100
Operating Expenses	905,706	1,123,026	827,900	1,241,600	1,256,500
Grants Loans Benefits	250				
<b>TOTAL EXPENDITURES</b>	<b>31,485,305</b>	<b>34,406,203</b>	<b>35,366,000</b>	<b>39,599,300</b>	<b>40,644,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	30,729,000	33,668,700	34,453,000	38,653,400	39,640,500
Restricted Funds	295,615	261,652	334,000	379,000	437,200
Federal Funds	460,690	475,852	579,000	566,900	566,900
<b>TOTAL EXPENDITURES</b>	<b>31,485,305</b>	<b>34,406,203</b>	<b>35,366,000</b>	<b>39,599,300</b>	<b>40,644,600</b>
<b>EXPENDITURES BY UNIT</b>					
County Attorneys	31,485,305	34,406,203	35,366,000	39,599,300	40,644,600
<b>TOTAL EXPENDITURES</b>	<b>31,485,305</b>	<b>34,406,203</b>	<b>35,366,000</b>	<b>39,599,300</b>	<b>40,644,600</b>

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

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

**Policy**

The Budget of the Commonwealth provided an additional \$832,600 in fiscal year 2015 and \$1,045,600 in fiscal year 2016 from the General Fund. This represents a 2 percent increase in the operating budget.

	<b>General Government Treasury</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,629,700	1,725,400	1,766,400	1,778,300	1,818,600
State Salary and Compensation Allocation	157,200	3,400	6,800		
<b>Total General Fund</b>	<b>1,786,900</b>	<b>1,728,800</b>	<b>1,773,200</b>	<b>1,778,300</b>	<b>1,818,600</b>
<b>Restricted Funds</b>					
Balance Forward	100,395	133,912	270,800		
Non-Revenue Receipts	992,100	935,900	908,700	1,238,400	1,275,900
Fund Transfers	-61,200				
<b>Total Restricted Funds</b>	<b>1,031,295</b>	<b>1,069,812</b>	<b>1,179,500</b>	<b>1,238,400</b>	<b>1,275,900</b>
<b>Road Fund</b>					
Regular Appropriation	250,000	250,000	250,000	250,000	250,000
<b>Total Road Fund</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,068,195</b>	<b>3,048,612</b>	<b>3,202,700</b>	<b>3,266,700</b>	<b>3,344,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,264,844	2,249,910	2,574,700	2,613,400	2,668,000
Operating Expenses	520,865	509,697	610,200	619,600	633,900
Capital Outlay	4,974	18,064	17,800	33,700	42,600
Construction	940	150			
<b>TOTAL EXPENDITURES</b>	<b>2,791,622</b>	<b>2,777,821</b>	<b>3,202,700</b>	<b>3,266,700</b>	<b>3,344,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,644,270	1,728,800	1,773,200	1,778,300	1,818,600
Restricted Funds	897,383	799,021	1,179,500	1,238,400	1,275,900
Road Fund	249,969	250,000	250,000	250,000	250,000
<b>TOTAL EXPENDITURES</b>	<b>2,791,622</b>	<b>2,777,821</b>	<b>3,202,700</b>	<b>3,266,700</b>	<b>3,344,500</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	1,160,207	1,209,400	1,204,900	1,140,000	1,162,000
Disbursements and Accounting	734,032	769,400	818,300	888,300	906,600
Abandoned Property Administration	897,383	799,021	1,179,500	1,238,400	1,275,900
<b>TOTAL EXPENDITURES</b>	<b>2,791,622</b>	<b>2,777,821</b>	<b>3,202,700</b>	<b>3,266,700</b>	<b>3,344,500</b>

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

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

The General Administration and Support Division provides management support for Treasury including: fiscal control, personnel administration, and policy development and implementation. The Division issues over 4,200,000 checks and stubs each year, sends over 7,700,000 ACH payments, reconciles the various Commonwealth bank accounts, reconciles daily with the State Depository, administers and records court-ordered withholdings, and produces wire transfers for state government.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal funds, fees from officials in counties over 75,000 in population, and fees from various boards and commissions. This program also receives, balances, and deposits all withholdings. A computer analysis is maintained on daily receipts and disbursements, which subsequently is submitted to the Finance and Administration Cabinet for accounting posting.

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

## Policy

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the

amount of \$1,238,400 in fiscal year 2015 and \$1,275,900 in fiscal year 2016. This action reflects the movement of available off-budget Restricted Funds to on-budget status to support ongoing activities of the program.

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

**General Government  
Agriculture**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,924,800	15,815,200	16,089,400	16,382,600	16,690,900
State Salary and Compensation Allocation	714,000	32,700	65,400		
Continuing Approp.-General Fund	64,071	203,765	249,900		
<b>Total General Fund</b>	<b>17,702,871</b>	<b>16,051,665</b>	<b>16,404,700</b>	<b>16,382,600</b>	<b>16,690,900</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I				600,000	600,000
<b>Total Tobacco Settlement - Phase I</b>				<b>600,000</b>	<b>600,000</b>
<b>Restricted Funds</b>					
Balance Forward	8,183,063	9,897,620	10,327,300	8,852,800	6,568,000
Current Receipts	5,992,855	6,108,742	6,167,600	6,059,900	6,034,900
Non-Revenue Receipts	1,340,841	1,994,582	1,755,100	1,680,000	1,630,000
Fund Transfers	-410,400				
<b>Total Restricted Funds</b>	<b>15,106,359</b>	<b>18,000,944</b>	<b>18,250,000</b>	<b>16,592,700</b>	<b>14,232,900</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	5,443,602	4,832,660	5,495,900	5,495,900	5,495,700
Non-Revenue Receipts	-10,452	173,879			
<b>Total Federal Funds</b>	<b>5,433,150</b>	<b>5,006,539</b>	<b>5,495,900</b>	<b>5,495,900</b>	<b>5,495,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>38,242,380</b>	<b>39,059,148</b>	<b>40,150,600</b>	<b>39,071,200</b>	<b>37,019,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	16,105,172	17,260,988	18,300,100	19,414,300	19,804,000
Operating Expenses	5,606,825	5,972,380	6,506,900	6,054,300	6,054,100
Grants Loans Benefits	4,641,445	5,078,395	5,823,900	6,277,300	6,277,400
Capital Outlay	34,456	157,248	666,900	757,300	755,800
Construction	477,497	13,111			
<b>TOTAL EXPENDITURES</b>	<b>26,865,394</b>	<b>28,482,120</b>	<b>31,297,800</b>	<b>32,503,200</b>	<b>32,891,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	16,223,505	15,801,748	16,404,700	16,382,600	16,690,900
Tobacco Settlement - Phase I				600,000	600,000
Restricted Funds	5,208,739	7,673,834	9,397,200	10,024,700	10,104,700
Federal Funds	5,433,150	5,006,539	5,495,900	5,495,900	5,495,700
<b>TOTAL EXPENDITURES</b>	<b>26,865,394</b>	<b>28,482,120</b>	<b>31,297,800</b>	<b>32,503,200</b>	<b>32,891,300</b>
<b>EXPENDITURES BY UNIT</b>					
Strategic Planning and Administration	3,644,573	3,835,953	3,827,600	4,172,500	4,225,100
Motor Fuel Inspection and Testing	833,483	127,635	172,900	187,300	191,500
Consumer and Environmental Programs	11,791,016	13,549,782	14,699,800	15,586,800	15,771,900
State Veterinarian	3,218,876	3,423,115	3,862,100	3,940,500	4,007,900
Animal Control	123,656	141,074	160,300	100,000	100,000
Market Promotion and Protection	68,598	42,505	42,000	42,000	42,000
Farmland Preservation	492,839	17,477	351,600	350,000	350,000
Agriculture Marketing and Product Promotion	6,442,302	7,004,015	7,541,900	7,724,100	7,802,900
Small Winery Support Fund	250,050	340,563	639,600	400,000	400,000
<b>TOTAL EXPENDITURES</b>	<b>26,865,394</b>	<b>28,482,120</b>	<b>31,297,800</b>	<b>32,503,200</b>	<b>32,891,300</b>

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

The Office of the Commissioner provides leadership and management for the Department, and includes the Division of Public

Relations. The Office for Strategic Planning and Administration is responsible for personnel functions, budgeting, financial operation, and information technology systems.

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

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

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

### **Policy**

The Budget of the Commonwealth includes Tobacco Funds of \$600,000 in each fiscal year to support the "Farms to Food Banks" program.

**General Government  
Auditor of Public Accounts**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,579,500	4,401,100	4,479,000	4,681,800	4,775,300
State Salary and Compensation Allocation	346,700	6,700	13,400		
Mandated Allotments		60,000			
<b>Total General Fund</b>	<b>4,926,200</b>	<b>4,467,800</b>	<b>4,492,400</b>	<b>4,681,800</b>	<b>4,775,300</b>
<b>Restricted Funds</b>					
Balance Forward	38,694				
Current Receipts	6,392,114	7,071,455	7,556,200	8,082,100	8,221,400
Fund Transfers	-384,600				
<b>Total Restricted Funds</b>	<b>6,046,209</b>	<b>7,071,455</b>	<b>7,556,200</b>	<b>8,082,100</b>	<b>8,221,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>10,972,409</b>	<b>11,539,255</b>	<b>12,048,600</b>	<b>12,763,900</b>	<b>12,996,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,398,827	10,420,429	10,895,900	11,549,500	11,782,300
Operating Expenses	1,081,282	1,118,817	1,152,700	1,214,400	1,214,400
<b>TOTAL EXPENDITURES</b>	<b>10,480,108</b>	<b>11,539,245</b>	<b>12,048,600</b>	<b>12,763,900</b>	<b>12,996,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,433,900	4,467,800	4,492,400	4,681,800	4,775,300
Restricted Funds	6,046,208	7,071,445	7,556,200	8,082,100	8,221,400
<b>TOTAL EXPENDITURES</b>	<b>10,480,108</b>	<b>11,539,245</b>	<b>12,048,600</b>	<b>12,763,900</b>	<b>12,996,700</b>
<b>EXPENDITURES BY UNIT</b>					
Auditor of Public Accounts	1,190,800	1,190,800	1,370,700	1,511,700	1,538,000
Financial Audit	7,643,008	8,695,445	8,876,200	9,395,700	9,567,300
Technology and Specialized Audits	1,646,300	1,653,000	1,801,700	1,856,500	1,891,400
<b>TOTAL EXPENDITURES</b>	<b>10,480,108</b>	<b>11,539,245</b>	<b>12,048,600</b>	<b>12,763,900</b>	<b>12,996,700</b>

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

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

The Auditor of Public Accounts has three program areas: Administration, Office of Financial Audit, and the Office of Technology and Special Audits.

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

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

The Office of Technology and Special Audits is responsible for internal technology systems, data processing systems, special examinations, security consultation and training, as well as performance audits of public entities to increase the effectiveness and reduce the cost of the delivery of services.

**General Government  
Personnel Board**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	53,500	2,228	20,800	21,800	27,500
Current Receipts	725,359	791,253	803,900	850,600	850,600
Non-Revenue Receipts			1,000	1,000	1,000
Fund Transfers	-21,300				
<b>Total Restricted Funds</b>	<b>757,559</b>	<b>793,481</b>	<b>825,700</b>	<b>873,400</b>	<b>879,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>757,559</b>	<b>793,481</b>	<b>825,700</b>	<b>873,400</b>	<b>879,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	659,481	643,179	649,600	690,000	700,100
Operating Expenses	95,850	129,466	154,300	155,900	155,900
<b>TOTAL EXPENDITURES</b>	<b>755,331</b>	<b>772,645</b>	<b>803,900</b>	<b>845,900</b>	<b>856,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	755,331	772,645	803,900	845,900	856,000
<b>TOTAL EXPENDITURES</b>	<b>755,331</b>	<b>772,645</b>	<b>803,900</b>	<b>845,900</b>	<b>856,000</b>
<b>EXPENDITURES BY UNIT</b>					
Personnel Board	755,331	772,645	803,900	845,900	856,000
<b>TOTAL EXPENDITURES</b>	<b>755,331</b>	<b>772,645</b>	<b>803,900</b>	<b>845,900</b>	<b>856,000</b>

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

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

**Policy**

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

**General Government  
Kentucky Retirement Systems**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	2,164,114	2,435,202	44,700		
Current Receipts	11,444	8,835			
Non-Revenue Receipts	38,385,937	35,809,799	38,811,200	40,930,800	41,306,800
<b>Total Restricted Funds</b>	<b>40,561,495</b>	<b>38,253,835</b>	<b>38,855,900</b>	<b>40,930,800</b>	<b>41,306,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>40,561,495</b>	<b>38,253,835</b>	<b>38,855,900</b>	<b>40,930,800</b>	<b>41,306,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	34,126,449	33,983,142	34,090,200	36,167,100	36,543,100
Operating Expenses	3,075,499	2,988,653	4,465,700	4,463,700	4,463,700
Grants Loans Benefits	46,907				
Capital Outlay	6,539		300,000	300,000	300,000
Construction	870,899	1,237,306			
<b>TOTAL EXPENDITURES</b>	<b>38,126,294</b>	<b>38,209,101</b>	<b>38,855,900</b>	<b>40,930,800</b>	<b>41,306,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	38,126,294	38,209,101	38,855,900	40,930,800	41,306,800
<b>TOTAL EXPENDITURES</b>	<b>38,126,294</b>	<b>38,209,101</b>	<b>38,855,900</b>	<b>40,930,800</b>	<b>41,306,800</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Retirement Systems	38,126,294	38,209,101	38,855,900	40,930,800	41,306,800
<b>TOTAL EXPENDITURES</b>	<b>38,126,294</b>	<b>38,209,101</b>	<b>38,855,900</b>	<b>40,930,800</b>	<b>41,306,800</b>

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

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

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

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	17,924,043	19,883,387	20,630,100	18,034,400	16,241,800
Current Receipts	21,601,851	22,446,824	21,389,700	22,569,600	22,776,900
Non-Revenue Receipts	465,103				
Fund Transfers	-1,296,900	-2,400,000	-2,300,000	-1,000,000	-750,000
<b>Total Restricted Funds</b>	<b>38,694,096</b>	<b>39,930,211</b>	<b>39,719,800</b>	<b>39,604,000</b>	<b>38,268,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>38,694,096</b>	<b>39,930,211</b>	<b>39,719,800</b>	<b>39,604,000</b>	<b>38,268,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	13,984,058	14,995,946	16,439,800	17,646,200	17,947,000
Operating Expenses	4,160,996	3,857,804	4,569,800	4,982,800	5,030,000
Grants Loans Benefits	621,041	419,164	648,800	706,700	710,200
Capital Outlay	8,673	17,991	27,000	26,500	26,500
Construction	35,941	9,302			
<b>TOTAL EXPENDITURES</b>	<b>18,810,709</b>	<b>19,300,207</b>	<b>21,685,400</b>	<b>23,362,200</b>	<b>23,713,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	18,810,709	19,300,207	21,685,400	23,362,200	23,713,700
<b>TOTAL EXPENDITURES</b>	<b>18,810,709</b>	<b>19,300,207</b>	<b>21,685,400</b>	<b>23,362,200</b>	<b>23,713,700</b>
<b>EXPENDITURES BY UNIT</b>					
Accountancy	513,067	452,971	526,400	552,100	558,500
Certification of Alcohol and Drug Counselors	60,105	73,510	82,200	82,200	82,200
Applied Behavior Analysis Licensing	3,279	10,613	16,000	16,000	16,000
Architects	355,036	385,615	411,600	435,900	442,700
Certification for Professional Art Therapists	6,727	11,149	11,200	11,200	11,200
Auctioneers	359,780	339,181	372,300	389,000	393,400
Barbering	292,410	294,803	307,300	322,000	327,100
Chiropractic Examiners	266,994	294,645	286,600	317,800	323,300
Dentistry	827,422	903,948	760,900	894,300	903,000
Diabetes Educators			1,000	1,000	1,000
Licensure & Cert. for Dietitians & Nutritionists	57,414	62,344	73,900	73,900	73,900
Embalmers and Funeral Directors	360,456	380,662	368,800	402,900	409,200
Licensure for Prof. Engineers and Land Surveyors	1,145,572	1,189,033	1,234,800	1,311,800	1,328,600
Certification of Fee-Based Pastoral Counselors	3,316	3,322	3,600	3,600	3,600
Registration for Professional Geologists	106,451	99,118	106,900	106,900	106,900
Hairdressers and Cosmetologists	1,146,571	1,170,054	1,305,600	1,374,700	1,397,400
Specialists in Hearing Instruments	46,324	61,020	81,100	81,100	81,100
Interpreters for the Deaf and Hard of Hearing	33,285	39,726	45,900	38,200	38,200
Home Inspectors	74,200	81,154	83,800	83,800	83,800
Examiners & Registration of Landscape Architects	62,190	58,380	61,600	65,100	66,600
Licensure of Marriage and Family Therapists	64,805	90,109	116,400	116,400	116,400
Licensure for Massage Therapy	126,732	149,974	160,600	168,600	168,600
Medical Imaging and Radiation Therapy				393,100	393,600
Medical Licensure	2,445,979	2,531,862	2,817,600	2,940,400	2,972,500
Nursing	4,831,309	4,626,971	5,874,500	6,201,300	6,270,400

Licensure for Nursing Home Administrators	42,927	56,014	61,100	61,100	61,100
Licensure for Occupational Therapy	115,012	127,409	135,200	146,600	146,600
Ophthalmic Dispensers	52,129	47,703	55,200	55,200	55,200
Optometric Examiners	193,292	165,312	192,100	207,000	209,400
Pharmacy	1,369,937	1,446,112	1,538,700	1,638,800	1,661,400
Physical Therapy	371,897	393,520	413,100	469,000	499,400
Podiatry	23,456	37,282	39,300	38,900	38,200
Private Investigators	62,319	71,971	101,500	101,500	101,500
Licensed Professional Counselors	134,291	183,353	184,900	184,900	184,900
Prosthetics, Orthotics and Pedorthics Examiners of Psychology	6,698	16,589	21,000	46,200	46,200
Real Estate Appraisers	185,424	199,655	236,400	236,400	236,400
Real Estate Commission	602,095	625,874	665,500	757,000	766,300
Respiratory Care	1,687,148	1,781,599	2,041,800	2,105,800	2,200,900
Social Work	178,976	189,137	193,100	206,700	210,000
Speech-Language Pathology and Audiology	222,911	220,240	248,200	276,100	279,300
Veterinary Examiners	140,015	164,713	170,100	170,100	170,100
<b>TOTAL EXPENDITURES</b>	<b>18,810,709</b>	<b>19,300,207</b>	<b>21,685,400</b>	<b>23,362,200</b>	<b>23,713,700</b>

The 42 occupational and professional licensing and regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

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

Twenty one of the 42 Boards and Commissions employ the services of the Division of Occupations and Professions (O & P) in the Public Protection Cabinet to carry out their administrative functions. O & P Provides general operating functions such as the collection of fees, accounting services, budget management, meeting space, management of contractual services, copy and printing services, maintenance of the Board website, and reimbursement of Board per diem, travel, and actual and necessary expenses. O & P also performs administrative support services including processing Board applications and renewals, preparing Board meeting packets and agendas, database entry for licensees, maintaining all Board records and files, preparing general Board correspondence, administering examinations, and communicating with general public and licensees regarding Board functions.

**General Government  
Kentucky River Authority**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	255,100	242,300	246,400	251,200	255,500
State Salary and Compensation Allocation	13,800	400	800		
<b>Total General Fund</b>	<b>268,900</b>	<b>242,700</b>	<b>247,200</b>	<b>251,200</b>	<b>255,500</b>
<b>Restricted Funds</b>					
Balance Forward	2,715,572	2,803,114	2,082,600	3,067,900	1,756,700
Current Receipts	2,441,873	2,617,207	3,740,300	4,149,300	4,139,300
Fund Transfers	-83,500				
<b>Total Restricted Funds</b>	<b>5,073,944</b>	<b>5,420,321</b>	<b>5,822,900</b>	<b>7,217,200</b>	<b>5,896,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,342,844</b>	<b>5,663,021</b>	<b>6,070,100</b>	<b>7,468,400</b>	<b>6,151,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	627,162	658,502	695,600	795,000	811,200
Operating Expenses	122,745	108,175	110,400	115,400	115,400
Grants Loans Benefits	201,754	238,511	240,000	250,000	250,000
Debt Service	1,256,135	2,489,649	1,906,200	2,301,300	2,300,700
Capital Outlay	311,434	85,472	50,000	2,250,000	50,000
<b>TOTAL EXPENDITURES</b>	<b>2,519,231</b>	<b>3,580,309</b>	<b>3,002,200</b>	<b>5,711,700</b>	<b>3,527,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	248,400	242,693	247,200	251,200	255,500
Restricted Funds	2,270,831	3,337,616	2,755,000	5,460,500	3,271,800
<b>TOTAL EXPENDITURES</b>	<b>2,519,231</b>	<b>3,580,309</b>	<b>3,002,200</b>	<b>5,711,700</b>	<b>3,527,300</b>
<b>EXPENDITURES BY UNIT</b>					
General Operations	746,362	831,454	838,800	875,700	885,100
Locks and Dams Construction/Maintenance	1,524,469	2,497,649	1,906,200	4,501,300	2,300,700
Locks and Dams Operations	248,400	251,206	257,200	334,700	341,500
<b>TOTAL EXPENDITURES</b>	<b>2,519,231</b>	<b>3,580,309</b>	<b>3,002,200</b>	<b>5,711,700</b>	<b>3,527,300</b>

The mission of the Kentucky River Authority is to protect the quality and sufficiency of the water supply in the Kentucky River Basin. The people and businesses in 42 counties depend on the river and its tributaries for clean drinking water, for commercial and industrial uses, and for the generation of electricity. The water supply is maintained in a series of pools behind 14 dams that were originally constructed by the Army Corps of Engineers beginning about 1837. Some of those dams also contain working locks that allow commercial and recreational boat traffic to move up and down the river. The Authority collects a water withdrawal fee from each water utility and business user in the watershed that supports programs which benefit the entire watershed. In addition, a second fee is collected from users who withdraw water from the main stem of the river. Those funds support the lock and dam renovation and reconstruction projects the Authority undertakes from time to time. The Authority also receives a small General Fund appropriation to staff the four operating locks during the summer, when there is considerable recreational activity on the river.

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

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

The Kentucky River Authority has built new dams at Lock 9 at Valley View and Lock 3 in Owen and Henry Counties. Dams 9 and 3 retain the water supply for Kentucky American Water Company's Lexington and Owen County water treatment plants. A new dam is being built at Lock 8 in Jessamine County to replace the existing structure with an estimated completion date of June 2015. Dam 8 retains the water supply for Nicholasville and Lancaster. Locks 3 and 4 are currently operational and a rehabilitation project will begin on Locks 1 and 2 in the Spring of 2014. Eighty-two uninterrupted miles of the Kentucky River will be navigable from Carrollton to Tyrone once Locks 1 and 2 are complete by the Fall of 2014.

**General Government  
School Facilities Construction Commission**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	102,802,000	99,378,400	106,596,700	99,634,000	108,580,000
State Salary and Compensation Allocation	16,000	500	1,000		
<b>Total General Fund</b>	<b>102,818,000</b>	<b>99,378,900</b>	<b>106,597,700</b>	<b>99,634,000</b>	<b>108,580,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>102,818,000</b>	<b>99,378,900</b>	<b>106,597,700</b>	<b>99,634,000</b>	<b>108,580,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	260,659	281,020	330,400	288,800	294,300
Operating Expenses	28,824	29,681	38,600	40,000	40,000
Debt Service	91,180,999	95,596,289	97,028,700	99,305,200	108,245,700
<b>TOTAL EXPENDITURES</b>	<b>91,470,481</b>	<b>95,906,990</b>	<b>97,397,700</b>	<b>99,634,000</b>	<b>108,580,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	91,470,481	95,906,990	97,397,700	99,634,000	108,580,000
<b>TOTAL EXPENDITURES</b>	<b>91,470,481</b>	<b>95,906,990</b>	<b>97,397,700</b>	<b>99,634,000</b>	<b>108,580,000</b>
<b>EXPENDITURES BY UNIT</b>					
School Facilities Construction Commission	91,470,481	95,906,990	97,397,700	99,634,000	108,580,000
<b>TOTAL EXPENDITURES</b>	<b>91,470,481</b>	<b>95,906,990</b>	<b>97,397,700</b>	<b>99,634,000</b>	<b>108,580,000</b>

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

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

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

**Policy**

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

The Budget of the Commonwealth includes \$525,000 in fiscal year 2015 and \$8,239,000 in fiscal year 2016 for debt service for \$100,000,000 in bonds to finance the offers of assistance authorized by the 2012 Regular Session of the General Assembly.

The enacted budget authorizes the School Facilities Construction Commission to make an additional \$100,000,000 in new offers of assistance during the 2014-2016 biennium in anticipation of debt service availability during the 2016-2018 biennium. In addition, the enacted budget authorizes the SFCC to make additional offers of assistance not to exceed the debt service on \$7,300,000 for Carlisle County, not to exceed \$5,000,000 for Magoffin County, and not to exceed \$14,000,000 for Martin County and to school districts that have an A1 school considered in the listing of the ten schools in the poorest condition in the state according to a November 2011 report. Each of the ten schools shall have: levied two nickels, received equalization funds, utilized available offers of assistance from SFCC, and still have an unmet need. SFCC is authorized to make offers of assistance in an amount necessary to close the gap between available resources and the amount needed to replace the school. Debt service availability for these additional offers of assistance for urgent needs schools is expected in the 2016-2018 biennium.

**General Government  
Teachers' Retirement System**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	238,637,000	244,670,100	299,692,100	326,772,500	299,318,400
<b>Total General Fund</b>	<b>238,637,000</b>	<b>244,670,100</b>	<b>299,692,100</b>	<b>326,772,500</b>	<b>299,318,400</b>
<b>Restricted Funds</b>					
Balance Forward	3,104,778	3,532,544	5,528,400		
Current Receipts	-2,353	-215,675			
Non-Revenue Receipts	9,000,801	11,359,399	6,501,900	12,183,500	12,196,600
<b>Total Restricted Funds</b>	<b>12,103,227</b>	<b>14,676,268</b>	<b>12,030,300</b>	<b>12,183,500</b>	<b>12,196,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>250,740,227</b>	<b>259,346,368</b>	<b>311,722,400</b>	<b>338,956,000</b>	<b>311,515,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,213,829	7,801,851	9,774,700	9,923,000	9,936,100
Operating Expenses	1,356,828	1,345,907	2,096,700	2,101,600	2,101,600
Grants Loans Benefits	143,355,826	141,319,410	174,902,900	206,079,200	182,881,800
Debt Service	95,273,278	103,350,774	120,695,000	120,693,300	116,436,600
Capital Outlay			158,900	158,900	158,900
<b>TOTAL EXPENDITURES</b>	<b>247,199,761</b>	<b>253,817,942</b>	<b>307,628,200</b>	<b>338,956,000</b>	<b>311,515,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	238,629,078	244,670,074	295,597,900	326,772,500	299,318,400
Restricted Funds	8,570,683	9,147,868	12,030,300	12,183,500	12,196,600
<b>TOTAL EXPENDITURES</b>	<b>247,199,761</b>	<b>253,817,942</b>	<b>307,628,200</b>	<b>338,956,000</b>	<b>311,515,000</b>
<b>EXPENDITURES BY UNIT</b>					
Teachers' Retirement System	247,199,761	253,817,942	307,628,200	338,956,000	311,515,000
<b>TOTAL EXPENDITURES</b>	<b>247,199,761</b>	<b>253,817,942</b>	<b>307,628,200</b>	<b>338,956,000</b>	<b>311,515,000</b>

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

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

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

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member and employer contribution rate at 9.855 percent of gross salary for persons other than university faculty members joining the system prior to July 1, 2008. Persons joining on or after that date contribute 10.855 percent of gross salary with the employer contributing the same amount. University faculty members who joined the system prior to July 1, 2008 contribute 8.375 percent of gross salary and their employer matches this amount. University faculty members joining on or after that date contribute 9.375 percent of gross salary with the employer matching that amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

HB 540 enacted by the 2010 Regular Session of the General Assembly requires additional contributions to ensure the solvency and stability of the retirement system's medical insurance fund. In addition to the above-referenced contribution rates, members hired prior to July 1, 2008 will contribute an additional 0.25% in fiscal 2011, an additional 0.5% in fiscal 2012, an additional 1.0% in fiscal 2013, an additional 1.5% in fiscal 2014, an additional 2.25% in fiscal 2015 and an additional 3.0% in fiscal 2016. Members hired July

1, 2008 or later will contribute an additional 0.5% in fiscal 2014, an additional 1.25% in fiscal 2015, and an additional 2.0% in fiscal 2016. This will bring total member medical insurance contributions to 3.75% in fiscal 2016 for all members. As with other employee contributions, employers will match these amounts.

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

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

### **Policy**

The Budget of the Commonwealth includes General Fund support in the amount of \$120,693,300 in fiscal year 2015 and \$116,436,600 in fiscal year 2016 for debt service on bonds previously issued.

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

The Budget of the Commonwealth includes \$4,527,300 in fiscal year 2015 and \$9,448,000 in fiscal year 2016 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2014-2016 biennium who are eligible to add accrued sick leave to their final year of service.

Also included in the Budget of the Commonwealth is \$50,200,000 in General Fund support in fiscal year 2015 and \$61,300,000 in fiscal year 2016 for the State's portion of the shared responsibility plan outlined in KRS 161.550 as enacted by the 2010 regular session.

It is the intent of the General Assembly in future biennial budget bills to pledge lesser debt service funding requirements for bonds previously issued for the Kentucky Teachers' Retirement System to reduce the unfunded pension liability.

**General Government**  
**Appropriations Not Otherwise Classified**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,776,100	5,290,900	5,290,900	5,026,400	5,026,400
Mandated Allotments	11,970,000	10,683,200	10,210,600		
<b>Total General Fund</b>	<b>17,746,100</b>	<b>15,974,100</b>	<b>15,501,500</b>	<b>5,026,400</b>	<b>5,026,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>17,746,100</b>	<b>15,974,100</b>	<b>15,501,500</b>	<b>5,026,400</b>	<b>5,026,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	11,990,888	11,461,630	11,510,000	2,534,900	2,534,900
Operating Expenses	5,649,529	3,165,507	3,988,400	2,488,400	2,488,400
Grants Loans Benefits	3,100	3,100	3,100	3,100	3,100
<b>TOTAL EXPENDITURES</b>	<b>17,643,517</b>	<b>14,630,237</b>	<b>15,501,500</b>	<b>5,026,400</b>	<b>5,026,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	17,643,517	14,630,237	15,501,500	5,026,400	5,026,400
<b>TOTAL EXPENDITURES</b>	<b>17,643,517</b>	<b>14,630,237</b>	<b>15,501,500</b>	<b>5,026,400</b>	<b>5,026,400</b>
<b>EXPENDITURES BY UNIT</b>					
Attorney General Expense	393,690	305,948	350,000	350,000	350,000
Board of Claims Award	713,100	418,096	407,400	407,400	407,400
Guardian Ad Litem	11,558,103	11,108,141	11,100,000	2,124,900	2,124,900
Prior Year Claims	1,319,387	70,266	382,400	382,400	382,400
Unredeemed Checks Refunded	2,914,921	2,302,441	2,470,000	970,000	970,000
Involuntary Commitments-ICF/MR	39,095	47,541	60,000	60,000	60,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Frankfort Cemetery	3,100	3,100	3,100	3,100	3,100
Survivor Benefits	327,677	8,877	308,600	308,600	308,600
Med Malpractice Liability Ins Reimb	120,440	114,817	165,000	165,000	165,000
Blanket Employee Bonds	59,004	56,008	60,000	60,000	60,000
<b>TOTAL EXPENDITURES</b>	<b>17,643,517</b>	<b>14,630,237</b>	<b>15,501,500</b>	<b>5,026,400</b>	<b>5,026,400</b>

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

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# Economic Development

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**Economic Development**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	29,617,500	19,002,800	19,131,100	19,151,800	35,146,600
State Salary and Compensation Allocation	350,000	10,200	20,400		
Continuing Approp.-General Fund	15,936,548	10,746,421	87,400		
Mandated Allotments		1,800,000			
<b>Total General Fund</b>	<b>45,904,048</b>	<b>31,559,421</b>	<b>19,238,900</b>	<b>19,151,800</b>	<b>35,146,600</b>
<b>Restricted Funds</b>					
Balance Forward	1,521,815	2,040,742	2,664,700	1,717,200	1,054,700
Current Receipts	2,393,988	2,548,106	1,342,500	1,681,900	1,692,200
Non-Revenue Receipts				366,800	394,900
Fund Transfers	-142,700				
<b>Total Restricted Funds</b>	<b>3,773,103</b>	<b>4,588,848</b>	<b>4,007,200</b>	<b>3,765,900</b>	<b>3,141,800</b>
<b>Federal Funds</b>					
Balance Forward	2,353,230	40,536			
Current Receipts	5,226,997	276,242	443,500		
Non-Revenue Receipts	7,167	140,416	4,901,500		5,100,000
ARRA Receipts	177,663				
<b>Total Federal Funds</b>	<b>7,765,057</b>	<b>457,194</b>	<b>5,345,000</b>		<b>5,100,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>57,442,208</b>	<b>36,605,463</b>	<b>28,591,100</b>	<b>22,917,700</b>	<b>43,388,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	8,662,047	8,241,120	8,843,300	9,701,600	9,844,400
Operating Expenses	7,880,420	2,044,735	1,651,300	1,390,300	1,388,700
Grants Loans Benefits	18,457,924	14,056,431	16,379,300	10,771,100	30,871,100
Debt Service	8,423,000				892,000
<b>TOTAL EXPENDITURES</b>	<b>43,423,392</b>	<b>24,342,286</b>	<b>26,873,900</b>	<b>21,863,000</b>	<b>42,996,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	33,966,510	21,960,935	19,238,900	19,151,800	35,146,600
Restricted Funds	1,732,361	1,924,157	2,290,000	2,711,200	2,749,600
Federal Funds	7,724,520	457,194	5,345,000		5,100,000
<b>TOTAL EXPENDITURES</b>	<b>43,423,392</b>	<b>24,342,286</b>	<b>26,873,900</b>	<b>21,863,000</b>	<b>42,996,200</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	7,340,116	3,313,485	3,265,100	2,985,800	3,911,000
Business Development	13,263,598	13,479,025	14,042,000	14,034,100	14,101,300
Bluegrass State Skills	8,348,575	5,760,773	2,787,600	2,710,200	17,712,600
Financial Services	14,471,103	1,789,002	6,779,200	2,132,900	7,271,300
<b>TOTAL EXPENDITURES</b>	<b>43,423,392</b>	<b>24,342,286</b>	<b>26,873,900</b>	<b>21,863,000</b>	<b>42,996,200</b>

The Cabinet for Economic Development is governed by the Kentucky Economic Development Partnership. The Partnership board has 11 voting members and two non-voting members. The 11 voting members are the Governor, who is chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Energy and Environment Cabinet, and eight citizen members appointed by the Governor who represent all sectors of the economic development community. The Secretary of the Cabinet for Economic Development (nominated by the Economic Development Partnership and appointed by the Governor) and the Secretary of the Tourism, Arts and Heritage Cabinet serve as non-voting members.

The budgetary resources for the Cabinet are organized in six programs within a single appropriation unit. Business Development is the Commonwealth's marketing and sales force to both prospective investors and existing businesses. Its resources include Kentucky-based business development agents and representatives in Tokyo, Japan and Hamburg, Germany; a database of available sites; comprehensive market research; targeted programs for small businesses; and support of the statewide network of Innovation and Commercialization Centers. The Bluegrass State Skills Corporation makes matching grants for industry-specific training of employees. Financial Services administers loans, grants and tax incentives available to businesses that invest and create or maintain jobs in Kentucky, and staffs the Kentucky Economic Development Finance Authority. The Office of the Secretary provides strategic direction for Cabinet activities and administrative services such as legal, fiscal, budget, personnel and asset management.

## Policy

Notwithstanding KRS 154.12-278, interest earned on the balances in the High-Tech Construction/Investment Pool and repayments of loans from the pool is appropriated for the support of the Office of Entrepreneurship.

The Budget of the Commonwealth includes General Fund of \$892,000 in fiscal year 2016 for debt service on \$21,000,000 in new bonds for the High-Tech Construction/Investment Pool, the Kentucky Economic Development Authority (KEDFA) Loan Pool and the Economic Development Bond Pool. The Secretary has the discretion to apply funds available in each pool for authorized uses within the Cabinet.

The Budget of the Commonwealth includes General Fund of \$2,551,300 in each fiscal year for training grants for Bluegrass State Skills Corporation. Notwithstanding KRS 45.229, the General Fund appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year 2014 and fiscal year 2015 shall not lapse and shall carry forward. The amount available to the Corporation for disbursement in each fiscal year shall be limited to the unexpended training grant allotment balance at the end of fiscal year 2014 combined with the additional training grant allotment amounts for each fiscal year of the 2014-2016 biennium, less any disbursements. If the required disbursements exceed the Bluegrass State Skills Corporation training grants allotment balance, notwithstanding KRS 154-12.278, Restricted Funds may be expended for training grants, and funds in an amount not to exceed \$2,000,000 shall be appropriated from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

The Budget of the Commonwealth includes \$150,000 of General Fund in each fiscal year for cities of Bellevue, Covington, Dayton, Fort Thomas, Ludlow and Newport to support projects or activities related to the development of Riverfront Commons.

The Budget of the Commonwealth includes \$15,000,000 of General Fund in fiscal year 2016 for Bluegrass State Skills Corporation training grants to support a significant manufacturing-related investment in the Commonwealth.

# Department of Education

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**Department of Education**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,854,539,300	3,850,759,700	3,864,091,000	4,006,095,500	4,093,244,600
State Salary and Compensation Allocation	1,363,000	150,800	301,600		
Continuing Approp.-General Fund	1,894,354	1,886,653	581,700		
Mandated Allotments	234,703	85,200	68,700		
<b>Total General Fund</b>	<b>3,858,031,357</b>	<b>3,852,882,353</b>	<b>3,865,043,000</b>	<b>4,006,095,500</b>	<b>4,093,244,600</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	2,050,000				
Reorganization Adjustment	-2,050,000				
<b>Total Tobacco Settlement - Phase I</b>					
<b>Restricted Funds</b>					
Balance Forward	8,747,235	8,709,272	11,052,100	4,636,000	4,386,000
Current Receipts	4,814,663	7,087,510	25,267,600	32,777,300	33,909,800
Non-Revenue Receipts	19,337,813	19,936,873			
Fund Transfers	-833,900			-250,000	
<b>Total Restricted Funds</b>	<b>32,065,811</b>	<b>35,733,656</b>	<b>36,319,700</b>	<b>37,163,300</b>	<b>38,295,800</b>
<b>Federal Funds</b>					
Balance Forward	2,860,617	1,129,694	1,707,800		
Current Receipts	848,947,859	831,409,177	883,829,700	887,847,800	888,387,200
Non-Revenue Receipts	5,284,355	-626,358	-172,700		
ARRA Receipts	62,853,469	16,963,427			
<b>Total Federal Funds</b>	<b>919,946,298</b>	<b>848,875,940</b>	<b>885,364,800</b>	<b>887,847,800</b>	<b>888,387,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,810,043,466</b>	<b>4,737,491,949</b>	<b>4,786,727,500</b>	<b>4,931,106,600</b>	<b>5,019,927,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	100,904,361	100,564,584	105,479,900	111,357,251	113,925,199
Operating Expenses	32,095,519	30,803,221	29,903,800	30,229,764	30,321,351
Grants Loans Benefits	4,652,391,969	4,583,972,601	4,638,090,300	4,785,033,785	4,871,073,250
Debt Service				61,000	183,000
Capital Outlay	240,741	157,346	38,800	38,800	38,800
Construction	11,076	1,890			
<b>TOTAL EXPENDITURES</b>	<b>4,785,643,666</b>	<b>4,715,499,643</b>	<b>4,773,512,800</b>	<b>4,926,720,600</b>	<b>5,015,541,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,843,470,524	3,845,364,183	3,856,464,300	4,006,095,500	4,093,244,600
Restricted Funds	23,356,538	24,681,751	31,683,700	32,777,300	33,909,800
Federal Funds	918,816,604	845,453,709	885,364,800	887,847,800	888,387,200
<b>TOTAL EXPENDITURES</b>	<b>4,785,643,666</b>	<b>4,715,499,643</b>	<b>4,773,512,800</b>	<b>4,926,720,600</b>	<b>5,015,541,600</b>
<b>EXPENDITURES BY UNIT</b>					
Support Education Excellence in Kentucky (SEEK)	2,899,497,950	2,882,091,186	2,879,840,800	2,972,270,700	3,009,490,600
Operations and Support Services	343,429,730	346,823,787	383,320,000	385,445,500	389,837,600
Learning and Results Services	1,542,715,987	1,486,584,670	1,510,352,000	1,569,004,400	1,616,213,400
<b>TOTAL EXPENDITURES</b>	<b>4,785,643,666</b>	<b>4,715,499,643</b>	<b>4,773,512,800</b>	<b>4,926,720,600</b>	<b>5,015,541,600</b>

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

**Department of Education**  
**Support Education Excellence in Kentucky (SEEK)**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,900,145,100	2,899,840,800	2,899,840,800	2,972,270,700	3,009,490,600
Other	-647,150	-13,000,000	-11,421,300		
<b>Total General Fund</b>	<b>2,899,497,950</b>	<b>2,886,840,800</b>	<b>2,888,419,500</b>	<b>2,972,270,700</b>	<b>3,009,490,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,899,497,950</b>	<b>2,886,840,800</b>	<b>2,888,419,500</b>	<b>2,972,270,700</b>	<b>3,009,490,600</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	2,899,497,950	2,882,091,186	2,879,840,800	2,972,270,700	3,009,490,600
<b>TOTAL EXPENDITURES</b>	<b>2,899,497,950</b>	<b>2,882,091,186</b>	<b>2,879,840,800</b>	<b>2,972,270,700</b>	<b>3,009,490,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,899,497,950	2,882,091,186	2,879,840,800	2,972,270,700	3,009,490,600
<b>TOTAL EXPENDITURES</b>	<b>2,899,497,950</b>	<b>2,882,091,186</b>	<b>2,879,840,800</b>	<b>2,972,270,700</b>	<b>3,009,490,600</b>
<b>EXPENDITURES BY UNIT</b>					
Base Funding	2,034,763,493	2,017,718,573	2,017,968,000	2,069,514,700	2,103,805,900
Pupil Transportation	214,752,800	214,752,800	214,752,800	214,752,800	214,752,800
Equalized Facilities	106,884,007	109,624,687	109,107,500	117,215,300	114,277,600
Tier I Equalization	168,251,400	165,148,826	163,166,200	170,476,000	168,116,200
National Board Certification Salary Supplement	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
State-Run Vocational Schools Reimbursement	22,641,850	22,641,900	22,641,900	22,866,900	22,881,900
Vocational Education Transportation	2,416,900	2,416,900	2,416,900	2,416,900	2,416,900
Local District Teachers' Retirement Match	347,037,500	347,037,500	347,037,500	372,278,100	380,489,300
<b>TOTAL EXPENDITURES</b>	<b>2,899,497,950</b>	<b>2,882,091,186</b>	<b>2,879,840,800</b>	<b>2,972,270,700</b>	<b>3,009,490,600</b>

**Policy**

The Budget of the Commonwealth includes funding to increase the base SEEK per pupil guarantee from \$3,827 to \$3,911 in fiscal year 2015 and to \$3,981 in fiscal year 2016. This represents a 2.2% increase in fiscal year 2015 and an additional 1.8% increase in fiscal year 2016 to the per pupil guarantee. The additional General Fund amounts are \$72,429,900 in fiscal year 2015 and \$109,649,800 in fiscal year 2016.

The Budget of the Commonwealth requires that all certified and classified staff employed by local boards of education receive a salary or compensation increase of at least 1 percent in fiscal year 2015 and at least 2 percent in fiscal year 2016.

This budget provides funding to accommodate a projected average daily attendance of 602,019 and projected total local school district assessed property valuation of \$300.4 billion in fiscal year 2015. In fiscal year 2016, the budget provides funding to accommodate projected average daily attendance of 602,935 and projected total local school district assessed property valuation of \$306.1 billion. The projected numbers represent a consensus reached by the Department of Education and the Office of State Budget Director.

The Budget of the Commonwealth maintains funding for the pupil transportation program at the fiscal year 2014 level of \$214,752,800 in each fiscal year. The budget includes \$170,476,000 in fiscal year 2015 and \$168,116,200 in fiscal year 2016 to provide Tier I funding to local school districts to equalize local revenues raised under this SEEK component at a level of \$749,000 in fiscal year 2015 and \$749,000 in fiscal year 2016 of assessed property valuation per student (150 percent of the projected statewide average per pupil).

Also included in the Budget of the Commonwealth is "hold harmless" funding, \$442,200 in fiscal year 2015 and \$471,900 in fiscal year 2016 to provide every school district with at least the same level of state SEEK funding per pupil during the 2014-2016 biennium as was provided in fiscal year 1992.

The Budget of the Commonwealth provides funding for the Facilities Support Program of Kentucky (FSPK) in the amounts of \$117,215,300 in fiscal year 2015 and \$114,277,600 in fiscal year 2016 to provide equalization funding for local district revenues from the equivalent nickel levy.

The enacted budget includes \$22,866,900 in fiscal year 2015 and \$22,881,900 in fiscal year 2016 to reimburse state-operated vocational facilities for the costs of providing course offerings to students from local school districts. Funding for vocational

education transportation is maintained at the fiscal year 2014 level of \$2,416,900 in each fiscal year.

The Budget of the Commonwealth includes funds \$372,278,100 in fiscal year 2015 and \$380,489,300 in fiscal year 2016 for the Teachers' Retirement employer match on behalf of local school districts.

The enacted budget provides \$2,750,000 in each fiscal year for annual salary supplements of \$2,000 to teachers achieving and maintaining certification by the National Board for Professional Teaching Standards.

**Department of Education  
Operations and Support Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	50,318,100	46,509,600	47,075,400	48,761,000	52,905,600
State Salary and Compensation Allocation	225,700	20,200	40,400		
Continuing Approp.-General Fund	691,401				
Mandated Allotments	234,703	85,200	68,700		
<b>Total General Fund</b>	<b>51,469,904</b>	<b>46,615,000</b>	<b>47,184,500</b>	<b>48,761,000</b>	<b>52,905,600</b>
<b>Restricted Funds</b>					
Balance Forward	5,264,962	5,450,031	7,287,600	871,500	621,500
Current Receipts	2,596,617	4,790,002	2,454,600	8,199,700	8,275,500
Non-Revenue Receipts	802,057	850,474			
Fund Transfers	-18,100			-250,000	
<b>Total Restricted Funds</b>	<b>8,645,537</b>	<b>11,090,506</b>	<b>9,742,200</b>	<b>8,821,200</b>	<b>8,897,000</b>
<b>Federal Funds</b>					
Balance Forward	312,765	196,692	1,707,800		
Current Receipts	281,487,868	296,568,439	325,729,700	328,484,800	328,656,500
Non-Revenue Receipts	179,663		-172,700		
ARRA Receipts	8,959,916	343,795			
<b>Total Federal Funds</b>	<b>290,940,212</b>	<b>297,108,926</b>	<b>327,264,800</b>	<b>328,484,800</b>	<b>328,656,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>351,055,653</b>	<b>354,814,432</b>	<b>384,191,500</b>	<b>386,067,000</b>	<b>390,459,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	14,427,211	14,185,439	16,923,400	16,773,351	17,146,199
Operating Expenses	16,746,853	15,415,545	14,840,200	14,278,864	14,350,951
Grants Loans Benefits	312,255,665	317,222,803	351,556,400	354,332,285	358,157,450
Debt Service				61,000	183,000
<b>TOTAL EXPENDITURES</b>	<b>343,429,730</b>	<b>346,823,787</b>	<b>383,320,000</b>	<b>385,445,500</b>	<b>389,837,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	49,490,704	46,615,000	47,184,500	48,761,000	52,905,600
Restricted Funds	3,195,506	3,803,047	8,870,700	8,199,700	8,275,500
Federal Funds	290,743,520	296,405,740	327,264,800	328,484,800	328,656,500
<b>TOTAL EXPENDITURES</b>	<b>343,429,730</b>	<b>346,823,787</b>	<b>383,320,000</b>	<b>385,445,500</b>	<b>389,837,600</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office/Board of Education	1,268,201	579,900	820,800	854,600	876,700
Administration and Support	300,030,545	310,996,345	347,636,000	348,400,400	348,864,700
Guiding Support Services	1,655,117	1,432,208	1,468,700	1,714,300	1,744,100
Knowledge, Information and Data Services	40,475,867	33,815,334	33,394,500	34,476,200	38,352,100
<b>TOTAL EXPENDITURES</b>	<b>343,429,730</b>	<b>346,823,787</b>	<b>383,320,000</b>	<b>385,445,500</b>	<b>389,837,600</b>

The Operations and Support Services program area consists of the Office of Administration and Support; the Office of Knowledge, Information, and Data Services; the Office of Guiding Support Services; Commissioner of Education, and the Kentucky Board of Education.

**Department of Education  
Operations and Support Services  
Commissioner's Office/Board of Education**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	596,500	578,200	817,700	854,600	876,700
State Salary and Compensation Allocation	9,200	1,700	3,100		
Continuing Approp.-General Fund	691,401				
<b>Total General Fund</b>	<b>1,297,101</b>	<b>579,900</b>	<b>820,800</b>	<b>854,600</b>	<b>876,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,297,101</b>	<b>579,900</b>	<b>820,800</b>	<b>854,600</b>	<b>876,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,225,801	562,200	803,100	836,900	859,000
Operating Expenses	42,400	17,700	17,700	17,700	17,700
<b>TOTAL EXPENDITURES</b>	<b>1,268,201</b>	<b>579,900</b>	<b>820,800</b>	<b>854,600</b>	<b>876,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,268,201	579,900	820,800	854,600	876,700
<b>TOTAL EXPENDITURES</b>	<b>1,268,201</b>	<b>579,900</b>	<b>820,800</b>	<b>854,600</b>	<b>876,700</b>

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

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

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,787,600	11,198,800	11,513,600	11,997,600	12,225,000
State Salary and Compensation Allocation	131,800	11,600	23,100		
Mandated Allotments	234,703	85,200	68,700		
<b>Total General Fund</b>	<b>12,154,103</b>	<b>11,295,600</b>	<b>11,605,400</b>	<b>11,997,600</b>	<b>12,225,000</b>
<b>Restricted Funds</b>					
Balance Forward	5,148,671	5,346,142	7,225,600	871,500	621,500
Current Receipts	2,589,103	4,785,253	2,411,700	8,094,800	8,170,600
Non-Revenue Receipts	802,057	850,474			
Fund Transfers	-18,100			-250,000	
<b>Total Restricted Funds</b>	<b>8,521,731</b>	<b>10,981,869</b>	<b>9,637,300</b>	<b>8,716,300</b>	<b>8,792,100</b>
<b>Federal Funds</b>					
Balance Forward	266,957	192,959	1,707,800		
Current Receipts	279,479,054	296,105,204	325,557,000	328,308,000	328,469,100
Non-Revenue Receipts	179,663				
ARRA Receipts	5,826,938	343,795			
<b>Total Federal Funds</b>	<b>285,752,612</b>	<b>296,641,959</b>	<b>327,264,800</b>	<b>328,308,000</b>	<b>328,469,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>306,428,446</b>	<b>318,919,428</b>	<b>348,507,500</b>	<b>349,021,900</b>	<b>349,486,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,337,082	10,618,410	12,376,700	11,215,215	11,431,050
Operating Expenses	2,651,000	2,458,382	2,602,400	2,691,400	2,692,700
Grants Loans Benefits	288,042,463	297,919,552	332,656,900	334,432,785	334,557,950
Debt Service				61,000	183,000
<b>TOTAL EXPENDITURES</b>	<b>300,030,545</b>	<b>310,996,345</b>	<b>347,636,000</b>	<b>348,400,400</b>	<b>348,864,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,295,303	11,295,600	11,605,400	11,997,600	12,225,000
Restricted Funds	3,175,589	3,758,238	8,765,800	8,094,800	8,170,600
Federal Funds	285,559,653	295,942,506	327,264,800	328,308,000	328,469,100
<b>TOTAL EXPENDITURES</b>	<b>300,030,545</b>	<b>310,996,345</b>	<b>347,636,000</b>	<b>348,400,400</b>	<b>348,864,700</b>
<b>EXPENDITURES BY UNIT</b>					
Administration & Resource Management	6,621,042	7,164,990	11,942,000	11,683,500	11,915,900
District Support	9,737,939	4,314,844	4,761,900	4,803,100	4,871,300
School & Community Nutrition	283,671,564	299,516,511	330,932,100	331,913,800	332,077,500
<b>TOTAL EXPENDITURES</b>	<b>300,030,545</b>	<b>310,996,345</b>	<b>347,636,000</b>	<b>348,400,400</b>	<b>348,864,700</b>

The Office of Administration and Support consists of the following divisions: the Division of Budget and Financial Management, the Division of District Support, the Division of Resource Management, and the Division of School and Community Nutrition.

The Division of Budget and Financial Management supervises the department's annual and biennial budget creation, budget analysis and forecasting, expenditure authorizations, personnel approvals, and allotment as well as appropriation adjustments. The Division also supervises expenditure and accounting transactions, purchasing and document preparation, and pre-audit functions. The Division serves as agency liaison with the Auditor of Public Accounts, the Finance and Administration Cabinet, the Office of State Budget Director, and the Legislative Research Commission budget staff.

The Division of District Support distributes state SEEK funds to local school districts and provides districts with assistance on salary schedules, data management, facility management, and budgeting. Staff of the Division work with various Department of Education, Council for Postsecondary Education, and Professional Standards Board program areas in analyzing data and determining requirements for data entered in the Department's enterprise data system. The Division also reviews local school district facility plans and compiles information on school district construction needs for the School Facilities Construction Commission.

The Division of Resource Management provides personnel and payroll services to Department staff. These services include the

administration of the state merit system, Family Medical Leave Act, Workers' Compensation, sick leave sharing, tuition assistance, employee training, Fair Labor Standards Act, Americans with Disabilities Act, and all other related employment laws and regulations.

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

**Policy**

The Budget of the Commonwealth provides General Fund in the amount of \$61,000 in fiscal year 2015 and \$183,000 in fiscal year 2016 for debt service on new bonds included in the capital budget.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,705,200	1,382,000	1,357,700	1,432,600	1,451,800
State Salary and Compensation Allocation	34,500	5,400	6,100		
<b>Total General Fund</b>	<b>1,739,700</b>	<b>1,387,400</b>	<b>1,363,800</b>	<b>1,432,600</b>	<b>1,451,800</b>
<b>Restricted Funds</b>					
Balance Forward	115,519	103,117	62,000		
Current Receipts	7,514	4,748	42,900	104,900	104,900
<b>Total Restricted Funds</b>	<b>123,034</b>	<b>107,865</b>	<b>104,900</b>	<b>104,900</b>	<b>104,900</b>
<b>Federal Funds</b>					
Current Receipts			172,700	176,800	187,400
Non-Revenue Receipts			-172,700		
<b>Total Federal Funds</b>				<b>176,800</b>	<b>187,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,862,734</b>	<b>1,495,265</b>	<b>1,468,700</b>	<b>1,714,300</b>	<b>1,744,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,607,206	1,360,739	1,463,300	1,644,700	1,674,500
Operating Expenses	47,911	71,469	5,400	69,600	69,600
<b>TOTAL EXPENDITURES</b>	<b>1,655,117</b>	<b>1,432,208</b>	<b>1,468,700</b>	<b>1,714,300</b>	<b>1,744,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,635,200	1,387,400	1,363,800	1,432,600	1,451,800
Restricted Funds	19,917	44,808	104,900	104,900	104,900
Federal Funds				176,800	187,400
<b>TOTAL EXPENDITURES</b>	<b>1,655,117</b>	<b>1,432,208</b>	<b>1,468,700</b>	<b>1,714,300</b>	<b>1,744,100</b>

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

Guiding Support Services consists of two divisions: the Division of Communications and the Division of Innovation and Partner Engagement. The Division of Communication is responsible for news media relations for the Commissioner and the Department of Education. The division creates print and electronic materials to supplement the professional development of educators and inform other interested parties in Kentucky's system of public elementary and secondary education. The Division also operates the Department's web site, provides photographic services for the Department, and produces electronic publications. The Division of Innovation and Partner Engagement interacts with educational partners across the country to develop and test innovative ideas for change and improvement in educational policy and deployment.

**Department of Education  
Operations and Support Services  
Knowledge, Information and Data Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	36,228,800	33,350,600	33,386,400	34,476,200	38,352,100
State Salary and Compensation Allocation	50,200	1,500	8,100		
<b>Total General Fund</b>	<b>36,279,000</b>	<b>33,352,100</b>	<b>33,394,500</b>	<b>34,476,200</b>	<b>38,352,100</b>
<b>Restricted Funds</b>					
Balance Forward	772	772			
<b>Total Restricted Funds</b>	<b>772</b>	<b>772</b>			
<b>Federal Funds</b>					
Balance Forward	45,808	3,733			
Current Receipts	2,008,814	463,234			
ARRA Receipts	3,132,978				
<b>Total Federal Funds</b>	<b>5,187,600</b>	<b>466,967</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>41,467,372</b>	<b>33,819,839</b>	<b>33,394,500</b>	<b>34,476,200</b>	<b>38,352,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,257,123	1,644,089	2,280,300	3,076,536	3,181,649
Operating Expenses	14,005,542	12,867,993	12,214,700	11,500,164	11,570,951
Grants Loans Benefits	24,213,202	19,303,251	18,899,500	19,899,500	23,599,500
<b>TOTAL EXPENDITURES</b>	<b>40,475,867</b>	<b>33,815,334</b>	<b>33,394,500</b>	<b>34,476,200</b>	<b>38,352,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	35,292,000	33,352,100	33,394,500	34,476,200	38,352,100
Federal Funds	5,183,867	463,234			
<b>TOTAL EXPENDITURES</b>	<b>40,475,867</b>	<b>33,815,334</b>	<b>33,394,500</b>	<b>34,476,200</b>	<b>38,352,100</b>

The Office of Knowledge, Information, and Data Services provides policy and budget planning, liaison services, administration and quality assurance for the Kentucky Education Technology System (KETS). The Office is responsible for KETS shared services for 650,000 direct customers, 1,200 schools, 174 local school districts and the Kentucky Department of Education. The Office consists of three divisions: Division of Engineering and Management, Division of Operations and Services, and Division of Enterprise Data.

The Office also manages the Kentucky Education Technology System (KETS) and the Kentucky Education Network (KEN) programs. The KETS program provides school districts with technical support as well as offers of assistance based on each district's average daily attendance. School districts must spend the offers on appropriate education technology items or services and the districts are required to match this funding dollar for dollar. KEN is the wide-area-network that provides high speed network connectivity and Internet access to the 174 Kentucky school districts, the Kentucky School for the Blind, the Kentucky School for the Deaf, and the Department of Education. The network provides teachers and administrators access to information and tools to be effective teachers, leaders, and decision makers.

**Policy**

The Budget of the Commonwealth includes additional General Fund of \$2,900,000 in fiscal year 2015 and \$5,800,000 in fiscal year 2016 for the Kentucky Education Network (KEN) to increase the bandwidth speed of the network for school districts. This additional funding increases the total General Fund spending on KEN to \$15,529,400 in fiscal year 2015 and \$18,429,400 in fiscal year 2016. Additional General Fund of \$800,000 was added in fiscal year 2016 for a Statewide IT Academy. Funding for education technology and support was reduced by \$1,150,000 in each fiscal year. Additionally, funding for education technology in local school districts within coal-producing counties was reduced by \$750,000 each fiscal year.

**Department of Education  
Learning and Results Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	904,076,100	904,409,300	917,174,800	985,063,800	1,030,848,400
State Salary and Compensation Allocation	1,137,300	130,600	261,200		
Continuing Approp.-General Fund	1,202,953	1,886,653	581,700		
Other	647,150	13,000,000	11,421,300		
<b>Total General Fund</b>	<b>907,063,503</b>	<b>919,426,553</b>	<b>929,439,000</b>	<b>985,063,800</b>	<b>1,030,848,400</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	2,050,000				
Reorganization Adjustment	-2,050,000				
<b>Total Tobacco Settlement - Phase I</b>					
<b>Restricted Funds</b>					
Balance Forward	3,482,273	3,259,241	3,764,500	3,764,500	3,764,500
Current Receipts	2,218,046	2,297,508	22,813,000	24,577,600	25,634,300
Non-Revenue Receipts	18,535,756	19,086,400			
Fund Transfers	-815,800				
<b>Total Restricted Funds</b>	<b>23,420,274</b>	<b>24,643,150</b>	<b>26,577,500</b>	<b>28,342,100</b>	<b>29,398,800</b>
<b>Federal Funds</b>					
Balance Forward	2,547,851	933,002			
Current Receipts	567,459,990	534,840,738	558,100,000	559,363,000	559,730,700
Non-Revenue Receipts	5,104,692	-626,358			
ARRA Receipts	53,893,553	16,619,632			
<b>Total Federal Funds</b>	<b>629,006,086</b>	<b>551,767,014</b>	<b>558,100,000</b>	<b>559,363,000</b>	<b>559,730,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,559,489,863</b>	<b>1,495,836,717</b>	<b>1,514,116,500</b>	<b>1,572,768,900</b>	<b>1,619,977,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	86,477,150	86,379,145	88,556,500	94,583,900	96,779,000
Operating Expenses	15,348,666	15,387,676	15,063,600	15,950,900	15,970,400
Grants Loans Benefits	1,440,638,354	1,384,658,612	1,406,693,100	1,458,430,800	1,503,425,200
Capital Outlay	240,741	157,346	38,800	38,800	38,800
Construction	11,076	1,890			
<b>TOTAL EXPENDITURES</b>	<b>1,542,715,987</b>	<b>1,486,584,670</b>	<b>1,510,352,000</b>	<b>1,569,004,400</b>	<b>1,616,213,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	894,481,870	916,657,997	929,439,000	985,063,800	1,030,848,400
Restricted Funds	20,161,033	20,878,704	22,813,000	24,577,600	25,634,300
Federal Funds	628,073,084	549,047,968	558,100,000	559,363,000	559,730,700
<b>TOTAL EXPENDITURES</b>	<b>1,542,715,987</b>	<b>1,486,584,670</b>	<b>1,510,352,000</b>	<b>1,569,004,400</b>	<b>1,616,213,400</b>
<b>EXPENDITURES BY UNIT</b>					
Next Generation Schools	406,641,171	341,598,623	324,161,700	324,049,100	324,185,000
Next Generation Learners	409,251,273	399,852,420	420,092,300	449,155,100	481,223,100
Assessment and Accountability	20,175,299	18,728,755	22,552,200	22,590,300	22,624,000
State Schools	16,255,807	15,721,669	16,175,200	16,678,500	16,983,200
Career & Technical Education	76,334,736	73,879,610	76,381,300	83,868,500	85,081,900
Local District Health Insurance	614,057,700	636,803,593	650,989,300	672,662,900	686,116,200
<b>TOTAL EXPENDITURES</b>	<b>1,542,715,987</b>	<b>1,486,584,670</b>	<b>1,510,352,000</b>	<b>1,569,004,400</b>	<b>1,616,213,400</b>

The Learning and Results Services program area consists of the following offices: Office of Assessment and Accountability; Office of Next Generation Learners; Office of Next Generation Schools and Districts, and Office of Career and Technical Education.

**Department of Education  
Learning and Results Services  
Next Generation Schools**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,761,400	5,552,700	5,975,300	5,588,400	5,636,300
State Salary and Compensation Allocation	53,000	3,400	13,500		
Other		1,100,000			
<b>Total General Fund</b>	<b>7,814,400</b>	<b>6,656,100</b>	<b>5,988,800</b>	<b>5,588,400</b>	<b>5,636,300</b>
<b>Restricted Funds</b>					
Balance Forward	1,203,667	1,218,077	827,700	827,700	827,700
Current Receipts	154,978	18,230	1,172,900	1,172,900	1,172,900
Non-Revenue Receipts	169,029	327,703			
<b>Total Restricted Funds</b>	<b>1,527,673</b>	<b>1,564,010</b>	<b>2,000,600</b>	<b>2,000,600</b>	<b>2,000,600</b>
<b>Federal Funds</b>					
Balance Forward	493,666	-2,965,403			
Current Receipts	362,232,975	317,518,820	317,000,000	317,287,800	317,375,800
ARRA Receipts	33,344,510	16,619,632			
<b>Total Federal Funds</b>	<b>396,071,151</b>	<b>331,173,049</b>	<b>317,000,000</b>	<b>317,287,800</b>	<b>317,375,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>405,413,224</b>	<b>339,393,159</b>	<b>324,989,400</b>	<b>324,876,800</b>	<b>325,012,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,715,693	5,380,123	4,848,600	4,547,900	4,683,800
Operating Expenses	3,208,157	1,603,999	1,521,400	1,719,800	1,719,800
Grants Loans Benefits	397,717,321	334,614,501	317,791,700	317,781,400	317,781,400
<b>TOTAL EXPENDITURES</b>	<b>406,641,171</b>	<b>341,598,623</b>	<b>324,161,700</b>	<b>324,049,100</b>	<b>324,185,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,295,983	6,656,650	5,988,800	5,588,400	5,636,300
Restricted Funds	309,596	736,335	1,172,900	1,172,900	1,172,900
Federal Funds	399,035,591	334,205,638	317,000,000	317,287,800	317,375,800
<b>TOTAL EXPENDITURES</b>	<b>406,641,171</b>	<b>341,598,623</b>	<b>324,161,700</b>	<b>324,049,100</b>	<b>324,185,000</b>
<b>EXPENDITURES BY UNIT</b>					
Consolidated Plans & Audits	283,756,419	269,699,011	270,006,300	270,294,100	270,382,100
Federal Programs & Educator Effectiveness	39,339,051	39,713,735	40,068,600	40,091,500	40,109,300
Next Generation Schools	83,545,701	32,185,877	14,086,800	13,663,500	13,693,600
<b>TOTAL EXPENDITURES</b>	<b>406,641,171</b>	<b>341,598,623</b>	<b>324,161,700</b>	<b>324,049,100</b>	<b>324,185,000</b>

The Office of Next Generation Schools and Districts consists of two divisions: the Division of Consolidated Plans and Audits and the Division of Student Success.

The Division of Consolidated Plans and Audits implements and monitors the following federal and state programs: School-Based Decision-Making councils, ESEA No Child Left Behind Act (P.L. 107-110); Title I, Parts A (Improving the Academic Achievement of the Disadvantaged), C (Education of Migrant Children), D (Programs for Children and Youth who are Neglected and Delinquent), F (Comprehensive School Reform), and the Stewart B. McKinney Homeless Assistance Act for the Education of Homeless Children and Youth. The Division also provides assistance to school districts and parents on closing the achievement gap and assuring instructional equity for students.

The Division of Student Success provides guidance and assistance to Kentucky Alternative Education programs and ensures continuous improvement in instruction, practices and curriculum to help all Kentucky students to be college and career ready. The Division also provides assistance on developing and implementing digital learning, school safety, and achievement gap reduction programs.

**Department of Education  
Learning and Results Services  
Next Generation Learners**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	209,931,800	204,199,900	204,393,300	232,225,400	264,062,000
State Salary and Compensation Allocation	93,500	4,600	17,300		
Continuing Approp.-General Fund	1,202,953	1,886,653	581,700		
<b>Total General Fund</b>	<b>211,228,253</b>	<b>206,091,153</b>	<b>204,992,300</b>	<b>232,225,400</b>	<b>264,062,000</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	2,050,000				
Reorganization Adjustment	-2,050,000				
<b>Total Tobacco Settlement - Phase I</b>					
<b>Restricted Funds</b>					
Balance Forward	1,057,412	1,057,412	1,057,400	1,057,400	1,057,400
Current Receipts				870,600	921,900
<b>Total Restricted Funds</b>	<b>1,057,412</b>	<b>1,057,412</b>	<b>1,057,400</b>	<b>1,928,000</b>	<b>1,979,300</b>
<b>Federal Funds</b>					
Balance Forward	1,929,020	300,583			
Current Receipts	184,151,494	194,367,762	215,100,000	216,059,100	216,239,200
ARRA Receipts	20,549,043				
<b>Total Federal Funds</b>	<b>206,629,556</b>	<b>194,668,345</b>	<b>215,100,000</b>	<b>216,059,100</b>	<b>216,239,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>418,915,221</b>	<b>401,816,910</b>	<b>421,149,700</b>	<b>450,212,500</b>	<b>482,280,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,588,463	10,935,580	8,978,800	8,119,000	8,395,900
Operating Expenses	2,486,237	3,445,163	1,941,300	2,029,000	2,029,000
Grants Loans Benefits	399,176,573	385,471,677	409,172,200	439,007,100	470,798,200
<b>TOTAL EXPENDITURES</b>	<b>409,251,273</b>	<b>399,852,420</b>	<b>420,092,300</b>	<b>449,155,100</b>	<b>481,223,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	202,922,300	205,509,459	204,992,300	232,225,400	264,062,000
Restricted Funds				870,600	921,900
Federal Funds	206,328,973	194,342,961	215,100,000	216,059,100	216,239,200
<b>TOTAL EXPENDITURES</b>	<b>409,251,273</b>	<b>399,852,420</b>	<b>420,092,300</b>	<b>449,155,100</b>	<b>481,223,100</b>
<b>EXPENDITURES BY UNIT</b>					
Gifted & Talented	6,622,300	6,622,300	6,622,300	6,622,300	6,622,300
Community Education & Service	17,952,950	21,401,229	21,466,400	21,466,400	21,466,400
Next Generation Learner Programs	15,771,800	15,273,200	15,773,200	16,024,200	16,023,200
Program Standards	7,011,398	7,190,707	6,863,200	4,690,300	4,717,200
Learning Services	182,271,662	168,362,846	188,442,200	188,836,400	189,004,100
Extended Learning Services	12,301,200	12,301,200	12,301,200	19,105,900	25,510,700
Family Resource and Youth Services Centers	52,148,300	52,148,300	52,148,300	52,148,300	52,148,300
Read to Achieve	18,693,600	17,899,000	17,899,000	16,999,000	16,999,000
Math Achievement	5,639,100	5,353,600	5,353,600	5,353,600	5,353,600
Professional Growth Fund	75,000	2,025,259	1,302,000	720,300	720,300
Dropout Prevention	606,800	576,100	576,100	576,100	576,100
Education of State Agency Children	10,108,300	9,596,500	9,596,500	10,096,500	10,096,500
Textbooks				16,700,000	16,700,000
Local District Life Insurance	1,553,600	1,483,700	1,483,700	1,483,700	1,483,700
Next Generation Learners	6,546,062	8,082,079	8,719,900	17,016,800	23,684,500
Preschool	71,949,200	71,536,400	71,544,700	71,315,300	90,117,200
<b>TOTAL EXPENDITURES</b>	<b>409,251,273</b>	<b>399,852,420</b>	<b>420,092,300</b>	<b>449,155,100</b>	<b>481,223,100</b>

The Office of Next Generation Learners consists of the Division of Program Standards and the Division of Learning Services, the Division of Secondary and Virtual Learning, and the Division of Early Childhood Development. This Office oversees several educational programs.

**Career and Technical Education Programs** assist middle schools, high schools, and locally-operated career centers in developing and implementing career readiness services. Career and Technical Education service areas include Perkins Accountability, High Schools That Work, Tech Prep and high school reform as well as five statewide student organizations. The Kentucky FFA Leadership Training Center at Hardinsburg is also part of Career and Technical Education program.

**Community Education & Service Programs** work with public schools to promote individual and community development and lifelong learning. Community Education programs also serve as the delivery system for federal Learn and Serve grants.

The **Dropout Prevention Fund** provides competitive grants to local school districts for the reduction of the numbers and rates of Kentucky students who do not complete secondary school.

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

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

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

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

The **Division of Learning Services** provides schools with assistance in the development and implementation of services for children and youth with disabilities, including services associated with the federal Individuals with Disabilities Education Act. Program areas include Individuals with Disabilities Education, Preschool Special Education, and Special Education Program Improvement.

**Local District Life Insurance Programs** for full-time qualified school district employees are mandated by KRS 18A.226, KRS 161.158, and 702 KAR 1:035. Funds in this program are used to pay on behalf of school districts the employer's portion of the premiums to the Personnel Cabinet.

The **Mathematics Achievement Fund** provides two-year renewable grants to local school districts for training teachers in diagnostic assessment and intervention skills. To qualify, a district must employ standards-based and research-based math instructional practices, use intervention and support services to supplement regular classroom instruction, and provide intervention services to primary program and other students at risk of mathematics failure based on ongoing assessments of their needs.

**Next Generation Learners Programs** consists of a variety of grant programs. Included in this area are: the Collaborative Center for Literacy Development; Save the Children; Elementary Arts and Humanities/World Language; Every 1 Reads; Middle School Center; Writing Program; Teacher Academies; Leadership and Mentor Fund; Professional Development; Safe Schools; Georgia Chaffee Teenage Parent Program; Appalachian Tutoring Program, Lexington Hearing & Speech Center; Heuser Hearing and Language Academy; Visually Impaired Preschool Services; Teach for America; and Advance Kentucky.

The **Office of Next Generation Learners** oversees the Divisions of Learning Services and Program Standards.

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

The **Division of Program Standards** assist districts design and implement curriculum based on new academic standards. The Division is working with districts to implement the newly established standards for English Language Arts and Mathematics. The Division is also working with national development teams on standards for Science and Social Studies. Science and Social Studies are expected to be ready for implementation by Kentucky districts in school year 2013-2014.

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

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

### **Policy**

The Budget of the Commonwealth includes additional General Fund of \$18,000,000 in fiscal year 2016 to provide preschool services for four year-old children whose family income is within 160% of the federal poverty level. The current eligible family income for state preschool is 150% of the federal poverty level. This funding is sufficient to provide preschool services for an additional 5,125 four year-old children. Approximately 23,000 children currently receive preschool services.

The Budget of the Commonwealth provides additional General Fund of \$16,700,000 in each fiscal year for Instructional Resources funding.

Additionally, the Budget of the Commonwealth increases Safe School funding by including additional General Fund of \$3,110,400 in fiscal year 2015 and \$6,220,900 for the promotion of safe learning environments.

The Budget of the Commonwealth includes additional General Fund of \$6,804,700 in fiscal year 2015 and \$13,209,500 in fiscal year 2016 for Extended School Services to provide students with extra instructional assistance.

The Budget of the Commonwealth provides additional General Fund of \$3,478,800 in fiscal year 2015 and \$6,557,700 in fiscal year 2016 for Professional Development to support the implementation and development of effective instructional practices.

Also included in the Budget of the Commonwealth is additional General Fund of \$800,000 in fiscal year 2015 and \$1,200,000 in fiscal year 2016 for Advance Kentucky to expand access and participation in rigorous college-level instruction in high school, particularly among student populations traditionally underrepresented in these courses.

The Budget of the Commonwealth provides additional General Fund of \$250,000 in each fiscal year for the Teach for America program to provide teachers for underserved areas.

Additional General Fund of \$500,000 in each fiscal year is included in the Budget of the Commonwealth to support the education of State Agency Children.

Furthermore, the Budget of the Commonwealth includes additional Federal Fund of \$562,600 in each fiscal year from the Race to the Top Early Learning Challenge federal grant to support early learning and development programs.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	15,887,300	14,541,200	14,541,200	14,590,300	14,624,000
State Salary and Compensation Allocation	47,200	3,200	11,000		
Other	710,300				
<b>Total General Fund</b>	<b>16,644,800</b>	<b>14,544,400</b>	<b>14,552,200</b>	<b>14,590,300</b>	<b>14,624,000</b>
<b>Federal Funds</b>					
Balance Forward	46,325	2,918,702			
Current Receipts	4,169,214	4,345,797	8,000,000	8,000,000	8,000,000
Non-Revenue Receipts	2,878,400				
<b>Total Federal Funds</b>	<b>7,093,939</b>	<b>7,264,499</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>8,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>23,738,739</b>	<b>21,808,899</b>	<b>22,552,200</b>	<b>22,590,300</b>	<b>22,624,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	19,783,610	17,992,154	22,318,500	22,356,600	22,390,300
Operating Expenses	391,689	736,601	233,700	233,700	233,700
<b>TOTAL EXPENDITURES</b>	<b>20,175,299</b>	<b>18,728,755</b>	<b>22,552,200</b>	<b>22,590,300</b>	<b>22,624,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	15,999,100	14,544,400	14,552,200	14,590,300	14,624,000
Federal Funds	4,176,199	4,184,355	8,000,000	8,000,000	8,000,000
<b>TOTAL EXPENDITURES</b>	<b>20,175,299</b>	<b>18,728,755</b>	<b>22,552,200</b>	<b>22,590,300</b>	<b>22,624,000</b>

The Office of Assessment and Accountability is responsible for developing and implementing Kentucky's system of assessing progress by students, schools, and districts. The Office supplies information on regulations, policies and procedures, a calendar of important assessment dates, manuals, and information for districts and schools on using testing data to improve instruction. The Office of Assessment and Accountability also oversees the implementation of testing and data requirements enacted by Senate Bill 1 of the 2009 Regular Session of the General Assembly.

The Office consists of two divisions: the Division of Assessment Implementation and the Division of Assessment Support.

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

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

**Department of Education  
Learning and Results Services  
State Schools**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,868,000	15,580,600	15,580,600	16,183,300	16,488,000
State Salary and Compensation Allocation	348,800	29,000	99,400		
<b>Total General Fund</b>	<b>17,216,800</b>	<b>15,609,600</b>	<b>15,680,000</b>	<b>16,183,300</b>	<b>16,488,000</b>
<b>Restricted Funds</b>					
Balance Forward	349,259	399,483	627,200	627,200	627,200
Current Receipts	170,894	340,291	495,200	495,200	495,200
<b>Total Restricted Funds</b>	<b>520,154</b>	<b>739,774</b>	<b>1,122,400</b>	<b>1,122,400</b>	<b>1,122,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>17,736,954</b>	<b>16,349,374</b>	<b>16,802,400</b>	<b>17,305,700</b>	<b>17,610,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	14,350,703	13,949,970	13,574,100	14,084,000	14,388,700
Operating Expenses	1,899,524	1,771,699	2,105,900	2,105,900	2,105,900
Grants Loans Benefits			495,200	488,600	488,600
Construction	5,580				
<b>TOTAL EXPENDITURES</b>	<b>16,255,807</b>	<b>15,721,669</b>	<b>16,175,200</b>	<b>16,678,500</b>	<b>16,983,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	16,135,137	15,609,050	15,680,000	16,183,300	16,488,000
Restricted Funds	120,670	112,619	495,200	495,200	495,200
<b>TOTAL EXPENDITURES</b>	<b>16,255,807</b>	<b>15,721,669</b>	<b>16,175,200</b>	<b>16,678,500</b>	<b>16,983,200</b>

The **Kentucky School for the Blind**, located in Louisville, Kentucky, provides instructional and residential programs for blind and visually impaired students throughout Kentucky. Services provided by the Kentucky School for the Blind include: Instructional and Related Services; Residential Services, Operational Support, and Federal Support.

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

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

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

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

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

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

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

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

**Department of Education  
Learning and Results Services  
Career & Technical Education**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	38,859,600	37,466,900	37,116,400	43,813,500	43,921,900
State Salary and Compensation Allocation	594,800	90,400	120,000		
Other	647,150				
<b>Total General Fund</b>	40,101,550	37,557,300	37,236,400	43,813,500	43,921,900
<b>Restricted Funds</b>					
Balance Forward	871,935	584,269	1,252,200	1,252,200	1,252,200
Current Receipts	1,892,173	1,938,988	21,144,900	22,038,900	23,044,300
Non-Revenue Receipts	18,366,727	18,758,697			
Fund Transfers	-815,800				
<b>Total Restricted Funds</b>	20,315,035	21,281,954	22,397,100	23,291,100	24,296,500
<b>Federal Funds</b>					
Balance Forward	78,841	679,120			
Current Receipts	16,906,308	18,608,359	18,000,000	18,016,100	18,115,700
Non-Revenue Receipts	2,226,292	-626,358			
<b>Total Federal Funds</b>	19,211,440	18,661,120	18,000,000	18,016,100	18,115,700
<b>TOTAL SOURCE OF FUNDS</b>	79,628,025	77,500,374	77,633,500	85,120,700	86,334,100
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	39,038,681	38,121,319	38,836,500	45,476,400	46,920,300
Operating Expenses	7,363,059	7,830,214	9,261,300	9,862,500	9,882,000
Grants Loans Benefits	29,686,760	27,768,841	28,244,700	28,490,800	28,240,800
Capital Outlay	240,741	157,346	38,800	38,800	38,800
Construction	5,496	1,890			
<b>TOTAL EXPENDITURES</b>	76,334,736	73,879,610	76,381,300	83,868,500	85,081,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	38,071,650	37,534,846	37,236,400	43,813,500	43,921,900
Restricted Funds	19,730,766	20,029,750	21,144,900	22,038,900	23,044,300
Federal Funds	18,532,320	16,315,015	18,000,000	18,016,100	18,115,700
<b>TOTAL EXPENDITURES</b>	76,334,736	73,879,610	76,381,300	83,868,500	85,081,900

Effective October 16, 2012, the Office of Career and Technical Education moved from the Education and Workforce Development Cabinet into the Kentucky Department of Education.

The Office of Career and Technical Education provides occupational-specific education and training for Kentucky's citizens in order to develop a skilled and versatile workforce. The main responsibility is providing education and technical training to youth and incumbent workers that match the needs of Kentucky business and industry. The Office of Career and Technical Education manages 53 area technology centers. These area technology centers prepare students for postsecondary technical training leading to a certificate or an associate's degree, academic pursuits at a four-year college or university, or entry into the labor market with an industry-recognized qualification. The Office of Career and Technical Education is also responsible for programs under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

**Policy**

The [Budget of the Commonwealth](#) includes additional General Fund of \$3,000,000 in each fiscal year for additional staffing at the Kentucky Tech Area Technology Centers.

The enacted budget also includes additional General Fund of \$250,000 in fiscal year 2015 for the planning phase of a Regional Collaborative Career Academy. The academy will promote career and college readiness and is a collaborative effort of the Carroll County Schools, Gallatin County Schools, Henry County Schools, Owen County Schools, and Trimble County Schools.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	614,768,000	627,068,000	639,568,000	672,662,900	686,116,200
Other	-710,300	11,900,000	11,421,300		
<b>Total General Fund</b>	<b>614,057,700</b>	<b>638,968,000</b>	<b>650,989,300</b>	<b>672,662,900</b>	<b>686,116,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>614,057,700</b>	<b>638,968,000</b>	<b>650,989,300</b>	<b>672,662,900</b>	<b>686,116,200</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	614,057,700	636,803,593	650,989,300	672,662,900	686,116,200
<b>TOTAL EXPENDITURES</b>	<b>614,057,700</b>	<b>636,803,593</b>	<b>650,989,300</b>	<b>672,662,900</b>	<b>686,116,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	614,057,700	636,803,593	650,989,300	672,662,900	686,116,200
<b>TOTAL EXPENDITURES</b>	<b>614,057,700</b>	<b>636,803,593</b>	<b>650,989,300</b>	<b>672,662,900</b>	<b>686,116,200</b>

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

**Policy**

The Budget of the Commonwealth includes \$ 672,662,900 in fiscal year 2015 and \$ 686,116,200 in fiscal year 2016 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage. This is an increase from the General Fund of \$21,673,600 in fiscal year 2015 and \$35,126,900 in fiscal year 2016.

# Education and Workforce Development

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**Education and Workforce Development**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	48,905,000	47,852,600	48,321,700	51,054,900	51,905,800
State Salary and Compensation Allocation	1,176,300	57,000	114,000		
<b>Total General Fund</b>	<b>50,081,300</b>	<b>47,909,600</b>	<b>48,435,700</b>	<b>51,054,900</b>	<b>51,905,800</b>
<b>Restricted Funds</b>					
Balance Forward	8,499,989	39,329,847	10,284,300	8,494,600	7,060,800
Current Receipts	11,026,385	11,511,386	38,866,200	43,053,300	42,116,500
Non-Revenue Receipts	63,659,271	4,513,731	5,321,900	5,192,300	5,394,500
Fund Transfers	-499,500			-900,000	
<b>Total Restricted Funds</b>	<b>82,686,145</b>	<b>55,354,964</b>	<b>54,472,400</b>	<b>55,840,200</b>	<b>54,571,800</b>
<b>Federal Funds</b>					
Balance Forward	5,912,129	5,206,137	3,375,400	2,257,900	3,454,700
Current Receipts	1,365,067,862	1,395,445,766	1,171,329,000	1,180,508,200	1,183,502,500
Non-Revenue Receipts	-21,900,907	-383,073,138	-291,000		
ARRA Receipts	2,205,694	2,923,429			
<b>Total Federal Funds</b>	<b>1,351,284,778</b>	<b>1,020,502,195</b>	<b>1,174,413,400</b>	<b>1,182,766,100</b>	<b>1,186,957,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,484,052,222</b>	<b>1,123,766,759</b>	<b>1,277,321,500</b>	<b>1,289,661,200</b>	<b>1,293,434,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	95,777,555	127,117,706	112,946,600	121,692,900	126,399,100
Operating Expenses	30,938,333	31,927,161	33,331,200	32,636,800	32,305,300
Grants Loans Benefits	1,279,851,659	946,942,700	1,104,791,800	1,107,885,700	1,108,051,700
Debt Service	28,150,465	986,577	14,568,500	14,568,500	14,568,500
Capital Outlay	1,878,866	2,934,411	930,900	2,361,800	966,800
Construction	42,260	197,334			
<b>TOTAL EXPENDITURES</b>	<b>1,436,639,138</b>	<b>1,110,105,890</b>	<b>1,266,569,000</b>	<b>1,279,145,700</b>	<b>1,282,291,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	47,204,200	47,909,548	48,435,700	51,054,900	51,905,800
Restricted Funds	43,356,298	45,069,781	45,977,800	48,779,400	46,963,300
Federal Funds	1,346,078,640	1,017,126,560	1,172,155,500	1,179,311,400	1,183,422,300
<b>TOTAL EXPENDITURES</b>	<b>1,436,639,138</b>	<b>1,110,105,890</b>	<b>1,266,569,000</b>	<b>1,279,145,700</b>	<b>1,282,291,400</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Program Support	9,472,229	10,135,229	10,382,000	10,225,200	10,488,900
Commission on Proprietary Education	208,058	86,959	187,700	272,300	283,100
Deaf and Hard of Hearing	1,495,700	1,628,372	1,588,300	1,970,500	1,992,400
Kentucky Educational Television	13,055,058	14,351,720	14,467,900	14,488,900	14,696,000
Environmental Education Council	219,711	200,498	349,400	239,900	242,400
Libraries and Archives	17,387,172	15,679,290	16,911,600	19,527,200	18,458,700
Workforce Investment	1,386,704,918	1,060,407,970	1,214,446,300	1,223,190,300	1,227,813,200
Education Professional Standards Board	8,096,292	7,615,852	8,235,800	9,231,400	8,316,700
<b>TOTAL EXPENDITURES</b>	<b>1,436,639,138</b>	<b>1,110,105,890</b>	<b>1,266,569,000</b>	<b>1,279,145,700</b>	<b>1,282,291,400</b>

During the 2006 Regular Session of the General Assembly, Senate Bill 105 combined several departments and offices from the former Education, Arts, and Humanities Cabinet and the former Workforce Development Cabinet to create the Education Cabinet. Senate Bill 78 during the 2009 Regular Session of the General Assembly renamed the cabinet to the Education and Workforce Development Cabinet to emphasize the important connection between education and workforce development. Since that time, other changes have been implemented via enacted legislation including moving the Council on Postsecondary Education from the Education and Workforce Development Cabinet to the Governor's Office, for administrative purposes; moving the Governor's Scholars Program from the Governor's Office to the Education and Workforce Development Cabinet; and dissolving the Board for Proprietary Education and creating the Commission on Proprietary Education, and moving it to the Education and Workforce Development Cabinet for administrative purposes.

The following agencies comprise the Education and Workforce Development Cabinet:

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

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,373,800	4,791,700	4,879,300	4,434,100	4,750,100
State Salary and Compensation Allocation	220,400	7,800	15,600		
<b>Total General Fund</b>	<b>4,594,200</b>	<b>4,799,500</b>	<b>4,894,900</b>	<b>4,434,100</b>	<b>4,750,100</b>
<b>Restricted Funds</b>					
Balance Forward	441,536	137,776	271,000	353,600	244,600
Current Receipts	9,208	7,595			
Non-Revenue Receipts	5,013,632	5,315,660	5,142,600	5,022,300	5,224,500
Fund Transfers	-177,200				
<b>Total Restricted Funds</b>	<b>5,287,176</b>	<b>5,461,032</b>	<b>5,413,600</b>	<b>5,375,900</b>	<b>5,469,100</b>
<b>Federal Funds</b>					
Balance Forward		6,500	291,000		
Current Receipts	-189,630	419,275	427,100	659,800	340,500
Non-Revenue Receipts		11,008	-291,000		
ARRA Receipts	393,660				
<b>Total Federal Funds</b>	<b>204,030</b>	<b>436,784</b>	<b>427,100</b>	<b>659,800</b>	<b>340,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>10,085,406</b>	<b>10,697,315</b>	<b>10,735,600</b>	<b>10,469,800</b>	<b>10,559,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,134,461	6,944,506	6,446,300	6,562,000	6,929,600
Operating Expenses	1,501,747	1,556,961	1,557,500	939,100	897,400
Grants Loans Benefits	1,807,752	1,885,441	2,347,600	2,693,500	2,631,300
Capital Outlay	28,269	-272,007	30,600	30,600	30,600
Construction		20,329			
<b>TOTAL EXPENDITURES</b>	<b>9,472,229</b>	<b>10,135,229</b>	<b>10,382,000</b>	<b>10,225,200</b>	<b>10,488,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,125,300	4,799,448	4,894,900	4,434,100	4,750,100
Restricted Funds	5,149,399	5,189,998	5,060,000	5,131,300	5,398,300
Federal Funds	197,530	145,784	427,100	659,800	340,500
<b>TOTAL EXPENDITURES</b>	<b>9,472,229</b>	<b>10,135,229</b>	<b>10,382,000</b>	<b>10,225,200</b>	<b>10,488,900</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	7,656,829	8,306,681	8,551,600	8,256,600	8,518,500
Governor's Scholars	1,815,400	1,828,548	1,830,400	1,968,600	1,970,400
<b>TOTAL EXPENDITURES</b>	<b>9,472,229</b>	<b>10,135,229</b>	<b>10,382,000</b>	<b>10,225,200</b>	<b>10,488,900</b>

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

The program includes the following units:

- The Office of the Secretary provides strategic direction and leadership to establish the focus for policy development, implementation, and program priorities. The Office coordinates Cabinet activities among its departments and agencies to ensure continuous improvement in administration and efficient service to the citizens of the Commonwealth. The Secretary serves as the Chief Executive Officer of the Cabinet and is an advisor to the Governor and the General Assembly.
- The Office of Educational Programs assists in maintaining the Cabinet's presence with educational agencies and managing state-wide educational programs, among other responsibilities.
- The Office of Legal and Legislative Services oversees the Cabinet's legislative agenda and issues, including constituent services and board and commissions responsibilities.

- The Office of Budget and Administration is the Cabinet's chief financial and administrative office. The Division of Administrative Services is responsible for all central office purchasing, auditing and processing financial documents, compliance with the Federal Cash Management Act, federal reporting, development of the Indirect Cost Plan, monitoring and reconciliation of all financial transactions, and compliance with state and federal guidelines. The Division of Human Resources is responsible for all Cabinet personnel activities including personnel and payroll processing, providing benefits services to Cabinet employees and developing workshops and training programs for employees.
- The Office of Technology Services oversees and assists with the Cabinet's application development needs and serves as the central location for all Cabinet data processing programs statewide. The Office works with the Commonwealth Office of Technology to effectuate the Cabinet's information technology infrastructure objectives.
- The Office of Communication provides internal and external communications, marketing support and media advisory services to the Cabinet, Executive Offices, Department for Workforce Investment and other Cabinet agencies. The Office interprets and disseminates information about the Cabinet and its components to employees, the media and the general public.
- The Office of Education and Workforce Statistics and the Board of the Kentucky Center for Education and Workforce Statistics manage and oversee the Kentucky Longitudinal Data System. The System is a data repository housing early childhood through postsecondary education, and training and employment information. The Office removes individual identifiers from the data and links information across agencies, schools, and institutions to provide a complete picture of the education-to-employment process to better inform decisions made by state and local policy makers, the general public, and other stakeholders. The office conducts studies and provides feedback about the performance of high school graduates after they go to college; the outcome of teacher preparation, college, adult education, and other programs; and develops the Kentucky County Profiles book. The Kentucky Center for Education and Workforce Statistics Board is comprised of the heads of the five participating agencies and includes the commissioner of the Department of Education, the president of the Kentucky Council on Postsecondary Education, the secretary of the Education and Workforce Development Cabinet, the Executive Director of the Education Professional Standards Board, and the CEO/Executive Director of the Kentucky Higher Education Assistance Authority. The board is charged with developing a detailed access and use policy for data and information request, overseeing the Office and establishing its research agenda, and overseeing compliance by the Office with the federal Family Educational Rights and Privacy Act and other relevant federal and state privacy laws.
- The Governor's Scholars Program (GSP) is designed to motivate and empower Kentucky's brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented rising high school seniors. The scholars, chosen competitively, spend five uninterrupted weeks in the program on three college campuses. The Program served 1,050 students in the summer of 2013.

## Policy

The Budget of the Commonwealth includes an additional \$131,500 General Fund in each fiscal year for the Governor's Scholars Program to increase the number of student participants from 1,050 to 1,100. Also included, is an additional \$250,000 General Fund in fiscal year 2016 for the Office of Education and Workforce Statistics to add new data sources to the Kentucky Longitudinal Data System and to generate information based on the added data.

**Education and Workforce Development  
Proprietary Education**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	187,179	153,334	230,300	207,600	171,500
Current Receipts	177,313	163,944	165,000	236,200	245,400
Fund Transfers	-3,100				
<b>Total Restricted Funds</b>	<b>361,392</b>	<b>317,278</b>	<b>395,300</b>	<b>443,800</b>	<b>416,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>361,392</b>	<b>317,278</b>	<b>395,300</b>	<b>443,800</b>	<b>416,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	188,334	53,596	170,700	252,700	263,500
Operating Expenses	19,724	6,128	17,000	19,600	19,600
Grants Loans Benefits		27,235			
<b>TOTAL EXPENDITURES</b>	<b>208,058</b>	<b>86,959</b>	<b>187,700</b>	<b>272,300</b>	<b>283,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	208,058	86,959	187,700	272,300	283,100
<b>TOTAL EXPENDITURES</b>	<b>208,058</b>	<b>86,959</b>	<b>187,700</b>	<b>272,300</b>	<b>283,100</b>
<b>EXPENDITURES BY UNIT</b>					
Proprietary Education	208,058	86,959	187,700	272,300	283,100
<b>TOTAL EXPENDITURES</b>	<b>208,058</b>	<b>86,959</b>	<b>187,700</b>	<b>272,300</b>	<b>283,100</b>

The Kentucky Commission on Proprietary Education was established by action of the 2012 Kentucky General Assembly; it replaced the Board of Proprietary Education. The 11-member commission is charged with licensing and regulating all proprietary schools, doing business in Kentucky, other than those that offer a four year bachelor's degree. The duties of the Commission include issuing and renewing licenses to eligible proprietary schools, investigating complaints from students and schools, and administering and enforcing the provisions of KRS Chapter 165A pertaining to the conduct, operation, maintenance, and establishment of proprietary education institutions and the activities of agents of the schools.

The Commission also administers the Student Protection Fund. Each licensed school is obligated to contribute to the fund which reimburses eligible students in the event a school closes, loses its accreditation, or discontinues a program.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	790,700	764,200	775,900	861,300	883,200
State Salary and Compensation Allocation	28,900	1,300	2,600		
<b>Total General Fund</b>	<b>819,600</b>	<b>765,500</b>	<b>778,500</b>	<b>861,300</b>	<b>883,200</b>
<b>Restricted Funds</b>					
Balance Forward	102	102	3,200		
Current Receipts	830,400	864,500	806,600	1,109,200	1,109,200
Non-Revenue Receipts		1,434			
Fund Transfers	-56,800				
<b>Total Restricted Funds</b>	<b>773,702</b>	<b>866,036</b>	<b>809,800</b>	<b>1,109,200</b>	<b>1,109,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,593,302</b>	<b>1,631,536</b>	<b>1,588,300</b>	<b>1,970,500</b>	<b>1,992,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	813,801	937,200	1,019,500	1,184,800	1,211,600
Operating Expenses	681,900	691,172	568,800	785,700	780,800
<b>TOTAL EXPENDITURES</b>	<b>1,495,700</b>	<b>1,628,372</b>	<b>1,588,300</b>	<b>1,970,500</b>	<b>1,992,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	722,100	765,500	778,500	861,300	883,200
Restricted Funds	773,600	862,872	809,800	1,109,200	1,109,200
<b>TOTAL EXPENDITURES</b>	<b>1,495,700</b>	<b>1,628,372</b>	<b>1,588,300</b>	<b>1,970,500</b>	<b>1,992,400</b>
<b>EXPENDITURES BY UNIT</b>					
Commission on the Deaf and Hard of Hearing	1,495,700	1,628,372	1,588,300	1,970,500	1,992,400
<b>TOTAL EXPENDITURES</b>	<b>1,495,700</b>	<b>1,628,372</b>	<b>1,588,300</b>	<b>1,970,500</b>	<b>1,992,400</b>

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

**Education and Workforce Development  
Kentucky Educational Television**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	12,105,800	11,861,000	12,049,200	13,037,900	13,245,000
State Salary and Compensation Allocation	488,400	18,600	37,200		
<b>Total General Fund</b>	<b>12,594,200</b>	<b>11,879,600</b>	<b>12,086,400</b>	<b>13,037,900</b>	<b>13,245,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,157,562	1,874,171	1,180,500	250,000	250,000
Current Receipts	1,754,881	1,573,726	1,451,000	1,451,000	1,451,000
Non-Revenue Receipts	18,865	-25,239			
Fund Transfers	-40,000				
<b>Total Restricted Funds</b>	<b>2,891,307</b>	<b>3,422,658</b>	<b>2,631,500</b>	<b>1,701,000</b>	<b>1,701,000</b>
<b>Federal Funds</b>					
Balance Forward	541,016	195,571			
Current Receipts	-81,324	34,429			
<b>Total Federal Funds</b>	<b>459,692</b>	<b>230,000</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,945,200</b>	<b>15,532,258</b>	<b>14,717,900</b>	<b>14,738,900</b>	<b>14,946,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	8,466,770	9,139,594	9,433,300	10,164,500	10,357,100
Operating Expenses	3,878,734	4,881,188	4,834,100	4,123,900	4,138,400
Grants Loans Benefits	173,604	186,092	150,500	150,500	150,500
Capital Outlay	535,950	136,724	50,000	50,000	50,000
Construction		8,122			
<b>TOTAL EXPENDITURES</b>	<b>13,055,058</b>	<b>14,351,720</b>	<b>14,467,900</b>	<b>14,488,900</b>	<b>14,696,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,773,800	11,879,600	12,086,400	13,037,900	13,245,000
Restricted Funds	1,017,137	2,242,120	2,381,500	1,451,000	1,451,000
Federal Funds	264,121	230,000			
<b>TOTAL EXPENDITURES</b>	<b>13,055,058</b>	<b>14,351,720</b>	<b>14,467,900</b>	<b>14,488,900</b>	<b>14,696,000</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	2,255,100	2,375,500	2,343,000	2,474,100	2,517,300
Broadcasting and Education	8,653,157	9,887,936	9,902,400	9,498,200	9,638,400
Engineering	2,146,802	2,088,284	2,222,500	2,516,600	2,540,300
<b>TOTAL EXPENDITURES</b>	<b>13,055,058</b>	<b>14,351,720</b>	<b>14,467,900</b>	<b>14,488,900</b>	<b>14,696,000</b>

KET was established by the Kentucky General Assembly in the early 1960s for the purpose of supporting educational excellence in the Commonwealth. The agency's mission includes service to citizens of the Commonwealth in the home, in institutions of education, and in the workplace. As required by KRS 168, the Kentucky Authority for Educational Television (KET) produces and transmits educational programming for students in public schools, state supported institutions of higher education, and others desiring broadcast programs and services. KET is divided into three program areas: General Administration and Support, Broadcasting and Education, and Engineering.

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

Instructional programming for elementary and secondary schools directly supports the learning goals and outcomes of Kentucky's Common Core Standards, adopted in February 2010. The Broadcasting and Education unit produces interactive and other distance learning courses designed to provide equal access to a variety of learning opportunities for all students. It produces professional development opportunities for educators throughout the state and broadcasts programs designed to help

people in the workplace. Acquired and/or locally produced programming services are delivered to under-educated adults, professionals in need of training, and other citizens with various needs related to their jobs and professions. The unit also produces multiple schedules of nationally- and locally-produced programs for citizens at home and in the workplace. This includes educational and public affairs programming as well as quality arts experiences for all Kentuckians. A full line-up of children's educational programs offers a quality alternative to commercial television viewing.

KET's Engineering Service unit oversees the delivery of KET programs and other services. It operates and maintains a land-based broadcast network of 16 digital transmitters and three translators capable of delivering multiple channels of content and data into all parts of the state. The Engineering Service unit operates all technical equipment to specifications mandated by the Federal Communications Commission.

The General Administration and Support unit oversees the implementation of KET's mission as directed by the Kentucky Authority for Educational Television and recommends and carries out the policies of the Authority in all matters of the agency. The unit assures that the agency is in compliance with pertinent state regulations and federal broadcast laws and works to ascertain the desires of the citizens of the Commonwealth. The unit conducts research and planning activities to verify the needs of current and potential audiences then works to assure effective, efficient, and appropriate service to those audiences.

**Education and Workforce Development  
Environmental Education Council**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	327,027	333,162	307,900	139,300	70,900
Current Receipts	12,425		1,500	1,500	1,500
Non-Revenue Receipts	172,949	175,253	179,300	170,000	170,000
Fund Transfers	-41,200				
<b>Total Restricted Funds</b>	<b>471,201</b>	<b>508,416</b>	<b>488,700</b>	<b>310,800</b>	<b>242,400</b>
<b>Federal Funds</b>					
Non-Revenue Receipts	-12,835				
ARRA Receipts	94,507				
<b>Total Federal Funds</b>	<b>81,673</b>				
<b>TOTAL SOURCE OF FUNDS</b>	<b>552,874</b>	<b>508,416</b>	<b>488,700</b>	<b>310,800</b>	<b>242,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	143,369	167,706	207,500	208,700	212,400
Operating Expenses	59,213	32,684	29,900	31,200	30,000
Grants Loans Benefits	17,129		112,000		
Construction		107			
<b>TOTAL EXPENDITURES</b>	<b>219,711</b>	<b>200,498</b>	<b>349,400</b>	<b>239,900</b>	<b>242,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	138,038	200,498	349,400	239,900	242,400
Federal Funds	81,673				
<b>TOTAL EXPENDITURES</b>	<b>219,711</b>	<b>200,498</b>	<b>349,400</b>	<b>239,900</b>	<b>242,400</b>
<b>EXPENDITURES BY UNIT</b>					
Ky Environmental Education Council	219,711	200,498	349,400	239,900	242,400
<b>TOTAL EXPENDITURES</b>	<b>219,711</b>	<b>200,498</b>	<b>349,400</b>	<b>239,900</b>	<b>242,400</b>

The Kentucky Environmental Education Council was established in 1990 by KRS 157.910 and is charged with improving the environmental literacy of all Kentuckians. The Council provides opportunities for all Kentuckians to understand both that environmental problems exist and how each person's actions contribute to the health of the environment. In accordance with KRS 224.10-250, the Council receives the first \$150,000 in environmental fines and penalties collected by the Energy and Environment Cabinet for funding programs and activities that improve the quality of environmental education in the Commonwealth. These programs and activities include:

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

Additionally, in accordance with KRS 224.43-505, the Council provides interest accrued on the Kentucky Pride Fund, a fund that receives environmental remediation fees charged on each ton of waste disposed of at Kentucky landfills, to the eight state public universities to operate environmental education centers.

**Policy**

The low estimates for interest income that accrue to the Environmental Education Council from the Kentucky Pride Fund, \$6,600 in fiscal year 2015 and \$7,200 in fiscal year 2016, and higher retirement costs, require that the Council use it to pay its basic expenses. Should the interest revenue exceed estimates, any available funds will be provided to the eight state universities.

**Education and Workforce Development  
Libraries and Archives**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,302,800	11,015,900	11,107,500	12,444,200	12,543,400
State Salary and Compensation Allocation	271,400	11,100	22,200		
<b>Total General Fund</b>	<b>11,574,200</b>	<b>11,027,000</b>	<b>11,129,700</b>	<b>12,444,200</b>	<b>12,543,400</b>
<b>Restricted Funds</b>					
Balance Forward	1,542,299	1,943,725	2,343,800	2,031,300	2,430,300
Current Receipts	3,146,145	2,582,760	2,793,600	5,077,400	4,062,000
Fund Transfers	-98,300			-300,000	
<b>Total Restricted Funds</b>	<b>4,590,144</b>	<b>4,526,486</b>	<b>5,137,400</b>	<b>6,808,700</b>	<b>6,492,300</b>
<b>Federal Funds</b>					
Balance Forward	555	6	94,500		
Current Receipts	2,762,681	2,512,944	2,581,300	2,704,600	2,739,900
Non-Revenue Receipts	31,223	-31,223			
ARRA Receipts	880,200	82,579			
<b>Total Federal Funds</b>	<b>3,674,659</b>	<b>2,564,306</b>	<b>2,675,800</b>	<b>2,704,600</b>	<b>2,739,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>19,839,003</b>	<b>18,117,792</b>	<b>18,942,900</b>	<b>21,957,500</b>	<b>21,775,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,213,203	6,504,799	6,351,500	7,284,300	6,827,700
Operating Expenses	3,055,623	2,703,004	3,662,500	4,221,700	3,776,900
Grants Loans Benefits	8,085,876	6,453,536	6,662,500	7,619,700	7,577,600
Capital Outlay	32,471	17,950	235,100	401,500	276,500
<b>TOTAL EXPENDITURES</b>	<b>17,387,172</b>	<b>15,679,290</b>	<b>16,911,600</b>	<b>19,527,200</b>	<b>18,458,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,066,100	11,027,000	11,129,700	12,444,200	12,543,400
Restricted Funds	2,646,419	2,182,530	3,106,100	4,378,400	3,175,400
Federal Funds	3,674,653	2,469,760	2,675,800	2,704,600	2,739,900
<b>TOTAL EXPENDITURES</b>	<b>17,387,172</b>	<b>15,679,290</b>	<b>16,911,600</b>	<b>19,527,200</b>	<b>18,458,700</b>
<b>EXPENDITURES BY UNIT</b>					
Libraries and Archives	10,332,453	9,090,697	10,090,600	11,749,000	10,722,600
Direct Local Aid	7,054,719	6,588,593	6,821,000	7,778,200	7,736,100
<b>TOTAL EXPENDITURES</b>	<b>17,387,172</b>	<b>15,679,290</b>	<b>16,911,600</b>	<b>19,527,200</b>	<b>18,458,700</b>

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

The Department is directed by three goals:

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

The Department serves both governmental agencies and the people of Kentucky directly through local public libraries. The Department also serves several distinct customer populations including the general public, the blind and physically disabled, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

**Education and Workforce Development  
Libraries and Archives  
Libraries and Archives**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,767,800	5,690,000	5,781,600	6,118,300	6,217,500
State Salary and Compensation Allocation	271,400	11,100	22,200		
<b>Total General Fund</b>	<b>6,039,200</b>	<b>5,701,100</b>	<b>5,803,800</b>	<b>6,118,300</b>	<b>6,217,500</b>
<b>Restricted Funds</b>					
Balance Forward	1,070,434	1,618,546	1,959,700	1,647,200	2,346,200
Current Receipts	2,232,214	1,857,845	1,897,900	4,181,700	3,166,300
Fund Transfers	-80,600				
<b>Total Restricted Funds</b>	<b>3,222,048</b>	<b>3,476,391</b>	<b>3,857,600</b>	<b>5,828,900</b>	<b>5,512,500</b>
<b>Federal Funds</b>					
Balance Forward	555	6	94,500		
Current Receipts	2,209,599	1,914,697	1,981,900	2,148,000	2,225,400
Non-Revenue Receipts	29,703	-29,703			
ARRA Receipts	880,200	82,579			
<b>Total Federal Funds</b>	<b>3,120,057</b>	<b>1,967,579</b>	<b>2,076,400</b>	<b>2,148,000</b>	<b>2,225,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,381,305</b>	<b>11,145,071</b>	<b>11,737,800</b>	<b>14,095,200</b>	<b>13,955,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,213,203	6,504,799	6,351,500	7,284,300	6,827,700
Operating Expenses	3,055,369	2,540,084	3,476,100	4,035,300	3,590,500
Grants Loans Benefits	1,031,410	27,863	27,900	27,900	27,900
Capital Outlay	32,471	17,950	235,100	401,500	276,500
<b>TOTAL EXPENDITURES</b>	<b>10,332,453</b>	<b>9,090,697</b>	<b>10,090,600</b>	<b>11,749,000</b>	<b>10,722,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,608,900	5,701,100	5,803,800	6,118,300	6,217,500
Restricted Funds	1,603,502	1,516,563	2,210,400	3,482,700	2,279,700
Federal Funds	3,120,050	1,873,033	2,076,400	2,148,000	2,225,400
<b>TOTAL EXPENDITURES</b>	<b>10,332,453</b>	<b>9,090,697</b>	<b>10,090,600</b>	<b>11,749,000</b>	<b>10,722,600</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	2,840,538	2,551,030	2,818,000	3,014,600	3,033,300
Field Services	2,844,780	1,816,142	1,888,400	1,947,500	2,005,700
State Library Services	1,556,189	1,390,237	1,655,600	1,646,700	1,697,300
Public Records	3,090,945	3,333,289	3,728,600	5,140,200	3,986,300
<b>TOTAL EXPENDITURES</b>	<b>10,332,453</b>	<b>9,090,697</b>	<b>10,090,600</b>	<b>11,749,000</b>	<b>10,722,600</b>

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

**Administrative Services**

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

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

**Field Services**

The Division of Field Services supports Kentucky's public libraries for the improvement of library services by providing

consultation, technical assistance, and financial aid. The Division provides services pursuant to KRS Chapter 171.

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

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

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

### **State Library Services**

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

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

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

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

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

### **Public Records**

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

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

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

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

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

The Image Management Branch provides centralized image management and micrographics services to state and local

government agencies on a cost recovery basis. These central services help improve access to information, reduce the volume of paper-based files, and ensure archival preservation of information contained in fragile paper records.

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

**Education and Workforce Development**

**Libraries and Archives**

**Direct Local Aid**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,535,000	5,325,900	5,325,900	6,325,900	6,325,900
<b>Total General Fund</b>	<b>5,535,000</b>	<b>5,325,900</b>	<b>5,325,900</b>	<b>6,325,900</b>	<b>6,325,900</b>
<b>Restricted Funds</b>					
Balance Forward	471,865	325,179	384,100	384,100	84,100
Current Receipts	913,930	724,915	895,700	895,700	895,700
Fund Transfers	-17,700			-300,000	
<b>Total Restricted Funds</b>	<b>1,368,096</b>	<b>1,050,094</b>	<b>1,279,800</b>	<b>979,800</b>	<b>979,800</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	553,082	598,247	599,400	556,600	514,500
Non-Revenue Receipts	1,520	-1,520			
<b>Total Federal Funds</b>	<b>554,603</b>	<b>596,727</b>	<b>599,400</b>	<b>556,600</b>	<b>514,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,457,698</b>	<b>6,972,721</b>	<b>7,205,100</b>	<b>7,862,300</b>	<b>7,820,200</b>
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	254	162,920	186,400	186,400	186,400
Grants Loans Benefits	7,054,465	6,425,673	6,634,600	7,591,800	7,549,700
<b>TOTAL EXPENDITURES</b>	<b>7,054,719</b>	<b>6,588,593</b>	<b>6,821,000</b>	<b>7,778,200</b>	<b>7,736,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,457,200	5,325,900	5,325,900	6,325,900	6,325,900
Restricted Funds	1,042,916	665,967	895,700	895,700	895,700
Federal Funds	554,603	596,727	599,400	556,600	514,500
<b>TOTAL EXPENDITURES</b>	<b>7,054,719</b>	<b>6,588,593</b>	<b>6,821,000</b>	<b>7,778,200</b>	<b>7,736,100</b>
<b>EXPENDITURES BY UNIT</b>					
Field Services	5,549,241	5,303,804	5,263,700	6,220,900	6,178,800
State Library Services	200,000	361,170	386,400	386,400	386,400
Public Records	1,305,478	923,619	1,170,900	1,170,900	1,170,900
<b>TOTAL EXPENDITURES</b>	<b>7,054,719</b>	<b>6,588,593</b>	<b>6,821,000</b>	<b>7,778,200</b>	<b>7,736,100</b>

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

- Federal grants are provided for continuing education, training, and demonstration projects.
- State aid provides cash grants to all counties with legally established public libraries. The grant funds may be used for the following purposes: purchase, upgrade, and maintenance of technology resources; purchase of library materials and equipment; maintenance and operation of bookmobiles and extension programs; staff and trustee training and compensation; building maintenance; debt service; resource-sharing; program development; and certain other local library needs and services.
- The Bookmobile program furnishes and replaces bookmobiles used by Kentucky's public libraries. The bookmobiles provide informational and educational resources to those who cannot physically reach a public library. Bookmobiles make regular stops at schools, daycare centers, and after-school centers. Services are also provided to the elderly and homebound individuals. Funds are also provided for maintenance and repair of existing bookmobiles. Services are provided as funds are available.
- Construction grants are available through a competitive application process to assist with retiring debt associated with the construction or repair of library facilities.
- Institution grants are given to two local libraries to administer library service in three state prisons. The Danville Library works with the Northpoint Training Center, and the Oldham County Public Library works with the Kentucky State Reformatory and the Kentucky Correctional Institution for Women.
- Kentucky Talking Book Library grants are given to assist in the delivery of services directly to blind and physically disabled library patrons.
- Local Records grants provide funds to assist local governments with the protection and preservation of public records, and the improvement of local government records management programs.

These services are administered by the Department's program divisions: Field Services, State Library Services, and Public

Records. Direct services include cash grants, library materials, and bookmobiles.

**Policy**

The Budget of the Commonwealth provides additional General Fund of \$1,000,000 in each fiscal year to the Public Libraries Facilities Construction Fund for additional grants to public libraries to assist with reduction of debt associated with new construction or renovation of existing library space.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,177,800	1,203,100	1,229,600	1,385,100	1,413,700
State Salary and Compensation Allocation	36,600	2,800	5,600		
<b>Total General Fund</b>	<b>1,214,400</b>	<b>1,205,900</b>	<b>1,235,200</b>	<b>1,385,100</b>	<b>1,413,700</b>
<b>Restricted Funds</b>					
Balance Forward	1,132,188	223,554	492,100	215,000	209,200
Current Receipts	901,793	1,020,360	476,300	1,170,300	1,078,800
Non-Revenue Receipts	-91,329	-81			
<b>Total Restricted Funds</b>	<b>1,942,652</b>	<b>1,243,833</b>	<b>968,400</b>	<b>1,385,300</b>	<b>1,288,000</b>
<b>Federal Funds</b>					
Balance Forward	1,356,346		15,500		
Current Receipts	7,738,787	7,703,554	6,833,300	7,242,700	7,457,600
Non-Revenue Receipts	-1,315,438	-108,819			
ARRA Receipts	380,026				
<b>Total Federal Funds</b>	<b>8,159,721</b>	<b>7,594,735</b>	<b>6,848,800</b>	<b>7,242,700</b>	<b>7,457,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>11,316,773</b>	<b>10,044,468</b>	<b>9,052,400</b>	<b>10,013,100</b>	<b>10,159,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,274,083	6,462,557	5,969,000	6,320,600	6,449,100
Operating Expenses	1,354,763	1,256,137	1,220,300	1,242,500	1,243,800
Grants Loans Benefits	3,379,742	1,809,239	1,646,200	2,238,900	2,190,100
Capital Outlay	11,035	2,081	1,900	1,900	1,900
Construction	295	6,797			
<b>TOTAL EXPENDITURES</b>	<b>11,019,918</b>	<b>9,536,813</b>	<b>8,837,400</b>	<b>9,803,900</b>	<b>9,884,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,141,100	1,205,900	1,235,200	1,385,100	1,413,700
Restricted Funds	1,719,097	751,724	753,400	1,176,100	1,093,800
Federal Funds	8,159,721	7,579,189	6,848,800	7,242,700	7,377,400
<b>TOTAL EXPENDITURES</b>	<b>11,019,918</b>	<b>9,536,813</b>	<b>8,837,400</b>	<b>9,803,900</b>	<b>9,884,900</b>
<b>EXPENDITURES BY UNIT</b>					
General Blind Services	9,574,529	8,565,364	7,692,300	8,407,900	8,465,300
Business Enterprise Program	494,898	380,743	408,400	623,900	633,400
Center for Independent Living	644,645	547,766	734,300	772,100	786,200
Assistive Technology Service	305,846	42,940	2,400		
<b>TOTAL EXPENDITURES</b>	<b>11,019,918</b>	<b>9,536,813</b>	<b>8,837,400</b>	<b>9,803,900</b>	<b>9,884,900</b>

Pursuant to KRS 163.470 and the Rehabilitation Act of 1973 as amended, the Office for the Blind provides services to assist individuals who are blind and visually impaired in preparing for, obtaining, improving, and maintaining employment, as well as enabling them to live more independent and fulfilling lives. Office for the Blind has professional staff located at the central office as well as in Kentucky Career Centers throughout the state. Kentucky Career Centers house not only Office for the Blind staff, but also staff from partner agencies such as Office of Vocational Rehabilitation, Office of Employment and Training, Department for Community Based Services, Kentucky Adult Education, Community Action, and others. Such collaboration affords consumers the convenience of a one-stop approach for accessing various types of assistance necessary for reaching employment goals.

The Office provides vocational rehabilitation of blind and visually impaired Kentuckians. Vocational Rehabilitation Counselors provide vocational counseling, evaluation, physical and mental restoration, vocational and higher education training, assistive technology training, adaptive devices, orientation and mobility training, and job placement services. The Counselors receive ongoing training to maintain certification and to gain knowledge of the latest developments in rehabilitation techniques. The Office provides services through the following avenues:

- The Office has 10 field offices that provide direct vocational rehabilitation services to individuals with severe visual impairments.
- The Charles McDowell Comprehensive Rehabilitation Center for the Blind is a facility in Louisville that provides training in vocational preparation, personal adjustment services, independent living skills, orientation and mobility skills, Braille, assistive technology, career assessment, vocational planning, work adjustment, and work experience.

- In Lexington and Paducah, the Office operates two volunteer recording units that provide audio-recorded materials statewide for blind and visually impaired individuals.
- The Business Enterprise Program trains and provides equipment to blind individuals for self-employment at vending facilities located statewide.
- The Independent Living Program provides training to blind and visually impaired individuals in areas that will enable them to live and function independently.

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

The Business Enterprise Program also collects a set-aside, or fee based upon the percentage of gross sales from vending operations. The visually impaired merchants currently contribute five percent of their net income to be used for their own health insurance and an IRA. The funds received from the interstate vending contract are utilized exclusively in the Business Enterprises Program.

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

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

### **Policy**

The Budget of the Commonwealth includes an additional \$50,000 General Fund in each fiscal year. This amount will be used to match approximately \$184,700 Federal Fund for a total of \$234,700 in each fiscal year to serve additional clients.

**Education and Workforce Development  
Employment and Training**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	1,262,610	32,210,134	3,204,500	3,204,500	3,178,100
Current Receipts	971,719	1,305,834	30,131,900	30,131,900	30,131,900
Non-Revenue Receipts	58,545,154	-953,296			
Fund Transfers	-50,300				
<b>Total Restricted Funds</b>	<b>60,729,183</b>	<b>32,562,671</b>	<b>33,336,400</b>	<b>33,336,400</b>	<b>33,310,000</b>
<b>Federal Funds</b>					
Balance Forward	3,680,344	3,844,666	2,213,700	2,213,700	3,410,500
Current Receipts	1,313,508,291	1,343,410,468	1,118,333,000	1,125,132,100	1,127,507,300
Non-Revenue Receipts	-20,604,493	-382,945,903			
ARRA Receipts	219,289	2,840,850			
<b>Total Federal Funds</b>	<b>1,296,803,431</b>	<b>967,150,082</b>	<b>1,120,546,700</b>	<b>1,127,345,800</b>	<b>1,130,917,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,357,532,614</b>	<b>999,712,753</b>	<b>1,153,883,100</b>	<b>1,160,682,200</b>	<b>1,164,227,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	41,400,524	70,670,619	56,043,700	61,661,700	65,234,000
Operating Expenses	14,995,519	14,834,833	15,575,100	15,585,800	15,585,500
Grants Loans Benefits	1,236,254,526	904,683,089	1,061,789,800	1,061,789,800	1,061,789,800
Debt Service	28,150,465	986,577	14,568,500	14,568,500	14,568,500
Capital Outlay	635,781	2,982,000	487,800	487,800	487,800
Construction	41,000	136,646			
<b>TOTAL EXPENDITURES</b>	<b>1,321,477,814</b>	<b>994,293,763</b>	<b>1,148,464,900</b>	<b>1,154,093,600</b>	<b>1,157,665,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	28,519,049	29,357,461	30,131,900	30,158,300	30,158,300
Federal Funds	1,292,958,765	964,936,302	1,118,333,000	1,123,935,300	1,127,507,300
<b>TOTAL EXPENDITURES</b>	<b>1,321,477,814</b>	<b>994,293,763</b>	<b>1,148,464,900</b>	<b>1,154,093,600</b>	<b>1,157,665,600</b>
<b>EXPENDITURES BY UNIT</b>					
Employer and Placement Services	23,091,618	22,335,864	26,094,800	29,143,400	31,311,500
Unemployment Insurance	1,253,879,110	924,086,909	1,068,114,300	1,070,434,200	1,071,764,900
Special Projects	-37,894	-727			
Workforce Investment Act	44,544,980	47,871,717	54,255,800	54,516,000	54,589,200
<b>TOTAL EXPENDITURES</b>	<b>1,321,477,814</b>	<b>994,293,763</b>	<b>1,148,464,900</b>	<b>1,154,093,600</b>	<b>1,157,665,600</b>

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

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

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

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	1,262,606	1,504,081	1,993,500	1,993,500	1,967,100
Current Receipts	718,963	1,288,156	1,500,000	1,500,000	1,500,000
Non-Revenue Receipts	-58,603	-1,397			
Fund Transfers	-50,300				
<b>Total Restricted Funds</b>	<b>1,872,666</b>	<b>2,790,840</b>	<b>3,493,500</b>	<b>3,493,500</b>	<b>3,467,100</b>
<b>Federal Funds</b>					
Balance Forward		-1,361,350	-1,196,800	-1,196,800	
Current Receipts	22,946,547	21,167,634	24,594,800	28,813,800	29,785,100
Non-Revenue Receipts	-1,632,414	535,614			
ARRA Receipts	47,551	-184			
<b>Total Federal Funds</b>	<b>21,361,684</b>	<b>20,341,714</b>	<b>23,398,000</b>	<b>27,617,000</b>	<b>29,785,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>23,234,349</b>	<b>23,132,554</b>	<b>26,891,500</b>	<b>31,110,500</b>	<b>33,252,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	10,562,658	11,619,201	11,472,500	14,497,800	16,666,200
Operating Expenses	3,222,438	4,142,078	4,342,900	4,366,200	4,365,900
Grants Loans Benefits	9,223,217	6,228,722	10,026,500	10,026,500	10,026,500
Capital Outlay	83,020	303,738	252,900	252,900	252,900
Construction	285	42,126			
<b>TOTAL EXPENDITURES</b>	<b>23,091,618</b>	<b>22,335,864</b>	<b>26,094,800</b>	<b>29,143,400</b>	<b>31,311,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	368,585	797,385	1,500,000	1,526,400	1,526,400
Federal Funds	22,723,034	21,538,479	24,594,800	27,617,000	29,785,100
<b>TOTAL EXPENDITURES</b>	<b>23,091,618</b>	<b>22,335,864</b>	<b>26,094,800</b>	<b>29,143,400</b>	<b>31,311,500</b>
<b>EXPENDITURES BY UNIT</b>					
Job Placement Services	8,152,024	9,961,445	9,973,700	12,140,400	14,055,600
Special Employment Services	13,350,045	10,687,013	14,342,500	15,061,800	15,236,300
Employment Information Support	1,589,549	1,687,406	1,778,600	1,941,200	2,019,600
<b>TOTAL EXPENDITURES</b>	<b>23,091,618</b>	<b>22,335,864</b>	<b>26,094,800</b>	<b>29,143,400</b>	<b>31,311,500</b>

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

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward		30,706,048	1,211,000	1,211,000	1,211,000
Current Receipts	252,756	17,678	28,631,900	28,631,900	28,631,900
Non-Revenue Receipts	58,603,757	-951,900			
<b>Total Restricted Funds</b>	58,856,513	29,771,827	29,842,900	29,842,900	29,842,900
<b>Federal Funds</b>					
Balance Forward	3,680,344	3,798,952	2,355,100	2,355,100	2,355,100
Current Receipts	1,248,613,743	1,277,563,781	1,039,482,400	1,041,802,300	1,043,133,000
Non-Revenue Receipts	-18,922,755	-383,481,516			
ARRA Receipts	-3,843,734				
<b>Total Federal Funds</b>	1,229,527,598	897,881,217	1,041,837,500	1,044,157,400	1,045,488,100
<b>TOTAL SOURCE OF FUNDS</b>	1,288,384,110	927,653,044	1,071,680,400	1,074,000,300	1,075,331,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	27,957,636	56,761,461	42,359,500	44,692,500	46,023,200
Operating Expenses	10,879,665	9,847,667	10,363,000	10,349,900	10,349,900
Grants Loans Benefits	1,186,343,782	853,862,212	1,000,683,300	1,000,683,300	1,000,683,300
Debt Service	28,150,465	986,577	14,568,500	14,568,500	14,568,500
Capital Outlay	547,150	2,542,039	140,000	140,000	140,000
Construction	413	86,953			
<b>TOTAL EXPENDITURES</b>	1,253,879,110	924,086,909	1,068,114,300	1,070,434,200	1,071,764,900
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	28,150,465	28,560,803	28,631,900	28,631,900	28,631,900
Federal Funds	1,225,728,645	895,526,105	1,039,482,400	1,041,802,300	1,043,133,000
<b>TOTAL EXPENDITURES</b>	1,253,879,110	924,086,909	1,068,114,300	1,070,434,200	1,071,764,900
<b>EXPENDITURES BY UNIT</b>					
Unemployment Insurance Administration	67,677,477	68,551,120	68,114,300	70,434,200	71,764,900
Unemployment Insurance Benefits	1,186,201,633	855,535,788	1,000,000,000	1,000,000,000	1,000,000,000
<b>TOTAL EXPENDITURES</b>	1,253,879,110	924,086,909	1,068,114,300	1,070,434,200	1,071,764,900

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

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

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

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

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

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

During fiscal year 2013, the Office of Employment and Training paid 2.96 million weeks of compensation to out-of-work Kentuckians with benefits totaling approximately \$876.8 million. That amount is projected to decrease to approximately \$490 million in FY2016 with the expiration of the federal Emergency Unemployment Compensation (EUC) on December 31, 2013.

Total benefits paid in FY2013 included regular state benefits of \$471 million, trade readjustment allowances of \$4 million, and \$401 million in Emergency Unemployment Compensation (EUC) and Extended Benefits (EB).

### **Policy**

The Unemployment Insurance Trust Fund was depleted in January 2009 and Kentucky began to borrow from the Federal Unemployment Account (FUA). As of June 30, 2013, Kentucky's outstanding balance was about \$625 million. Kentucky made an interest payment on the borrowed funds in September 2013. It is estimated that the interest payment due in September 2014 will be approximately \$15,900,000, and the interest payment due in September 2015 will be approximately \$13,200,000, and shall be paid from the Penalty and Interest Account in accordance with KRS 341.295. The Budget of the Commonwealth includes revenue from an employer assessment established by the 2012 General Assembly, through enactment of HB 495, for the purpose of financing the interest payments.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Funds</b>					
Balance Forward		1,407,064	1,055,400	1,055,400	1,055,400
Current Receipts	41,948,002	44,679,052	54,255,800	54,516,000	54,589,200
Non-Revenue Receipts	-49,324				
ARRA Receipts	4,053,366	2,841,034			
<b>Total Federal Funds</b>	<b>45,952,044</b>	<b>48,927,151</b>	<b>55,311,200</b>	<b>55,571,400</b>	<b>55,644,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>45,952,044</b>	<b>48,927,151</b>	<b>55,311,200</b>	<b>55,571,400</b>	<b>55,644,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,880,230	2,290,684	2,211,700	2,471,400	2,544,600
Operating Expenses	893,416	845,089	869,200	869,700	869,700
Grants Loans Benefits	40,725,421	44,592,154	51,080,000	51,080,000	51,080,000
Capital Outlay	5,611	136,222	94,900	94,900	94,900
Construction	40,301	7,568			
<b>TOTAL EXPENDITURES</b>	<b>44,544,980</b>	<b>47,871,717</b>	<b>54,255,800</b>	<b>54,516,000</b>	<b>54,589,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Funds	44,544,980	47,871,717	54,255,800	54,516,000	54,589,200
<b>TOTAL EXPENDITURES</b>	<b>44,544,980</b>	<b>47,871,717</b>	<b>54,255,800</b>	<b>54,516,000</b>	<b>54,589,200</b>

In accordance with the provisions of the Workforce Investment Act (WIA), Kentucky continues to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs. WIA reforms implemented by the Commonwealth include streamlining services through a one-stop service delivery system housed in Kentucky Career Centers located throughout the state, empowering individuals by means of information and access to training resources through individual training accounts, providing universal access to core services, increasing accountability for results, ensuring a strong role for Local Workforce Investment Boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth services.

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

Most services for adults and dislocated workers are provided through the Kentucky Career Centers, and most customers use individual training accounts to determine which training programs and training providers best fit their needs. The Act authorizes core services available to all adults, and intensive services for unemployed individuals who are not able to find jobs through core services alone. In some cases, intensive services are available to employed workers who need more help to find or keep a job that will lead to self-sufficiency.

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

The 42-member Kentucky Workforce Investment Board (KWIB) serves as an advisory board to the Governor on workforce training and development issues. The KWIB is charged with creating a statewide vision for workforce development and adopting a plan to move Kentucky forward through workforce training and development.

**Education and Workforce Development  
Vocational Rehabilitation**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,547,200	11,074,800	11,109,500	11,585,200	11,709,100
State Salary and Compensation Allocation	51,000	11,500	23,000		
<b>Total General Fund</b>	<b>11,598,200</b>	<b>11,086,300</b>	<b>11,132,500</b>	<b>11,585,200</b>	<b>11,709,100</b>
<b>Restricted Funds</b>					
Balance Forward	1,281,636	1,067,790	412,000	362,300	348,100
Current Receipts	2,422,158	3,242,389	2,290,300	3,125,800	3,286,700
<b>Total Restricted Funds</b>	<b>3,703,795</b>	<b>4,310,178</b>	<b>2,702,300</b>	<b>3,488,100</b>	<b>3,634,800</b>
<b>Federal Funds</b>					
Balance Forward	264,045	1,090,212	704,200		
Current Receipts	41,084,201	41,205,095	42,967,300	44,567,600	45,251,900
Non-Revenue Receipts	635	1,799			
ARRA Receipts	238,011				
<b>Total Federal Funds</b>	<b>41,586,892</b>	<b>42,297,107</b>	<b>43,671,500</b>	<b>44,567,600</b>	<b>45,251,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>56,888,887</b>	<b>57,693,585</b>	<b>57,506,300</b>	<b>59,640,900</b>	<b>60,595,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	23,254,768	23,401,013	23,709,900	24,599,600	25,249,100
Operating Expenses	4,744,243	5,429,652	5,082,700	5,037,200	5,038,500
Grants Loans Benefits	25,685,362	27,653,733	28,225,900	29,536,000	29,855,100
Capital Outlay	521,847	67,663	125,500	120,000	120,000
Construction	966	25,333			
<b>TOTAL EXPENDITURES</b>	<b>54,207,185</b>	<b>56,577,394</b>	<b>57,144,000</b>	<b>59,292,800</b>	<b>60,262,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,074,500	11,086,300	11,132,500	11,585,200	11,709,100
Restricted Funds	2,636,005	3,898,238	2,340,000	3,140,000	3,301,700
Federal Funds	40,496,680	41,592,856	43,671,500	44,567,600	45,251,900
<b>TOTAL EXPENDITURES</b>	<b>54,207,185</b>	<b>56,577,394</b>	<b>57,144,000</b>	<b>59,292,800</b>	<b>60,262,700</b>
<b>EXPENDITURES BY UNIT</b>					
Carl D. Perkins Vocational Training Center	7,650,320	7,884,673	8,335,700	8,254,700	8,399,500
Program Services	45,153,515	47,241,158	47,103,500	49,149,900	49,874,600
Executive Director	1,403,350	1,451,563	1,704,800	1,888,200	1,988,600
<b>TOTAL EXPENDITURES</b>	<b>54,207,185</b>	<b>56,577,394</b>	<b>57,144,000</b>	<b>59,292,800</b>	<b>60,262,700</b>

The Office of Vocational Rehabilitation provides for and improves the vocational rehabilitation of citizens with physical and mental disabilities and helps eligible persons with disabilities achieve suitable employment. The Office of Vocational Rehabilitation has professional staff located at the central office as well as in Kentucky Career Centers throughout the state. Kentucky Career Centers house not only Office of Vocational Rehabilitation staff, but also staff from partner agencies such as Office for the Blind, Office of Employment and Training, Department for Community Based Services, Kentucky Adult Education, Community Action, and others. Such collaboration affords consumers the convenience of a one-stop approach for accessing various types of assistance necessary for reaching employment goals.

The Office employs Vocational Rehabilitation Counselors and Program Specialists who utilize vocational assessments, and counseling and guidance services to match workers with disabilities to labor market needs. An array of services is provided to assist clients with reaching employment goals. Job preparation activities include on-the-job training and vocational and classroom instruction. Job development and placement services assist the individual in obtaining and maintaining suitable employment. Transition activities support a move from the classroom to the workplace. Rehabilitation technology adapts the physical environment at work or home to meet employment needs. Follow-up services ensure that employment is progressing satisfactorily. Counselors and Specialists receive ongoing training to maintain certification and to gain knowledge of the latest developments in rehabilitation strategies and techniques.

The Office also provides services for employers. Such services include preparing job-qualified applicants, conducting job analyses, recommending job modifications, and conducting disability awareness programs. Other services include disability awareness training programs and affirmative action planning and services to employees with disability-related problems. As a

result, employers experience risk reduction, save resources spent on training new hires, and increase cash flow through access to tax incentives.

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

The Program Services Division provides direct vocational rehabilitation services to eligible individuals who have physical or mental disabilities and is responsible for the actual intake and client service delivery efforts of the Office and performs certain administrative functions. The Division implements the federal Rehabilitation Act of 1973 and must make available, services appropriate to the needs of individuals with disabilities. The services enumerated in the Rehabilitation Act include: evaluation of vocational rehabilitation potential; counseling and guidance; physical and mental restoration services; vocational and other training services; maintenance; transportation; services to family members; interpreter services and note-taking services for persons who are deaf; reader services and note-taking services for persons who are blind; assistive technology and devices; personal assistance services; recruitment and training services; placement; post-employment services; occupational licenses, equipment, initial stock and supplies; and other goods and services needed for employment.

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

The Carl D. Perkins Vocational Training Center (CDPVTC) at Thelma, Kentucky, is a multi-disciplinary residential rehabilitation facility located in Johnson County. The CDPVTC operates five major programs: Vocational Evaluation, Work Adjustment, Vocational Training, Physical Restoration/Outpatient Medical Rehabilitation, and Brain Injury Community Re-entry. All programs meet standards for program quality as documented by the Commission on Accreditation of Rehabilitation Facilities (CARF). Within these five programs, the following professional services are available: comprehensive vocational assessment, vocational training, physical therapy, occupational therapy, speech therapy, nursing services, physician services, adjustment services, psychological and psychiatric services, adult therapeutic recreation, vocational rehabilitation counseling, social services, assistive technology, transportation, and administrative services. A wide range of educational programs and services including developmental math, reading, GED test preparation, and the External Diploma Program are also available. The CDPVTC offers individualized placement services through Preparing Adults for Competitive Employment (PACE) and an Employment Relations Specialist.

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

The Administrative Management Division provides all administrative, technical, and budget related services for the Office and is responsive to the needs of the direct service delivery program staff. Responsibilities include budgeting, purchasing, financial reporting, and federal grant accounting. The Division oversees the implementation and administration of the automated case management system and coordinates the development of application programs. Beginning in fiscal year 2014, the Division absorbed the duties associated with budget and financial management of Office for the Blind.

## **Policy**

The Budget of the Commonwealth includes an additional \$200,000 General Fund in each fiscal year. This amount will be used to match approximately \$739,000 Federal Fund for a total of \$939,000 in each fiscal year to serve additional clients.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,606,900	7,141,900	7,170,700	7,307,100	7,361,300
State Salary and Compensation Allocation	79,600	3,900	7,800		
<b>Total General Fund</b>	<b>7,686,500</b>	<b>7,145,800</b>	<b>7,178,500</b>	<b>7,307,100</b>	<b>7,361,300</b>
<b>Restricted Funds</b>					
Balance Forward	1,167,851	1,386,099	1,839,000	1,731,000	158,100
Current Receipts	800,343	750,278	750,000	750,000	750,000
Fund Transfers	-32,600			-600,000	
<b>Total Restricted Funds</b>	<b>1,935,594</b>	<b>2,136,377</b>	<b>2,589,000</b>	<b>1,881,000</b>	<b>908,100</b>
<b>Federal Funds</b>					
Balance Forward	69,822	69,182	56,500	44,200	44,200
Current Receipts	244,857	160,000	187,000	201,400	205,300
<b>Total Federal Funds</b>	<b>314,679</b>	<b>229,182</b>	<b>243,500</b>	<b>245,600</b>	<b>249,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>9,936,773</b>	<b>9,511,358</b>	<b>10,011,000</b>	<b>9,433,700</b>	<b>8,518,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,888,243	2,836,115	3,595,200	3,454,000	3,665,000
Operating Expenses	646,869	535,402	783,300	650,100	794,400
Grants Loans Benefits	4,447,667	4,244,334	3,857,300	3,857,300	3,857,300
Capital Outlay	113,513			1,270,000	
<b>TOTAL EXPENDITURES</b>	<b>8,096,292</b>	<b>7,615,852</b>	<b>8,235,800</b>	<b>9,231,400</b>	<b>8,316,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,301,300	7,145,800	7,178,500	7,307,100	7,361,300
Restricted Funds	549,495	297,382	858,000	1,722,900	750,100
Federal Funds	245,497	172,670	199,300	201,400	205,300
<b>TOTAL EXPENDITURES</b>	<b>8,096,292</b>	<b>7,615,852</b>	<b>8,235,800</b>	<b>9,231,400</b>	<b>8,316,700</b>
<b>EXPENDITURES BY UNIT</b>					
Operations	3,188,274	3,060,451	3,320,300	3,412,600	3,456,700
Kentucky Teacher Internship Program	3,306,663	3,293,576	3,360,300	3,360,300	3,360,300
Certification	1,084,355	987,596	1,555,200	2,458,500	1,499,700
<b>TOTAL EXPENDITURES</b>	<b>7,579,292</b>	<b>7,341,622</b>	<b>8,235,800</b>	<b>9,231,400</b>	<b>8,316,700</b>

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

The EPSB is responsible for issuing, suspending, and revoking certificates for Kentucky's more than 50,000 active Kentucky educators, and ensures, via an annual review, that all professional positions in the state's 173 public school districts are appropriately staffed. It is responsible for developing (in cooperation with the Kentucky Department of Education and the Council on Postsecondary Education) a statewide data system for the collection, interpretation, and dissemination of data relative to the quality of educator preparation, supply, demand, and effectiveness. The board establishes performance-based standards for teacher/administrator preparation and induction, and for the accreditation of the 29 preparation programs at Kentucky's public and independent colleges and universities. It oversees the teacher/administrator assessments and the related Title II reporting, and annually publishes the Kentucky Educator Preparation Program Report Card. It administers the Continuing Education Option, in which teachers can use professional development to renew certification and move up in rank. It also administers the National Board Certification Incentive program for teachers enrolled in the program prior to 2013, the supervising teacher stipend program, and alternative routes to certification, including the Troops to Teachers program.

The EPSB annually provides support to approximately 2,700 teacher interns, 3,500 supervising teachers, and 500 prospective National Board-certified teachers.

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# Energy and Environment

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**Energy and Environment**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	80,652,100	76,004,500	77,144,600	76,996,900	78,113,400
State Salary and Compensation Allocation	4,095,800	133,200	266,400		
Current Year Appropriation	952,000		742,600		
Continuing Approp.-General Fund	409,760	462,487	675,400		
Mandated Allotments	3,040,642	4,672,725			
<b>Total General Fund</b>	<b>89,150,302</b>	<b>81,272,912</b>	<b>78,829,000</b>	<b>76,996,900</b>	<b>78,113,400</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	6,000,000	3,000,000	2,500,000	6,000,000	
Continuing Approp.-Tobacco Settlement	7,463,478	8,340,255	7,544,900		
Budget Reduction-General Fund Tobacco			-2,500,000		
<b>Total Tobacco Settlement - Phase I</b>	<b>13,463,478</b>	<b>11,340,255</b>	<b>7,544,900</b>	<b>6,000,000</b>	
<b>Restricted Funds</b>					
Balance Forward	17,575,607	21,395,020	29,373,900	13,218,900	8,792,500
Current Receipts	23,861,052	22,657,684	20,240,700	22,867,100	23,024,100
Non-Revenue Receipts	92,186,309	66,501,035	71,199,100	75,634,600	74,226,200
Fund Transfers	-40,591,200	-13,500,000	-13,500,000	-12,477,000	-10,723,000
<b>Total Restricted Funds</b>	<b>93,031,768</b>	<b>97,053,739</b>	<b>107,313,700</b>	<b>99,243,600</b>	<b>95,319,800</b>
<b>Federal Funds</b>					
Balance Forward	68,503	184,633	79,600		
Current Receipts	88,910,653	78,198,556	85,107,800	83,817,000	83,624,400
Non-Revenue Receipts	-13,032,164	644,770	-9,176,400	-2,043,500	-2,020,700
ARRA Receipts	21,309,367	1,398,967			
<b>Total Federal Funds</b>	<b>97,256,360</b>	<b>80,426,926</b>	<b>76,011,000</b>	<b>81,773,500</b>	<b>81,603,700</b>
<b>Road Fund</b>					
Regular Appropriation	300,000	300,000	300,000	316,400	320,900
<b>Total Road Fund</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>316,400</b>	<b>320,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>293,201,907</b>	<b>270,393,832</b>	<b>269,998,600</b>	<b>264,330,400</b>	<b>255,357,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	127,942,259	130,005,613	128,723,700	126,874,600	129,220,300
Operating Expenses	39,528,260	34,654,338	45,882,600	47,265,100	47,167,500
Grants Loans Benefits	54,094,997	42,711,031	46,948,200	42,830,000	35,717,200
Debt Service	7,216,000	589,000	589,000	589,000	616,000
Capital Outlay	5,533,558	3,375,436	7,386,300	6,598,400	6,160,600
Construction	18,719,838	15,403,560	21,934,500	24,167,200	24,167,200
<b>TOTAL EXPENDITURES</b>	<b>253,034,912</b>	<b>226,738,978</b>	<b>251,464,300</b>	<b>248,324,300</b>	<b>243,048,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	78,905,815	75,054,998	73,513,600	69,783,300	71,045,400
Tobacco Settlement - Phase I	5,123,223	3,356,736	7,544,900	6,000,000	
Restricted Funds	71,636,748	67,680,032	94,094,800	90,451,100	90,078,800
Federal Funds	97,071,727	80,347,212	76,011,000	81,773,500	81,603,700
Road Fund	297,400	300,000	300,000	316,400	320,900
<b>TOTAL EXPENDITURES</b>	<b>253,034,912</b>	<b>226,738,978</b>	<b>251,464,300</b>	<b>248,324,300</b>	<b>243,048,800</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	6,052,289	5,515,096	6,144,900	5,559,300	5,589,100
Environmental Protection	107,042,760	95,501,659	113,186,900	115,119,800	115,408,400
Natural Resources	105,228,715	107,693,394	112,214,500	111,405,900	106,375,100
Energy Development and Independence	23,760,781	5,866,298	7,323,300	4,515,500	3,784,200
Kentucky Nature Preserves Commission	1,408,099	2,230,992	1,755,100	1,486,600	1,500,000

Public Service Commission	9,542,267	9,931,539	10,839,600	10,237,200	10,392,000
<b>TOTAL EXPENDITURES</b>	253,034,912	226,738,978	251,464,300	248,324,300	243,048,800

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

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

**Energy and Environment  
Secretary**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,154,400	3,254,500	3,316,300	3,290,600	3,244,400
State Salary and Compensation Allocation	175,700	4,500	9,000		
<b>Total General Fund</b>	<b>4,330,100</b>	<b>3,259,000</b>	<b>3,325,300</b>	<b>3,290,600</b>	<b>3,244,400</b>
<b>Restricted Funds</b>					
Balance Forward	279,888	390,916	792,300	412,900	264,400
Current Receipts	60,433	43,742	40,300	40,300	40,300
Non-Revenue Receipts	1,036,375	1,533,762	1,287,800	6,004,800	4,004,900
Fund Transfers	-24,100			-5,000,000	-3,000,000
<b>Total Restricted Funds</b>	<b>1,352,597</b>	<b>1,968,420</b>	<b>2,120,400</b>	<b>1,458,000</b>	<b>1,309,600</b>
<b>Federal Funds</b>					
Balance Forward	2,478	42,745	46,800		
Current Receipts	1,090,271	1,118,037	1,099,100	1,107,200	1,077,200
Non-Revenue Receipts	-35,796	-33,988	-33,800	-32,100	-30,800
<b>Total Federal Funds</b>	<b>1,056,954</b>	<b>1,126,793</b>	<b>1,112,100</b>	<b>1,075,100</b>	<b>1,046,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,739,650</b>	<b>6,354,214</b>	<b>6,557,800</b>	<b>5,823,700</b>	<b>5,600,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,152,965	4,416,786	5,021,600	4,652,500	4,700,400
Operating Expenses	1,066,795	1,061,935	1,123,300	906,800	888,700
Grants Loans Benefits	105,688	36,375			
Debt Service	726,500				
Capital Outlay	342				
<b>TOTAL EXPENDITURES</b>	<b>6,052,289</b>	<b>5,515,096</b>	<b>6,144,900</b>	<b>5,559,300</b>	<b>5,589,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,076,400	3,259,000	3,325,300	3,290,600	3,244,400
Restricted Funds	961,680	1,176,137	1,707,500	1,193,600	1,298,300
Federal Funds	1,014,209	1,079,959	1,112,100	1,075,100	1,046,400
<b>TOTAL EXPENDITURES</b>	<b>6,052,289</b>	<b>5,515,096</b>	<b>6,144,900</b>	<b>5,559,300</b>	<b>5,589,100</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Hearings	661,782	682,437	718,800	760,700	772,300
Ofc of Sec - Leg & Interg Aff - Gen Coun	5,212,203	4,639,154	5,202,700	4,798,600	4,816,800
Environmental Quality Commission	178,304	193,504	223,400		
<b>TOTAL EXPENDITURES</b>	<b>6,052,289</b>	<b>5,515,096</b>	<b>6,144,900</b>	<b>5,559,300</b>	<b>5,589,100</b>

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

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

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

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

**Policy**

The Budget of the Commonwealth eliminated planned funding for the Environmental Quality Commission and transferred these funds to the General Fund. The biennial budget bill includes a provision that permits entities administratively attached to the Energy and Environment Cabinet to receive support from the appropriate budgetary unit(s) of the Cabinet.

**Energy and Environment  
Environmental Protection**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	27,182,800	20,566,000	20,950,900	21,417,700	21,846,400
State Salary and Compensation Allocation	1,169,300	40,800	81,600		
<b>Total General Fund</b>	<b>28,352,100</b>	<b>20,606,800</b>	<b>21,032,500</b>	<b>21,417,700</b>	<b>21,846,400</b>
<b>Restricted Funds</b>					
Balance Forward	7,951,833	9,136,988	17,615,200	7,531,600	4,920,200
Current Receipts	17,392,782	17,000,644	15,637,300	18,065,000	18,369,400
Non-Revenue Receipts	78,062,256	55,303,712	56,388,300	56,483,900	56,718,300
Fund Transfers	-40,018,200	-13,500,000	-13,500,000	-7,477,000	-7,723,000
<b>Total Restricted Funds</b>	<b>63,388,672</b>	<b>67,941,345</b>	<b>76,140,800</b>	<b>74,603,500</b>	<b>72,284,900</b>
<b>Federal Funds</b>					
Balance Forward		68,383			
Current Receipts	25,415,685	22,462,870	27,421,500	24,713,600	24,239,000
Non-Revenue Receipts	-1,668,330	1,735,232	-4,176,300	-1,011,200	-1,008,100
ARRA Receipts	2,238,605	2,210			
<b>Total Federal Funds</b>	<b>25,985,960</b>	<b>24,268,695</b>	<b>23,245,200</b>	<b>23,702,400</b>	<b>23,230,900</b>
<b>Road Fund</b>					
Regular Appropriation	300,000	300,000	300,000	316,400	320,900
<b>Total Road Fund</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>316,400</b>	<b>320,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>118,026,732</b>	<b>113,116,840</b>	<b>120,718,500</b>	<b>120,040,000</b>	<b>117,683,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	54,438,362	56,338,432	59,104,000	60,295,500	61,303,700
Operating Expenses	26,910,290	22,122,900	33,248,700	34,620,600	34,511,500
Grants Loans Benefits	15,623,119	13,771,467	14,698,200	14,511,900	14,193,700
Debt Service	5,900,500				27,000
Capital Outlay	1,407,039	2,389,182	4,503,400	4,059,200	3,739,900
Construction	2,763,450	879,678	1,632,600	1,632,600	1,632,600
<b>TOTAL EXPENDITURES</b>	<b>107,042,760</b>	<b>95,501,659</b>	<b>113,186,900</b>	<b>115,119,800</b>	<b>115,408,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	26,576,100	20,606,800	21,032,500	21,417,700	21,846,400
Restricted Funds	54,251,684	50,326,164	68,609,200	69,683,300	70,010,200
Federal Funds	25,917,577	24,268,695	23,245,200	23,702,400	23,230,900
Road Fund	297,400	300,000	300,000	316,400	320,900
<b>TOTAL EXPENDITURES</b>	<b>107,042,760</b>	<b>95,501,659</b>	<b>113,186,900</b>	<b>115,119,800</b>	<b>115,408,400</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner	479,839	576,800	560,200	575,700	586,900
Water	26,361,397	26,839,262	28,027,600	27,706,700	27,754,000
Waste Management	31,417,488	28,259,026	30,534,500	30,580,200	30,524,400
Air Quality	12,489,636	13,733,694	14,636,300	15,655,500	15,898,500
Environmental Program Support	4,303,931	4,394,226	4,828,000	4,745,700	4,660,600
Enforcement	1,374,489	1,411,062	1,610,400	1,654,500	1,670,600
Compliance Assistance	1,379,412	1,309,281	1,684,200	1,654,000	1,652,900
Petroleum Storage Tank	29,236,568	18,978,309	31,305,700	32,547,500	32,660,500
Environmental Assurance Fund					
<b>TOTAL EXPENDITURES</b>	<b>107,042,760</b>	<b>95,501,659</b>	<b>113,186,900</b>	<b>115,119,800</b>	<b>115,408,400</b>

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

**Energy and Environment  
Environmental Protection  
Commissioner**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	723,600	576,800	560,000	544,600	355,200
Other	-29,800				
<b>Total General Fund</b>	693,800	576,800	560,000	544,600	355,200
<b>Restricted Funds</b>					
Balance Forward	7,196	5,949	6,000	5,800	4,700
Current Receipts	91	3			
Non-Revenue Receipts				30,000	231,500
<b>Total Restricted Funds</b>	7,287	5,951	6,000	35,800	236,200
<b>Federal Funds</b>					
Balance Forward		1			
Current Receipts	214,139	29,168			
Non-Revenue Receipts	-214,138	-29,169			
<b>Total Federal Funds</b>	1				
<b>TOTAL SOURCE OF FUNDS</b>	701,088	582,752	566,000	580,400	591,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	419,573	516,800	500,400	608,300	624,800
Operating Expenses	60,034	60,000	59,600	59,400	59,400
Capital Outlay	232		200	-92,000	-97,300
<b>TOTAL EXPENDITURES</b>	479,839	576,800	560,200	575,700	586,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	478,500	576,800	560,000	544,600	355,200
Restricted Funds	1,339		200	31,100	231,700
<b>TOTAL EXPENDITURES</b>	479,839	576,800	560,200	575,700	586,900

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

**Energy and Environment  
Environmental Protection**

	<b>Water</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,561,600	10,096,600	9,712,100	9,809,700	10,120,300
Other	-33,400				
<b>Total General Fund</b>	<b>10,528,200</b>	<b>10,096,600</b>	<b>9,712,100</b>	<b>9,809,700</b>	<b>10,120,300</b>
<b>Restricted Funds</b>					
Balance Forward	1,684,712	2,128,696	3,858,700	2,416,000	1,436,300
Current Receipts	1,270,167	1,445,831	1,295,500	1,446,500	1,597,500
Non-Revenue Receipts	527,715	1,553,092	408,000	413,800	410,800
Fund Transfers	-30,500				
<b>Total Restricted Funds</b>	<b>3,452,093</b>	<b>5,127,619</b>	<b>5,562,200</b>	<b>4,276,300</b>	<b>3,444,600</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	15,402,758	14,343,246	17,302,300	15,259,400	14,959,900
Non-Revenue Receipts	-419,295	830,474	-2,433,000	-518,800	-517,000
ARRA Receipts	295,537				
<b>Total Federal Funds</b>	<b>15,279,000</b>	<b>15,173,720</b>	<b>14,869,300</b>	<b>14,740,600</b>	<b>14,442,900</b>
<b>Road Fund</b>					
Regular Appropriation	300,000	300,000	300,000	316,400	320,900
<b>Total Road Fund</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>316,400</b>	<b>320,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>29,559,293</b>	<b>30,697,939</b>	<b>30,443,600</b>	<b>29,143,000</b>	<b>28,328,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	21,482,352	21,082,218	21,544,100	21,555,800	21,989,700
Operating Expenses	2,436,844	2,462,878	2,739,800	2,842,700	2,814,800
Grants Loans Benefits	1,995,846	3,030,139	3,453,700	3,228,200	2,922,500
Debt Service	99,000				27,000
Capital Outlay	347,355	264,026	290,000	80,000	
<b>TOTAL EXPENDITURES</b>	<b>26,361,397</b>	<b>26,839,262</b>	<b>28,027,600</b>	<b>27,706,700</b>	<b>27,754,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,461,600	10,096,600	9,712,100	9,809,700	10,120,300
Restricted Funds	1,323,397	1,268,941	3,146,200	2,840,000	2,869,900
Federal Funds	15,279,000	15,173,720	14,869,300	14,740,600	14,442,900
Road Fund	297,400	300,000	300,000	316,400	320,900
<b>TOTAL EXPENDITURES</b>	<b>26,361,397</b>	<b>26,839,262</b>	<b>28,027,600</b>	<b>27,706,700</b>	<b>27,754,000</b>

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

The Division administers programs relating to groundwater protection plans, Total Maximum Daily Load Plans, the Non-Point Source 319(h) Grant program, watershed management, dam safety inspections, floodplain management, 401 Water Quality Certifications, water quality standards, water quality monitoring and assessment, Clean Water and Drinking Water State Revolving Loan programs, Kentucky Pollution Discharge Elimination System permitting, confined animal feeding operations compliance, the Wild Rivers program, and logging operations.

**Policy**

The Budget of the Commonwealth includes General Fund debt service in the amount of \$27,000 in fiscal year 2016 to support a \$600,000 bond issue for the State-Owned Dam Repair program.

**Energy and Environment  
Environmental Protection  
Waste Management**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,711,000	4,608,800	5,113,400	5,324,600	5,501,000
State Salary and Compensation Allocation	547,600				
<b>Total General Fund</b>	<b>5,258,600</b>	<b>4,608,800</b>	<b>5,113,400</b>	<b>5,324,600</b>	<b>5,501,000</b>
<b>Restricted Funds</b>					
Balance Forward	3,590,917	3,961,698	3,200,200	1,067,900	603,600
Current Receipts	4,629,447	5,193,585	3,246,100	3,446,100	3,346,100
Non-Revenue Receipts	15,691,284	12,129,064	14,887,000	15,460,300	15,461,300
Fund Transfers	-1,176,200				
<b>Total Restricted Funds</b>	<b>22,735,448</b>	<b>21,284,347</b>	<b>21,333,300</b>	<b>19,974,300</b>	<b>19,411,000</b>
<b>Federal Funds</b>					
Balance Forward		68,383			
Current Receipts	6,582,780	4,997,839	6,226,400	6,234,000	6,203,700
Non-Revenue Receipts	-738,171	497,631	-1,070,700	-349,100	-350,100
ARRA Receipts	1,912,512	2,210			
<b>Total Federal Funds</b>	<b>7,757,121</b>	<b>5,566,063</b>	<b>5,155,700</b>	<b>5,884,900</b>	<b>5,853,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>35,751,169</b>	<b>31,459,209</b>	<b>31,602,400</b>	<b>31,183,800</b>	<b>30,765,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	14,153,722	14,059,805	14,182,000	14,189,300	14,356,400
Operating Expenses	2,688,502	2,352,666	2,452,900	2,597,400	2,569,500
Grants Loans Benefits	13,225,735	10,208,353	10,641,900	10,819,400	10,806,900
Capital Outlay	588,158	1,357,893	1,625,100	1,341,500	1,159,000
Construction	761,371	280,309	1,632,600	1,632,600	1,632,600
<b>TOTAL EXPENDITURES</b>	<b>31,417,488</b>	<b>28,259,026</b>	<b>30,534,500</b>	<b>30,580,200</b>	<b>30,524,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,955,000	4,608,800	5,113,400	5,324,600	5,501,000
Restricted Funds	18,773,751	18,084,163	20,265,400	19,370,700	19,169,800
Federal Funds	7,688,738	5,566,063	5,155,700	5,884,900	5,853,600
<b>TOTAL EXPENDITURES</b>	<b>31,417,488</b>	<b>28,259,026</b>	<b>30,534,500</b>	<b>30,580,200</b>	<b>30,524,400</b>

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

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

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

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

**Policy**

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

**Energy and Environment  
Environmental Protection**

**Air Quality**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,281,700	1,023,900	788,100	956,000	1,017,900
State Salary and Compensation Allocation	50,000				
<b>Total General Fund</b>	<b>1,331,700</b>	<b>1,023,900</b>	<b>788,100</b>	<b>956,000</b>	<b>1,017,900</b>
<b>Restricted Funds</b>					
Balance Forward	836,199	2,479,892	1,999,900	567,200	266,000
Current Receipts	10,818,543	9,747,282	10,463,900	12,552,500	12,768,800
Non-Revenue Receipts	109,062	107,441	80,200	82,100	79,800
Fund Transfers	-14,800				
<b>Total Restricted Funds</b>	<b>11,749,004</b>	<b>12,334,615</b>	<b>12,544,000</b>	<b>13,201,800</b>	<b>13,114,600</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	2,080,730	1,954,403	2,409,300	1,845,800	1,845,800
Non-Revenue Receipts	-190,462	420,686	-537,900	-82,100	-79,800
ARRA Receipts	30,556				
<b>Total Federal Funds</b>	<b>1,920,823</b>	<b>2,375,088</b>	<b>1,871,400</b>	<b>1,763,700</b>	<b>1,766,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,001,528</b>	<b>15,733,603</b>	<b>15,203,500</b>	<b>15,921,500</b>	<b>15,898,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	10,150,345	10,964,855	11,682,900	12,811,400	13,108,300
Operating Expenses	1,554,181	1,488,629	1,739,300	1,765,000	1,736,100
Grants Loans Benefits	333,218	527,347	394,200	259,300	259,300
Capital Outlay	451,892	752,863	819,900	819,800	794,800
<b>TOTAL EXPENDITURES</b>	<b>12,489,636</b>	<b>13,733,694</b>	<b>14,636,300</b>	<b>15,655,500</b>	<b>15,898,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,299,700	1,023,900	788,100	956,000	1,017,900
Restricted Funds	9,269,112	10,334,706	11,976,800	12,935,800	13,114,600
Federal Funds	1,920,824	2,375,089	1,871,400	1,763,700	1,766,000
<b>TOTAL EXPENDITURES</b>	<b>12,489,636</b>	<b>13,733,694</b>	<b>14,636,300</b>	<b>15,655,500</b>	<b>15,898,500</b>

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

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

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,090,500	3,375,900	3,599,400	3,600,100	3,630,200
State Salary and Compensation Allocation	496,800		81,600		
Other	63,200				
<b>Total General Fund</b>	<b>3,650,500</b>	<b>3,375,900</b>	<b>3,681,000</b>	<b>3,600,100</b>	<b>3,630,200</b>
<b>Restricted Funds</b>					
Balance Forward	96,342	100,217	159,200	27,200	
Current Receipts	49,351	142,155	150,000	184,000	202,500
Non-Revenue Receipts	536,958	623,329	656,700	759,600	797,900
Fund Transfers	-15,200				
<b>Total Restricted Funds</b>	<b>667,451</b>	<b>865,701</b>	<b>965,900</b>	<b>970,800</b>	<b>1,000,400</b>
<b>Federal Funds</b>					
Balance Forward	-1				
Current Receipts	209,715	314,320	208,300	174,800	30,000
Non-Revenue Receipts	-12,617	-2,452			
<b>Total Federal Funds</b>	<b>197,097</b>	<b>311,868</b>	<b>208,300</b>	<b>174,800</b>	<b>30,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,515,048</b>	<b>4,553,469</b>	<b>4,855,200</b>	<b>4,745,700</b>	<b>4,660,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,010,699	3,094,589	3,334,000	3,221,000	3,143,700
Operating Expenses	1,274,410	1,279,610	1,317,400	1,335,800	1,328,500
Grants Loans Benefits	6,655	5,628	8,400	5,000	5,000
Capital Outlay	12,167	14,400	168,200	183,900	183,400
<b>TOTAL EXPENDITURES</b>	<b>4,303,931</b>	<b>4,394,226</b>	<b>4,828,000</b>	<b>4,745,700</b>	<b>4,660,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,539,600	3,375,900	3,681,000	3,600,100	3,630,200
Restricted Funds	567,234	706,458	938,700	970,800	1,000,400
Federal Funds	197,097	311,868	208,300	174,800	30,000
<b>TOTAL EXPENDITURES</b>	<b>4,303,931</b>	<b>4,394,226</b>	<b>4,828,000</b>	<b>4,745,700</b>	<b>4,660,600</b>

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

**Energy and Environment  
Environmental Protection**

**Enforcement**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	772,500	672,900	808,700	878,600	908,400
State Salary and Compensation Allocation	74,900	40,800			
<b>Total General Fund</b>	<b>847,400</b>	<b>713,700</b>	<b>808,700</b>	<b>878,600</b>	<b>908,400</b>
<b>Restricted Funds</b>					
Balance Forward	210,703	230,732	121,500	54,600	19,800
Non-Revenue Receipts	341,852	350,680	417,100	423,400	424,700
Fund Transfers	-10,400				
<b>Total Restricted Funds</b>	<b>542,155</b>	<b>581,413</b>	<b>538,600</b>	<b>478,000</b>	<b>444,500</b>
<b>Federal Funds</b>					
Balance Forward	1				
Current Receipts	279,705	228,955	355,000	337,800	337,800
Non-Revenue Receipts	-27,439	8,477	-37,300	-20,100	-20,100
<b>Total Federal Funds</b>	<b>252,267</b>	<b>237,432</b>	<b>317,700</b>	<b>317,700</b>	<b>317,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,641,822</b>	<b>1,532,545</b>	<b>1,665,000</b>	<b>1,674,300</b>	<b>1,670,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,224,346	1,270,757	1,447,100	1,492,500	1,508,600
Operating Expenses	149,120	140,305	163,300	162,000	162,000
Capital Outlay	1,024				
<b>TOTAL EXPENDITURES</b>	<b>1,374,489</b>	<b>1,411,062</b>	<b>1,610,400</b>	<b>1,654,500</b>	<b>1,670,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	810,800	713,700	808,700	878,600	908,400
Restricted Funds	311,423	459,930	484,000	458,200	444,500
Federal Funds	252,267	237,431	317,700	317,700	317,700
<b>TOTAL EXPENDITURES</b>	<b>1,374,489</b>	<b>1,411,062</b>	<b>1,610,400</b>	<b>1,654,500</b>	<b>1,670,600</b>

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

**Energy and Environment  
Environmental Protection  
Compliance Assistance**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	240,400	211,100	369,200	304,100	313,400
<b>Total General Fund</b>	240,400	211,100	369,200	304,100	313,400
<b>Restricted Funds</b>					
Balance Forward	212,703	229,804	244,600	250,100	200,000
Current Receipts	388,869	323,658	321,800	303,200	321,800
Non-Revenue Receipts	214,393	184,788	175,900	175,900	175,900
Fund Transfers	-15,800				
<b>Total Restricted Funds</b>	800,165	738,250	742,300	729,200	697,700
<b>Federal Funds</b>					
Balance Forward	1				
Current Receipts	645,858	594,940	920,200	861,800	861,800
Non-Revenue Receipts	-66,208	9,585	-97,400	-41,100	-41,100
<b>Total Federal Funds</b>	579,651	604,524	822,800	820,700	820,700
<b>TOTAL SOURCE OF FUNDS</b>	1,620,216	1,553,875	1,934,300	1,854,000	1,831,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,082,191	1,096,832	1,239,800	1,183,800	1,208,900
Operating Expenses	234,670	212,449	244,400	244,200	244,000
Grants Loans Benefits	61,666		200,000	200,000	200,000
Capital Outlay	884			26,000	
<b>TOTAL EXPENDITURES</b>	1,379,412	1,309,281	1,684,200	1,654,000	1,652,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	229,400	211,100	369,200	304,100	313,400
Restricted Funds	570,361	493,657	492,200	529,200	518,800
Federal Funds	579,651	604,524	822,800	820,700	820,700
<b>TOTAL EXPENDITURES</b>	1,379,412	1,309,281	1,684,200	1,654,000	1,652,900

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,801,500				
<b>Total General Fund</b>	5,801,500				
<b>Restricted Funds</b>					
Balance Forward	1,313,061		8,025,100	3,142,800	2,389,800
Current Receipts	236,315	148,131	160,000	132,700	132,700
Non-Revenue Receipts	60,640,992	40,355,318	39,763,400	39,138,800	39,136,400
Fund Transfers	-38,755,300	-13,500,000	-13,500,000	-7,477,000	-7,723,000
<b>Total Restricted Funds</b>	23,435,068	27,003,448	34,448,500	34,937,300	33,935,900
<b>TOTAL SOURCE OF FUNDS</b>	29,236,568	27,003,448	34,448,500	34,937,300	33,935,900
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,915,133	4,252,577	5,173,700	5,233,400	5,363,300
Operating Expenses	18,512,528	14,126,363	24,532,000	25,614,100	25,597,200
Debt Service	5,801,500				
Capital Outlay	5,328		1,600,000	1,700,000	1,700,000
Construction	2,002,079	599,369			
<b>TOTAL EXPENDITURES</b>	29,236,568	18,978,309	31,305,700	32,547,500	32,660,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,801,500				
Restricted Funds	23,435,068	18,978,309	31,305,700	32,547,500	32,660,500
<b>TOTAL EXPENDITURES</b>	29,236,568	18,978,309	31,305,700	32,547,500	32,660,500

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

**Energy and Environment  
Natural Resources**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	33,836,000	34,879,900	35,528,700	32,882,900	33,579,600
State Salary and Compensation Allocation	2,182,000	70,300	140,600		
Current Year Appropriation	952,000		742,600		
Mandated Allotments	3,040,642	4,672,725			
<b>Total General Fund</b>	<b>40,010,642</b>	<b>39,622,925</b>	<b>36,411,900</b>	<b>32,882,900</b>	<b>33,579,600</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	6,000,000	3,000,000	2,500,000	6,000,000	
Continuing Approp.-Tobacco Settlement	7,463,478	8,340,255	7,544,900		
Budget Reduction-General Fund Tobacco			-2,500,000		
<b>Total Tobacco Settlement - Phase I</b>	<b>13,463,478</b>	<b>11,340,255</b>	<b>7,544,900</b>	<b>6,000,000</b>	
<b>Restricted Funds</b>					
Balance Forward	5,674,754	8,308,056	5,688,000	3,125,600	2,227,600
Current Receipts	6,124,539	4,692,049	4,073,900	4,499,200	4,351,600
Non-Revenue Receipts	9,120,697	6,003,880	10,989,900	11,034,500	11,570,200
Fund Transfers	-498,300				
<b>Total Restricted Funds</b>	<b>20,421,690</b>	<b>19,003,985</b>	<b>20,751,800</b>	<b>18,659,300</b>	<b>18,149,400</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	61,545,859	52,026,679	55,414,300	56,908,600	57,269,900
Non-Revenue Receipts	-10,580,822	-636,812	-4,782,800	-817,300	-816,800
ARRA Receipts	2,280	7,760			
<b>Total Federal Funds</b>	<b>50,967,317</b>	<b>51,397,626</b>	<b>50,631,500</b>	<b>56,091,300</b>	<b>56,453,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>124,863,127</b>	<b>121,364,791</b>	<b>115,340,100</b>	<b>113,633,500</b>	<b>108,182,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	52,785,032	58,458,843	53,328,700	51,228,100	52,303,300
Operating Expenses	9,540,867	9,455,612	9,355,200	9,557,700	9,598,000
Grants Loans Benefits	22,820,251	24,305,014	26,407,400	25,546,300	19,518,500
Capital Outlay	4,126,178	950,041	2,821,300	2,539,200	2,420,700
Construction	15,956,388	14,523,883	20,301,900	22,534,600	22,534,600
<b>TOTAL EXPENDITURES</b>	<b>105,228,715</b>	<b>107,693,394</b>	<b>112,214,500</b>	<b>111,405,900</b>	<b>106,375,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	37,024,542	39,622,925	36,411,900	32,882,900	33,579,600
Tobacco Settlement - Phase I	5,123,223	3,356,736	7,544,900	6,000,000	
Restricted Funds	12,113,634	13,316,106	17,626,200	16,431,700	16,342,400
Federal Funds	50,967,317	51,397,626	50,631,500	56,091,300	56,453,100
<b>TOTAL EXPENDITURES</b>	<b>105,228,715</b>	<b>107,693,394</b>	<b>112,214,500</b>	<b>111,405,900</b>	<b>106,375,100</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner	940,155	915,603	887,600	838,000	840,300
Forestry	20,446,736	19,368,518	16,544,400	15,760,400	15,880,100
Technical and Administrative Support	672,064	722,281	686,300	797,100	784,800
Conservation	9,147,264	7,264,396	11,943,400	10,338,500	4,365,000
Oil and Gas	1,803,197	1,737,409	1,965,400	2,092,400	2,132,700
Mine Permits	7,500,416	7,428,401	6,382,400	7,078,400	7,197,700
Mine Reclamation and Enforcement	12,047,128	12,807,218	13,073,500	13,218,100	13,432,700
Abandoned Mine Lands	11,549,194	13,087,534	17,001,000	17,849,400	18,037,600
Bond Pool Reclamation Fund	235,157		545,000	545,000	545,000
Reclamation Guaranty Fund	71,174	60,751	558,500	610,400	625,500
Abandoned Mine Land Reclamation Projects	26,688,319	29,410,221	28,242,400	31,742,400	31,742,400

Mine Safety Review Commission	172,358	189,300	175,500	176,000	178,100
Mine Safety and Licensing	13,955,553	14,701,763	14,209,100	10,359,800	10,613,200
<b>TOTAL EXPENDITURES</b>	105,228,715	107,693,394	112,214,500	111,405,900	106,375,100

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

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

**Policy**

The Budget of the Commonwealth includes General Fund of \$742,600 in fiscal year 2014, \$750,000 in fiscal year 2015 and \$750,000 in fiscal year 2016 to cover cumulative and ongoing operating shortfalls in the department. A significant part of these shortfalls is due to declines in Restricted Fund revenue (permit fees in the Division of Oil and Gas and acreage fees in Mine Permits) as well as reductions in federal funding (Small Operator's Assistance Grant in Mine Permits and the Mine Health and Safety grant in the Office of Mine Safety and Licensing).

**Energy and Environment  
Natural Resources  
Commissioner**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	419,200	478,700	420,300	388,000	390,300
State Salary and Compensation Allocation	96,800				
<b>Total General Fund</b>	<b>516,000</b>	<b>478,700</b>	<b>420,300</b>	<b>388,000</b>	<b>390,300</b>
<b>Restricted Funds</b>					
Balance Forward	460	5,205	17,300		
Non-Revenue Receipts	516,200	449,007	450,000	450,000	450,000
Fund Transfers	-45,100				
<b>Total Restricted Funds</b>	<b>471,560</b>	<b>454,211</b>	<b>467,300</b>	<b>450,000</b>	<b>450,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>987,560</b>	<b>932,911</b>	<b>887,600</b>	<b>838,000</b>	<b>840,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	839,949	814,432	797,800	746,900	758,100
Operating Expenses	100,206	101,171	89,800	91,100	82,200
<b>TOTAL EXPENDITURES</b>	<b>940,155</b>	<b>915,603</b>	<b>887,600</b>	<b>838,000</b>	<b>840,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	473,800	478,700	420,300	388,000	390,300
Restricted Funds	466,355	436,903	467,300	450,000	450,000
<b>TOTAL EXPENDITURES</b>	<b>940,155</b>	<b>915,603</b>	<b>887,600</b>	<b>838,000</b>	<b>840,300</b>

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

**Energy and Environment**

**Natural Resources**

**Forestry**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,606,900	9,940,800	10,199,200	10,784,600	11,005,800
State Salary and Compensation Allocation	883,600				
Current Year Appropriation			354,100		
Mandated Allotments	3,040,642	4,672,725			
Other	371,600	401,200			
<b>Total General Fund</b>	<b>13,902,742</b>	<b>15,014,725</b>	<b>10,553,300</b>	<b>10,784,600</b>	<b>11,005,800</b>
<b>Restricted Funds</b>					
Balance Forward	450,378	425,463	286,300	168,200	333,200
Current Receipts	1,622,804	1,406,404	854,500	1,195,800	1,036,300
Non-Revenue Receipts	63,749	323,675	1,654,200	32,000	31,800
<b>Total Restricted Funds</b>	<b>2,136,931</b>	<b>2,155,542</b>	<b>2,795,000</b>	<b>1,396,000</b>	<b>1,401,300</b>
<b>Federal Funds</b>					
Balance Forward		-1			
Current Receipts	6,046,023	2,660,257	4,400,200	3,945,000	3,925,000
Non-Revenue Receipts	-534,597	-175,747	-1,035,900	-32,000	-31,800
<b>Total Federal Funds</b>	<b>5,511,427</b>	<b>2,484,509</b>	<b>3,364,300</b>	<b>3,913,000</b>	<b>3,893,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>21,551,099</b>	<b>19,654,776</b>	<b>16,712,600</b>	<b>16,093,600</b>	<b>16,300,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	12,937,166	14,719,160	10,177,200	10,184,500	10,375,700
Operating Expenses	3,158,518	3,328,701	2,503,000	2,906,400	2,963,400
Grants Loans Benefits	727,588	917,849	1,493,200	930,600	920,600
Capital Outlay	3,623,465	402,808	2,371,000	1,738,900	1,620,400
<b>TOTAL EXPENDITURES</b>	<b>20,446,736</b>	<b>19,368,518</b>	<b>16,544,400</b>	<b>15,760,400</b>	<b>15,880,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	13,223,842	15,014,725	10,553,300	10,784,600	11,005,800
Restricted Funds	1,711,468	1,869,283	2,626,800	1,062,800	981,100
Federal Funds	5,511,426	2,484,510	3,364,300	3,913,000	3,893,200
<b>TOTAL EXPENDITURES</b>	<b>20,446,736</b>	<b>19,368,518</b>	<b>16,544,400</b>	<b>15,760,400</b>	<b>15,880,100</b>

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

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

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

**Policy**

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

**Energy and Environment  
Natural Resources  
Technical and Administrative Support**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	29,801	109,422	32,100		
Current Receipts		2,588			
Non-Revenue Receipts	775,785	642,400	654,200	797,100	784,800
Fund Transfers	-24,100				
<b>Total Restricted Funds</b>	<b>781,485</b>	<b>754,410</b>	<b>686,300</b>	<b>797,100</b>	<b>784,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>781,485</b>	<b>754,410</b>	<b>686,300</b>	<b>797,100</b>	<b>784,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	507,938	564,264	508,600	623,900	611,600
Operating Expenses	110,126	100,730	117,700	113,200	113,200
Grants Loans Benefits	54,000	57,287	60,000	60,000	60,000
<b>TOTAL EXPENDITURES</b>	<b>672,064</b>	<b>722,281</b>	<b>686,300</b>	<b>797,100</b>	<b>784,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	672,064	722,281	686,300	797,100	784,800
<b>TOTAL EXPENDITURES</b>	<b>672,064</b>	<b>722,281</b>	<b>686,300</b>	<b>797,100</b>	<b>784,800</b>

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

**Energy and Environment  
Natural Resources  
Conservation**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,117,900	2,244,800	2,272,900	2,132,700	2,132,700
State Salary and Compensation Allocation	328,200				
Other		137,200			
<b>Total General Fund</b>	2,446,100	2,382,000	2,272,900	2,132,700	2,132,700
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	6,000,000	3,000,000	2,500,000	6,000,000	
Continuing Approp.-Tobacco Settlement	7,463,478	8,340,255	7,544,900		
Budget Reduction-General Fund Tobacco			-2,500,000		
<b>Total Tobacco Settlement - Phase I</b>	13,463,478	11,340,255	7,544,900	6,000,000	
<b>Restricted Funds</b>					
Balance Forward	1,957,678	2,523,484	2,667,500	2,237,000	1,725,600
Current Receipts	148,264	63,340	165,800	170,000	170,000
Non-Revenue Receipts	640,960	633,608	632,200	633,100	633,200
Fund Transfers	-600				
<b>Total Restricted Funds</b>	2,746,302	3,220,432	3,465,500	3,040,100	2,528,800
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	1,290,947	1,107,547	961,800	893,900	931,600
Non-Revenue Receipts	155,896	-142,656	-64,700	-2,600	-2,700
ARRA Receipts	2,280	7,760			
<b>Total Federal Funds</b>	1,449,123	972,651	897,100	891,300	928,900
<b>TOTAL SOURCE OF FUNDS</b>	20,105,002	17,915,338	14,180,400	12,064,100	5,590,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,478,521	1,506,690	1,349,800	1,167,400	1,193,900
Operating Expenses	181,581	179,684	192,100	200,700	200,700
Grants Loans Benefits	7,487,162	5,578,022	10,401,500	8,970,400	2,970,400
<b>TOTAL EXPENDITURES</b>	9,147,264	7,264,396	11,943,400	10,338,500	4,365,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,352,100	2,382,000	2,272,900	2,132,700	2,132,700
Tobacco Settlement - Phase I	5,123,223	3,356,736	7,544,900	6,000,000	
Restricted Funds	222,818	553,008	1,228,500	1,314,500	1,303,400
Federal Funds	1,449,123	972,651	897,100	891,300	928,900
<b>TOTAL EXPENDITURES</b>	9,147,264	7,264,396	11,943,400	10,338,500	4,365,000

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

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

**Policy**

The [Budget of the Commonwealth](#) provides Phase I Tobacco Settlement Funds of \$6,000,000 in fiscal year 2015 for the state share of the Environmental Stewardship Program.

**Energy and Environment**

**Natural Resources**

**Oil and Gas**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	744,700	1,156,000	1,178,200	1,522,900	1,563,200
State Salary and Compensation Allocation	505,400		120,800		
Current Year Appropriation			88,600		
Other		-40,000			
<b>Total General Fund</b>	<b>1,250,100</b>	<b>1,116,000</b>	<b>1,387,600</b>	<b>1,522,900</b>	<b>1,563,200</b>
<b>Restricted Funds</b>					
Balance Forward	40,959	110,202	33,300		
Current Receipts	713,040	544,526	544,500	569,500	569,500
Fund Transfers	-20,800				
<b>Total Restricted Funds</b>	<b>733,198</b>	<b>654,728</b>	<b>577,800</b>	<b>569,500</b>	<b>569,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,983,298</b>	<b>1,770,728</b>	<b>1,965,400</b>	<b>2,092,400</b>	<b>2,132,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,431,685	1,379,229	1,591,900	1,747,700	1,788,000
Operating Expenses	303,693	297,597	301,000	272,200	272,200
Grants Loans Benefits	67,819	60,583	72,500	72,500	72,500
<b>TOTAL EXPENDITURES</b>	<b>1,803,197</b>	<b>1,737,409</b>	<b>1,965,400</b>	<b>2,092,400</b>	<b>2,132,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,180,200	1,116,000	1,387,600	1,522,900	1,563,200
Restricted Funds	622,997	621,409	577,800	569,500	569,500
<b>TOTAL EXPENDITURES</b>	<b>1,803,197</b>	<b>1,737,409</b>	<b>1,965,400</b>	<b>2,092,400</b>	<b>2,132,700</b>

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

**Energy and Environment**

**Natural Resources**

**Mine Permits**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,163,100	1,212,700	1,307,500	1,643,900	1,702,400
State Salary and Compensation Allocation		70,000			
Current Year Appropriation			299,900		
Other		-31,300			
<b>Total General Fund</b>	<b>1,163,100</b>	<b>1,251,400</b>	<b>1,607,400</b>	<b>1,643,900</b>	<b>1,702,400</b>
<b>Restricted Funds</b>					
Balance Forward	517,571	221,871	41,300	11,900	
Current Receipts	2,537,713	1,842,005	1,782,400	1,799,900	1,811,800
Non-Revenue Receipts	88,879	399,081	-158,900	34,600	34,600
Fund Transfers	-97,300				
<b>Total Restricted Funds</b>	<b>3,046,863</b>	<b>2,462,957</b>	<b>1,664,800</b>	<b>1,846,400</b>	<b>1,846,400</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	4,086,705	3,937,922	3,175,500	3,764,600	3,825,400
Non-Revenue Receipts	-350,481	-182,542	-53,400	-176,500	-176,500
<b>Total Federal Funds</b>	<b>3,736,225</b>	<b>3,755,380</b>	<b>3,122,100</b>	<b>3,588,100</b>	<b>3,648,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,946,188</b>	<b>7,469,737</b>	<b>6,394,300</b>	<b>7,078,400</b>	<b>7,197,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,144,504	5,940,275	5,110,800	5,960,700	6,080,000
Operating Expenses	694,419	604,373	750,100	676,300	676,300
Grants Loans Benefits	661,493	883,754	521,500	441,400	441,400
<b>TOTAL EXPENDITURES</b>	<b>7,500,416</b>	<b>7,428,401</b>	<b>6,382,400</b>	<b>7,078,400</b>	<b>7,197,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	939,200	1,251,400	1,607,400	1,643,900	1,702,400
Restricted Funds	2,824,991	2,421,622	1,652,900	1,846,400	1,846,400
Federal Funds	3,736,225	3,755,380	3,122,100	3,588,100	3,648,900
<b>TOTAL EXPENDITURES</b>	<b>7,500,416</b>	<b>7,428,401</b>	<b>6,382,400</b>	<b>7,078,400</b>	<b>7,197,700</b>

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

**Energy and Environment  
Natural Resources**

**Mine Reclamation and Enforcement**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,874,800	6,170,300	6,291,100	6,531,400	6,650,300
State Salary and Compensation Allocation	321,500				
Other		-240,000	210,800		
<b>Total General Fund</b>	<b>6,196,300</b>	<b>5,930,300</b>	<b>6,501,900</b>	<b>6,531,400</b>	<b>6,650,300</b>
<b>Restricted Funds</b>					
Balance Forward	431,062	332,155	44,800	3,200	
Current Receipts	208,187	119,051	97,900	95,200	95,200
Non-Revenue Receipts	-171,832	26,026	54,600	53,300	53,300
<b>Total Restricted Funds</b>	<b>467,417</b>	<b>477,232</b>	<b>197,300</b>	<b>151,700</b>	<b>148,500</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	6,518,439	6,678,309	6,457,100	6,796,500	6,895,000
Non-Revenue Receipts	-527,772	-233,861	-79,600	-261,500	-261,100
<b>Total Federal Funds</b>	<b>5,990,667</b>	<b>6,444,449</b>	<b>6,377,500</b>	<b>6,535,000</b>	<b>6,633,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,654,384</b>	<b>12,851,981</b>	<b>13,076,700</b>	<b>13,218,100</b>	<b>13,432,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,661,971	10,322,876	10,295,500	10,173,700	10,413,900
Operating Expenses	2,262,831	2,043,179	2,506,900	2,476,600	2,468,800
Grants Loans Benefits	122,327	319,081	271,100	217,800	200,000
Capital Outlay		122,082		350,000	350,000
<b>TOTAL EXPENDITURES</b>	<b>12,047,128</b>	<b>12,807,218</b>	<b>13,073,500</b>	<b>13,218,100</b>	<b>13,432,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,921,200	5,930,300	6,501,900	6,531,400	6,650,300
Restricted Funds	135,262	432,470	194,100	151,700	148,500
Federal Funds	5,990,667	6,444,448	6,377,500	6,535,000	6,633,900
<b>TOTAL EXPENDITURES</b>	<b>12,047,128</b>	<b>12,807,218</b>	<b>13,073,500</b>	<b>13,218,100</b>	<b>13,432,700</b>

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	875,782	3,507,095	1,357,900	153,000	161,500
Current Receipts	96,491	64,177	12,400	12,400	12,400
Non-Revenue Receipts	7,117,989	2,885,748	7,447,800	8,746,500	8,749,400
Fund Transfers	-10,400				
<b>Total Restricted Funds</b>	<b>8,079,862</b>	<b>6,457,019</b>	<b>8,818,100</b>	<b>8,911,900</b>	<b>8,923,300</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	7,508,925	8,094,532	8,662,700	9,432,700	9,609,400
Non-Revenue Receipts	-532,498	-106,126	-326,800	-333,700	-333,700
<b>Total Federal Funds</b>	<b>6,976,427</b>	<b>7,988,406</b>	<b>8,335,900</b>	<b>9,099,000</b>	<b>9,275,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,056,289</b>	<b>14,445,425</b>	<b>17,154,000</b>	<b>18,010,900</b>	<b>18,199,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,371,275	10,325,206	10,328,300	11,174,900	11,363,100
Operating Expenses	814,305	908,004	937,600	940,700	940,700
Grants Loans Benefits	53,739	45,087	18,000	18,000	18,000
Capital Outlay	499,213	425,152	450,300	450,300	450,300
Construction	2,810,662	1,384,085	5,266,800	5,265,500	5,265,500
<b>TOTAL EXPENDITURES</b>	<b>11,549,194</b>	<b>13,087,534</b>	<b>17,001,000</b>	<b>17,849,400</b>	<b>18,037,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	4,572,768	5,099,126	8,665,100	8,750,400	8,761,900
Federal Funds	6,976,427	7,988,407	8,335,900	9,099,000	9,275,700
<b>TOTAL EXPENDITURES</b>	<b>11,549,194</b>	<b>13,087,534</b>	<b>17,001,000</b>	<b>17,849,400</b>	<b>18,037,600</b>

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

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

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	795,375	560,218	1,097,300	552,300	7,300
Non-Revenue Receipts		537,051			537,700
<b>Total Restricted Funds</b>	<b>795,375</b>	<b>1,097,269</b>	<b>1,097,300</b>	<b>552,300</b>	<b>545,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>795,375</b>	<b>1,097,269</b>	<b>1,097,300</b>	<b>552,300</b>	<b>545,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	235,157		545,000	545,000	545,000
Construction					
<b>TOTAL EXPENDITURES</b>	<b>235,157</b>		<b>545,000</b>	<b>545,000</b>	<b>545,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	235,157		545,000	545,000	545,000
<b>TOTAL EXPENDITURES</b>	<b>235,157</b>		<b>545,000</b>	<b>545,000</b>	<b>545,000</b>

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

**Energy and Environment  
Natural Resources  
Reclamation Guaranty Fund**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	18,087	712	10,500		
Current Receipts		1			
Non-Revenue Receipts	56,500	70,500	255,800	287,900	295,400
Fund Transfers	-2,700				
<b>Total Restricted Funds</b>	<b>71,887</b>	<b>71,213</b>	<b>266,300</b>	<b>287,900</b>	<b>295,400</b>
<b>Federal Funds</b>					
Current Receipts			303,200	333,500	341,100
Non-Revenue Receipts			-11,000	-11,000	-11,000
<b>Total Federal Funds</b>			<b>292,200</b>	<b>322,500</b>	<b>330,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>71,887</b>	<b>71,213</b>	<b>558,500</b>	<b>610,400</b>	<b>625,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	68,821	60,489	332,500	383,900	399,000
Operating Expenses	2,354	262	56,000	56,500	56,500
Grants Loans Benefits			170,000	170,000	170,000
<b>TOTAL EXPENDITURES</b>	<b>71,174</b>	<b>60,751</b>	<b>558,500</b>	<b>610,400</b>	<b>625,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	71,174	60,751	266,300	287,900	295,400
Federal Funds			292,200	322,500	330,100
<b>TOTAL EXPENDITURES</b>	<b>71,174</b>	<b>60,751</b>	<b>558,500</b>	<b>610,400</b>	<b>625,500</b>

The Office of Reclamation Guaranty Fund, pursuant to KRS 350.500-350.521, provides the additional money necessary to reclaim permitted mine areas. In the event a permit-specific reclamation bond is insufficient to complete reclamation on the permitted mine site, the Fund provides financial assistance to the cabinet for reclamation.

**Energy and Environment  
Natural Resources**

**Abandoned Mine Land Reclamation Projects**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	34,928,319	29,421,251	31,231,400	31,742,400	31,742,400
Non-Revenue Receipts	-8,240,000	-11,030	-2,989,000		
<b>Total Federal Funds</b>	<b>26,688,320</b>	<b>29,410,222</b>	<b>28,242,400</b>	<b>31,742,400</b>	<b>31,742,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>26,688,320</b>	<b>29,410,222</b>	<b>28,242,400</b>	<b>31,742,400</b>	<b>31,742,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	85,227	2,473			
Grants Loans Benefits	13,457,367	16,267,950	13,207,300	14,473,300	14,473,300
Construction	13,145,725	13,139,798	15,035,100	17,269,100	17,269,100
<b>TOTAL EXPENDITURES</b>	<b>26,688,319</b>	<b>29,410,221</b>	<b>28,242,400</b>	<b>31,742,400</b>	<b>31,742,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Funds	26,688,319	29,410,221	28,242,400	31,742,400	31,742,400
<b>TOTAL EXPENDITURES</b>	<b>26,688,319</b>	<b>29,410,221</b>	<b>28,242,400</b>	<b>31,742,400</b>	<b>31,742,400</b>

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	159,200	152,600	154,800	176,000	178,100
State Salary and Compensation Allocation	10,100	300	19,800		
Other	5,500	36,400			
<b>Total General Fund</b>	<b>174,800</b>	<b>189,300</b>	<b>174,600</b>	<b>176,000</b>	<b>178,100</b>
<b>Restricted Funds</b>					
Balance Forward	5,787	929	900		
<b>Total Restricted Funds</b>	<b>5,787</b>	<b>929</b>	<b>900</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>180,587</b>	<b>190,229</b>	<b>175,500</b>	<b>176,000</b>	<b>178,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	152,812	156,800	157,600	158,100	160,200
Operating Expenses	19,546	32,500	17,900	17,900	17,900
<b>TOTAL EXPENDITURES</b>	<b>172,358</b>	<b>189,300</b>	<b>175,500</b>	<b>176,000</b>	<b>178,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	167,500	189,300	174,600	176,000	178,100
Restricted Funds	4,858		900		
<b>TOTAL EXPENDITURES</b>	<b>172,358</b>	<b>189,300</b>	<b>175,500</b>	<b>176,000</b>	<b>178,100</b>

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

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,750,200	13,524,000	13,704,700	9,703,400	9,956,800
State Salary and Compensation Allocation	36,400				
Current Year Appropriation	952,000				
Other	-377,100	-263,500	-210,800		
<b>Total General Fund</b>	<b>14,361,500</b>	<b>13,260,500</b>	<b>13,493,900</b>	<b>9,703,400</b>	<b>9,956,800</b>
<b>Restricted Funds</b>					
Balance Forward	551,817	511,301	98,800		
Current Receipts	798,040	649,959	616,400	656,400	656,400
Non-Revenue Receipts	32,467	36,784			
Fund Transfers	-297,300				
<b>Total Restricted Funds</b>	<b>1,085,024</b>	<b>1,198,044</b>	<b>715,200</b>	<b>656,400</b>	<b>656,400</b>
<b>Federal Funds</b>					
Balance Forward	-1				
Current Receipts	1,166,500	126,861	222,400		
Non-Revenue Receipts	-551,370	215,149	-222,400		
<b>Total Federal Funds</b>	<b>615,128</b>	<b>342,010</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>16,061,652</b>	<b>14,800,554</b>	<b>14,209,100</b>	<b>10,359,800</b>	<b>10,613,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	11,870,007	12,666,952	12,133,700	8,361,400	8,614,800
Operating Expenses	1,893,289	1,859,411	1,883,100	1,806,100	1,806,100
Grants Loans Benefits	188,757	175,401	192,300	192,300	192,300
Capital Outlay	3,500				
<b>TOTAL EXPENDITURES</b>	<b>13,955,553</b>	<b>14,701,763</b>	<b>14,209,100</b>	<b>10,359,800</b>	<b>10,613,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	12,766,700	13,260,500	13,493,900	9,703,400	9,956,800
Restricted Funds	573,723	1,099,253	715,200	656,400	656,400
Federal Funds	615,130	342,010			
<b>TOTAL EXPENDITURES</b>	<b>13,955,553</b>	<b>14,701,763</b>	<b>14,209,100</b>	<b>10,359,800</b>	<b>10,613,200</b>
<b>EXPENDITURES BY UNIT</b>					
Mine Safety and Licensing-Administrative Support	1,005,600	943,200	896,900	818,300	832,600
Safety Inspection and Licensing	8,338,469	8,819,199	8,542,000	4,568,700	4,712,200
Safety Analysis, Training and Certification	4,611,484	4,939,364	4,770,200	4,972,800	5,068,400
<b>TOTAL EXPENDITURES</b>	<b>13,955,553</b>	<b>14,701,763</b>	<b>14,209,100</b>	<b>10,359,800</b>	<b>10,613,200</b>

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

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

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

The Office develops and maintains a database to track information about each mining operation. The database includes the number of miners employed by the mine, type of operations, type of worker's compensation insurance, and the number and type of mining law violations, closures, and abatements for each mine and mine operator. A second database provides information on

all individuals certified as surface mine foremen, surface mine safety analysts, underground mine foremen, underground mine instructors, underground mine inspectors, and electrical inspectors.

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

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

### **Policy**

The Budget of the Commonwealth includes \$3,219,800 of General Fund for fiscal year 2015 and fiscal year 2016 to provide state-sponsored mine rescue teams pursuant to KRS 351.191 as well as for staff including mine inspectors, mine safety analysts, and mine safety instructors to comply with the increased inspection and training requirements of KRS 351.140 and KRS 351.242. The originating source of this General Fund money is the Coal Severance Tax.

Notwithstanding KRS 351.140, the number of mandatory mine safety inspections to be carried out by the Office of Mine Safety and Licensing shall be equal to the number of mine safety inspections required annually by the Mine Safety and Health Administration.

**Energy and Environment**  
**Energy Development and Independence**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,448,000	1,324,400	1,347,800	1,344,000	1,356,600
State Salary and Compensation Allocation	57,500	1,800	3,600		
<b>Total General Fund</b>	<b>1,505,500</b>	<b>1,326,200</b>	<b>1,351,400</b>	<b>1,344,000</b>	<b>1,356,600</b>
<b>Restricted Funds</b>					
Balance Forward	3,301,568	3,335,704	4,825,900	1,865,200	1,168,100
Current Receipts	16,498	50,621	16,500	16,500	16,500
Non-Revenue Receipts	3,968,911	3,761,221	2,251,600	1,835,900	1,657,300
Fund Transfers	-39,900				
<b>Total Restricted Funds</b>	<b>7,247,076</b>	<b>7,147,546</b>	<b>7,094,000</b>	<b>3,717,600</b>	<b>2,841,900</b>
<b>Federal Funds</b>					
Balance Forward			11,300		
Current Receipts	546,472	1,361,731	913,400	803,400	743,700
Non-Revenue Receipts	-743,812	-418,078	-181,600	-181,400	-163,500
ARRA Receipts	18,699,149	1,286,159			
<b>Total Federal Funds</b>	<b>18,501,809</b>	<b>2,229,812</b>	<b>743,100</b>	<b>622,000</b>	<b>580,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>27,254,386</b>	<b>10,703,558</b>	<b>9,188,500</b>	<b>5,683,600</b>	<b>4,778,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,956,952	1,853,904	1,459,800	1,567,800	1,601,500
Operating Expenses	311,991	318,852	247,400	286,100	286,100
Grants Loans Benefits	15,491,839	3,693,542	5,616,100	2,661,600	1,896,600
<b>TOTAL EXPENDITURES</b>	<b>23,760,781</b>	<b>5,866,298</b>	<b>7,323,300</b>	<b>4,515,500</b>	<b>3,784,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,347,600	1,326,200	1,351,400	1,344,000	1,356,600
Restricted Funds	3,911,372	2,321,645	5,228,800	2,549,500	1,847,400
Federal Funds	18,501,809	2,218,453	743,100	622,000	580,200
<b>TOTAL EXPENDITURES</b>	<b>23,760,781</b>	<b>5,866,298</b>	<b>7,323,300</b>	<b>4,515,500</b>	<b>3,784,200</b>
<b>EXPENDITURES BY UNIT</b>					
Energy Development and Independence	23,760,781	5,866,298	7,323,300	4,515,500	3,784,200
<b>TOTAL EXPENDITURES</b>	<b>23,760,781</b>	<b>5,866,298</b>	<b>7,323,300</b>	<b>4,515,500</b>	<b>3,784,200</b>

The Department for Energy Development and Independence is comprised of the following divisions: Division of Efficiency and Conservation; Division of Renewable Energy; Division of Biofuels; Division of Energy Generation Transmission and Distribution; Division of Carbon Management; and Division of Fossil Energy Development.

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

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

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

**Policy**

The Budget of the Commonwealth includes Restricted Funds of \$1,584,500 in fiscal year 2015 and \$1,423,800 in fiscal year 2016 for research grants. These funds originate from the Local Government Economic Development Fund Multi-county Fund (coal severance tax).

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

**Energy and Environment  
Kentucky Nature Preserves Commission**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,030,900	979,700	1,000,900	1,061,700	1,086,400
State Salary and Compensation Allocation	51,200	2,000	4,000		
<b>Total General Fund</b>	<b>1,082,100</b>	<b>981,700</b>	<b>1,004,900</b>	<b>1,061,700</b>	<b>1,086,400</b>
<b>Restricted Funds</b>					
Balance Forward	358,230	210,582	295,600	138,800	79,500
Current Receipts	208,361	703,411	461,700	235,100	235,300
Non-Revenue Receipts	-1,931	-295,562	81,500	75,500	75,500
Fund Transfers	-10,700				
<b>Total Restricted Funds</b>	<b>553,960</b>	<b>618,431</b>	<b>838,800</b>	<b>449,400</b>	<b>390,300</b>
<b>Federal Funds</b>					
Balance Forward		4,957			
Current Receipts	66,583	923,083	52,100	56,500	57,700
Non-Revenue Receipts	-3,404	-1,583	-1,900	-1,500	-1,500
<b>Total Federal Funds</b>	<b>63,178</b>	<b>926,457</b>	<b>50,200</b>	<b>55,000</b>	<b>56,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,699,238</b>	<b>2,526,588</b>	<b>1,893,900</b>	<b>1,566,100</b>	<b>1,532,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,175,280	1,127,851	1,256,700	1,196,900	1,222,800
Operating Expenses	178,719	183,183	210,300	179,500	168,800
Grants Loans Benefits	54,100	904,632	226,500	110,200	108,400
Capital Outlay		15,326	61,600		
<b>TOTAL EXPENDITURES</b>	<b>1,408,099</b>	<b>2,230,992</b>	<b>1,755,100</b>	<b>1,486,600</b>	<b>1,500,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,006,500	981,700	1,004,900	1,061,700	1,086,400
Restricted Funds	343,378	322,835	700,000	369,900	357,400
Federal Funds	58,221	926,457	50,200	55,000	56,200
<b>TOTAL EXPENDITURES</b>	<b>1,408,099</b>	<b>2,230,992</b>	<b>1,755,100</b>	<b>1,486,600</b>	<b>1,500,000</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Nature Preserves Commission	1,408,099	2,230,992	1,755,100	1,486,600	1,500,000
<b>TOTAL EXPENDITURES</b>	<b>1,408,099</b>	<b>2,230,992</b>	<b>1,755,100</b>	<b>1,486,600</b>	<b>1,500,000</b>

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

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

**Energy and Environment  
Public Service Commission**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,000,000	15,000,000	15,000,000	17,000,000	17,000,000
State Salary and Compensation Allocation	460,100	13,800	27,600		
Continuing Approp.-General Fund	409,760	462,487	675,400		
<b>Total General Fund</b>	<b>13,869,860</b>	<b>15,476,287</b>	<b>15,703,000</b>	<b>17,000,000</b>	<b>17,000,000</b>
<b>Restricted Funds</b>					
Balance Forward	9,334	12,774	156,900	144,800	132,700
Current Receipts	58,440	167,217	11,000	11,000	11,000
Non-Revenue Receipts		194,022	200,000	200,000	200,000
<b>Total Restricted Funds</b>	<b>67,774</b>	<b>374,012</b>	<b>367,900</b>	<b>355,800</b>	<b>343,700</b>
<b>Federal Funds</b>					
Balance Forward	66,025	68,548	21,500		
Current Receipts	245,784	306,155	207,400	227,700	236,900
ARRA Receipts	369,333	102,839			
<b>Total Federal Funds</b>	<b>681,142</b>	<b>477,542</b>	<b>228,900</b>	<b>227,700</b>	<b>236,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>14,618,775</b>	<b>16,327,841</b>	<b>16,299,800</b>	<b>17,583,500</b>	<b>17,580,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,433,667	7,809,796	8,552,900	7,933,800	8,088,600
Operating Expenses	1,519,600	1,511,856	1,697,700	1,714,400	1,714,400
Debt Service	589,000	589,000	589,000	589,000	589,000
Capital Outlay		20,887			
<b>TOTAL EXPENDITURES</b>	<b>9,542,267</b>	<b>9,931,539</b>	<b>10,839,600</b>	<b>10,237,200</b>	<b>10,392,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,874,673	9,258,373	10,387,600	9,786,400	9,932,000
Restricted Funds	55,000	217,145	223,100	223,100	223,100
Federal Funds	612,594	456,021	228,900	227,700	236,900
<b>TOTAL EXPENDITURES</b>	<b>9,542,267</b>	<b>9,931,539</b>	<b>10,839,600</b>	<b>10,237,200</b>	<b>10,392,000</b>
<b>EXPENDITURES BY UNIT</b>					
Commission Operations	4,574,806	4,789,268	5,292,000	4,698,600	4,754,500
Financial Analysis	1,332,144	1,451,745	1,695,300	1,692,500	1,730,200
Engineering	1,351,139	1,283,122	1,277,300	1,310,400	1,334,600
Division of Filings	1,493,213	1,473,997	1,604,300	1,599,900	1,625,300
Consumer Services	341,679	396,763	407,000	408,700	416,900
Gas Pipeline Safety	449,286	536,645	563,700	527,100	530,500
<b>TOTAL EXPENDITURES</b>	<b>9,542,267</b>	<b>9,931,539</b>	<b>10,839,600</b>	<b>10,237,200</b>	<b>10,392,000</b>

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

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

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

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

**Policy**

The Budget of the Commonwealth includes \$7,213,600 in fiscal year 2015 and \$7,068,000 in fiscal year 2016 that shall lapse to the credit of the General Fund from the Public Service Commission.

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# Finance and Administration

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**Finance and Administration**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	415,360,300	575,958,700	595,188,600	591,338,800	594,545,900
State Salary and Compensation Allocation	6,258,400	200,200	400,400		
Mandated Allotments	600,000	4,602,000			
<b>Total General Fund</b>	<b>422,218,700</b>	<b>580,760,900</b>	<b>595,589,000</b>	<b>591,338,800</b>	<b>594,545,900</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	30,550,700	28,566,900	30,935,800	30,820,000	30,907,000
Continuing Approp.-Tobacco Settlement	142				
Budget Reduction-General Fund Tobacco	-464,770		-5,806,300		
Other			5,751,000		
<b>Total Tobacco Settlement - Phase I</b>	<b>30,086,072</b>	<b>28,566,900</b>	<b>30,880,500</b>	<b>30,820,000</b>	<b>30,907,000</b>
<b>Restricted Funds</b>					
Balance Forward	56,773,205	50,904,462	59,328,500	38,954,000	21,385,000
Current Receipts	152,030,648	176,204,649	173,253,700	223,265,100	225,862,400
Non-Revenue Receipts	889,570	5,391,279	4,895,200	2,202,000	2,240,400
Fund Transfers	-20,963,356	-6,750,000	-6,750,000	-6,000,000	-1,000,000
<b>Total Restricted Funds</b>	<b>188,730,067</b>	<b>225,750,391</b>	<b>230,727,400</b>	<b>258,421,100</b>	<b>248,487,800</b>
<b>Federal Funds</b>					
Balance Forward	1	1			
Current Receipts	2,766,252	5,894,402	6,324,700	5,168,000	5,168,000
Non-Revenue Receipts	-157,275				
ARRA Receipts	26,089,780	5,132,829			
<b>Total Federal Funds</b>	<b>28,698,758</b>	<b>11,027,232</b>	<b>6,324,700</b>	<b>5,168,000</b>	<b>5,168,000</b>
<b>Road Fund</b>					
Regular Appropriation	2,725,000	3,120,400	3,120,400	3,335,700	3,399,600
Current Year Appropriation	395,400				
<b>Total Road Fund</b>	<b>3,120,400</b>	<b>3,120,400</b>	<b>3,120,400</b>	<b>3,335,700</b>	<b>3,399,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>672,853,996</b>	<b>849,225,823</b>	<b>866,642,000</b>	<b>889,083,600</b>	<b>882,508,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	178,959,411	214,714,405	215,584,300	229,674,900	231,483,800
Operating Expenses	95,956,107	106,952,861	119,996,800	154,786,700	154,704,600
Grants Loans Benefits	29,222,829	11,451,679	7,030,200	5,923,500	5,873,500
Debt Service	217,450,414	421,433,892	434,784,100	443,171,600	444,950,500
Capital Outlay	6,340,285	8,918,906	14,925,100	19,669,400	19,717,500
Construction	117				
<b>TOTAL EXPENDITURES</b>	<b>527,929,164</b>	<b>763,471,742</b>	<b>792,320,500</b>	<b>853,226,100</b>	<b>856,729,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	340,338,467	556,629,227	562,515,000	579,045,800	582,252,900
Tobacco Settlement - Phase I	18,043,736	26,273,206	28,587,000	28,640,500	28,727,500
Restricted Funds	137,825,604	166,421,678	191,773,400	237,036,100	237,181,900
Federal Funds	28,698,757	11,027,231	6,324,700	5,168,000	5,168,000
Road Fund	3,022,600	3,120,400	3,120,400	3,335,700	3,399,600
<b>TOTAL EXPENDITURES</b>	<b>527,929,164</b>	<b>763,471,742</b>	<b>792,320,500</b>	<b>853,226,100</b>	<b>856,729,900</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration	59,617,218	42,341,412	41,645,200	46,695,200	49,037,100
Controller	13,399,218	13,607,995	16,054,700	14,769,100	15,066,400
Debt Service	215,792,402	421,189,017	434,695,100	441,537,100	441,105,000
Facilities and Support Services	38,400,966	41,437,692	45,339,700	47,703,500	48,528,100
County Costs	18,709,944	22,616,512	18,436,200	17,599,500	17,599,500
Commonwealth Office of Technology	60,271,350	85,063,847	95,980,100	139,019,000	139,495,500
Revenue	81,147,496	93,590,398	95,892,900	103,559,800	102,342,800

Property Valuation Administrators	40,590,570	43,624,870	44,276,600	42,342,900	43,555,500
<b>TOTAL EXPENDITURES</b>	527,929,164	763,471,742	792,320,500	853,226,100	856,729,900

The Finance and Administration Cabinet is responsible for managing the financial resources of the Commonwealth and providing central administrative services to agencies of state and local government. The mission of the Finance and Administration Cabinet is to provide its customers with assistance in the delivery of quality services, effective administration, and sound financial management. The Cabinet provides leadership, coordination, and support to other state agencies to ensure accountability and integrity in the use of public resources. The Finance and Administration Cabinet constantly strives to conduct government business more effectively. Moreover, among the highest priorities of the Cabinet is providing state government with the resources necessary to carry out its mission by equitable and efficient revenue collection.

The Cabinet's duties include construction of state facilities, property management including motor vehicles, tax administration and collection, management of the Commonwealth's information technology systems, expenditure control, and state purchasing.

**Finance and Administration**  
**General Administration**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,055,600	6,644,500	6,784,300	9,794,100	10,416,900
State Salary and Compensation Allocation	434,000	12,800	25,600		
<b>Total General Fund</b>	<b>7,489,600</b>	<b>6,657,300</b>	<b>6,809,900</b>	<b>9,794,100</b>	<b>10,416,900</b>
<b>Restricted Funds</b>					
Balance Forward	21,468,991	10,920,196	10,164,400	6,981,300	4,917,400
Current Receipts	27,459,295	27,992,623	29,418,500	31,237,300	33,901,500
Non-Revenue Receipts	393,200	500,000	500,000		
Fund Transfers	-13,158,200	-3,000,000	-3,000,000		-1,000,000
<b>Total Restricted Funds</b>	<b>36,163,287</b>	<b>36,412,820</b>	<b>37,082,900</b>	<b>38,218,600</b>	<b>37,818,900</b>
<b>Federal Funds</b>					
Balance Forward	1	1			
Current Receipts	2,760,752	5,506,242	4,333,700	3,177,000	3,177,000
ARRA Receipts	24,565,859	3,529,770			
<b>Total Federal Funds</b>	<b>27,326,612</b>	<b>9,036,012</b>	<b>4,333,700</b>	<b>3,177,000</b>	<b>3,177,000</b>
<b>Road Fund</b>					
Regular Appropriation	400,000	400,000	400,000	422,900	429,000
<b>Total Road Fund</b>	<b>400,000</b>	<b>400,000</b>	<b>400,000</b>	<b>422,900</b>	<b>429,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>71,379,498</b>	<b>52,506,132</b>	<b>48,626,500</b>	<b>51,612,600</b>	<b>51,841,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,268,876	9,832,552	11,029,900	13,858,800	12,825,100
Operating Expenses	20,743,902	19,393,546	19,614,500	19,793,300	19,859,300
Grants Loans Benefits	27,326,611	8,974,143	4,333,700	3,227,000	3,177,000
Debt Service				1,271,500	3,083,000
Capital Outlay	2,277,829	4,141,171	6,667,100	8,544,600	10,092,700
<b>TOTAL EXPENDITURES</b>	<b>59,617,218</b>	<b>42,341,412</b>	<b>41,645,200</b>	<b>46,695,200</b>	<b>49,037,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,654,916	6,657,020	6,809,900	9,794,100	10,416,900
Restricted Funds	25,243,090	26,248,380	30,101,600	33,301,200	35,014,200
Federal Funds	27,326,611	9,036,012	4,333,700	3,177,000	3,177,000
Road Fund	392,600	400,000	400,000	422,900	429,000
<b>TOTAL EXPENDITURES</b>	<b>59,617,218</b>	<b>42,341,412</b>	<b>41,645,200</b>	<b>46,695,200</b>	<b>49,037,100</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	1,514,136	1,596,549	2,192,400	5,632,400	5,963,000
Gubernatorial Transition					220,000
Office of General Counsel	1,888,711	1,980,200	2,086,100	2,209,400	2,241,900
Office of Administrative Services	2,768,195	2,918,678	3,008,900	3,436,200	3,526,200
Fleet Management	23,092,921	23,633,283	26,318,200	28,355,400	29,947,600
Postal Services	2,258,897	2,432,137	2,885,900	3,052,100	3,115,700
Policy and Audit	767,748	744,554	820,000	832,700	845,700
Weatherization	27,326,611	9,036,012	4,333,700	3,177,000	3,177,000
<b>TOTAL EXPENDITURES</b>	<b>59,617,218</b>	<b>42,341,412</b>	<b>41,645,200</b>	<b>46,695,200</b>	<b>49,037,100</b>

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

The Office of the Secretary, including the Office of Public Information, develops executive policy and directs the overall management of the Commonwealth's property and financial assets. Office staff coordinates fiscal and personnel administration for the Cabinet, reviews all internal reorganizations, prepares the Cabinet legislative package, and handles inquiries and issues that arise from the General Assembly, the news media, and the general public. The Secretary of Finance serves on numerous

boards and commissions including the Kentucky Economic Development Partnership Board, the Kentucky Economic Development Finance Authority, the Kentucky Infrastructure Authority, the Kentucky Higher Education Assistance Authority, and the Kentucky Housing Corporation.

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

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

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

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

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

## **Policy**

The Budget of the Commonwealth provides General Fund in the amount of \$1,271,500 in fiscal year 2015 and \$3,083,000 in fiscal year 2016 for debt service on new bonds included in the capital budget.

General Fund in the amount of \$220,000 is appropriated in support of Gubernatorial Transition in fiscal year 2016.

General Fund in the amount of \$50,000 is appropriated in support of the Kentucky State University Health Initiative Trust Fund in fiscal year 2015.

The Budget of the Commonwealth provides General Fund in the amount of \$1,500,000 in fiscal year 2015 for the Rupp Arena/Lexington Convention Center project. The funding requires a dollar-for-dollar local match.

**Finance and Administration  
Controller**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,869,900	6,077,800	6,143,800	5,914,100	5,984,000
State Salary and Compensation Allocation	234,200	5,700	11,400		
<b>Total General Fund</b>	<b>6,104,100</b>	<b>6,083,500</b>	<b>6,155,200</b>	<b>5,914,100</b>	<b>5,984,000</b>
<b>Restricted Funds</b>					
Balance Forward	4,441,573	5,250,387	3,930,800	2,680,500	1,920,600
Current Receipts	2,475,258	2,632,470	5,004,000	5,893,100	5,893,100
Non-Revenue Receipts	6,391,115	4,322,553	4,395,200	2,202,000	2,240,400
Fund Transfers	-491,000	-750,000	-750,000		
<b>Total Restricted Funds</b>	<b>12,816,946</b>	<b>11,455,410</b>	<b>12,580,000</b>	<b>10,775,600</b>	<b>10,054,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>18,921,046</b>	<b>17,538,910</b>	<b>18,735,200</b>	<b>16,689,700</b>	<b>16,038,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,080,084	7,453,582	8,026,900	8,292,700	8,410,400
Operating Expenses	6,316,584	6,131,538	8,027,800	6,476,400	6,656,000
Debt Service	2,550	22,875			
<b>TOTAL EXPENDITURES</b>	<b>13,399,218</b>	<b>13,607,995</b>	<b>16,054,700</b>	<b>14,769,100</b>	<b>15,066,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,832,659	6,083,370	6,155,200	5,914,100	5,984,000
Restricted Funds	7,566,559	7,524,625	9,899,500	8,855,000	9,082,400
<b>TOTAL EXPENDITURES</b>	<b>13,399,218</b>	<b>13,607,995</b>	<b>16,054,700</b>	<b>14,769,100</b>	<b>15,066,400</b>
<b>EXPENDITURES BY UNIT</b>					
Controller	2,311,763	2,423,100	2,520,200	2,229,300	2,260,200
Local Government Services	647,015	683,469	728,700	752,700	767,100
Financial Management	3,391,347	3,645,086	4,216,300	4,251,300	4,279,600
Procurement Services	1,361,471	1,500,300	1,531,400	1,632,900	1,661,300
Customer Resource Center	4,387,783	3,997,652	5,558,100	4,323,900	4,497,100
State Risk and Insurance Services	1,299,841	1,358,387	1,500,000	1,579,000	1,601,100
<b>TOTAL EXPENDITURES</b>	<b>13,399,218</b>	<b>13,607,995</b>	<b>16,054,700</b>	<b>14,769,100</b>	<b>15,066,400</b>

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

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

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

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

The Office of Material and Procurement Services is responsible for the central purchasing and materials management for state

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

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

The Division of State Risk Services manages the state property insurance program, the state building sprinkler system program and the state automobile insurance program in accordance with KRS Chapter 56.

**Finance and Administration  
Debt Service**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	271,087,500	419,292,900	439,425,200	425,439,600	424,920,500
<b>Total General Fund</b>	<b>271,087,500</b>	<b>419,292,900</b>	<b>439,425,200</b>	<b>425,439,600</b>	<b>424,920,500</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	30,275,700	28,320,300	30,692,700	30,570,000	30,657,000
Continuing Approp.-Tobacco Settlement	142				
Budget Reduction-General Fund Tobacco	-462,288		-5,806,300		
Other			5,751,000		
<b>Total Tobacco Settlement - Phase I</b>	<b>29,813,554</b>	<b>28,320,300</b>	<b>30,637,400</b>	<b>30,570,000</b>	<b>30,657,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>300,901,054</b>	<b>447,613,200</b>	<b>470,062,600</b>	<b>456,009,600</b>	<b>455,577,500</b>
<b>EXPENDITURES BY CLASS</b>					
Debt Service	215,792,402	421,189,017	434,695,100	441,537,100	441,105,000
<b>TOTAL EXPENDITURES</b>	<b>215,792,402</b>	<b>421,189,017</b>	<b>434,695,100</b>	<b>441,537,100</b>	<b>441,105,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	198,021,184	395,162,410	406,351,200	413,146,600	412,627,500
Tobacco Settlement - Phase I	17,771,218	26,026,607	28,343,900	28,390,500	28,477,500
<b>TOTAL EXPENDITURES</b>	<b>215,792,402</b>	<b>421,189,017</b>	<b>434,695,100</b>	<b>441,537,100</b>	<b>441,105,000</b>
<b>EXPENDITURES BY UNIT</b>					
Debt Service	215,792,402	421,189,017	434,695,100	441,537,100	441,105,000
<b>TOTAL EXPENDITURES</b>	<b>215,792,402</b>	<b>421,189,017</b>	<b>434,695,100</b>	<b>441,537,100</b>	<b>441,105,000</b>

Previously authorized State Property and Buildings Commission General Fund debt service for all agencies is consolidated in the Finance and Administration Cabinet. All new 2014-2016 General Fund debt service is reflected in budgets of the affected agencies.

**Policy**

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the General Fund. The amount of the General Fund lapse is \$12,293,000 in each fiscal year. The amount of Tobacco Fund lapse is \$2,179,500 in each fiscal year.

The Budget of the Commonwealth assumes a 5% tax-exempt and 6% taxable interest rate for newly authorized debt with a 20-year term.

**Finance and Administration  
Facilities and Support Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,246,900	5,351,700	5,231,300	5,618,900	6,129,300
State Salary and Compensation Allocation	346,000	11,200	22,400		
<b>Total General Fund</b>	<b>6,592,900</b>	<b>5,362,900</b>	<b>5,253,700</b>	<b>5,618,900</b>	<b>6,129,300</b>
<b>Restricted Funds</b>					
Balance Forward	8,959,897	12,979,464	15,619,500	12,658,500	7,654,000
Current Receipts	37,533,445	37,119,155	37,125,000	37,080,100	37,080,100
Non-Revenue Receipts	798,455	1,595,735			
Fund Transfers	-2,606,178				
<b>Total Restricted Funds</b>	<b>44,685,618</b>	<b>51,694,353</b>	<b>52,744,500</b>	<b>49,738,600</b>	<b>44,734,100</b>
<b>Federal Funds</b>					
Non-Revenue Receipts	-152,877				
ARRA Receipts	736,788				
<b>Total Federal Funds</b>	<b>583,911</b>				
<b>TOTAL SOURCE OF FUNDS</b>	<b>51,862,430</b>	<b>57,057,253</b>	<b>57,998,200</b>	<b>55,357,500</b>	<b>50,863,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	20,763,285	21,910,324	22,851,400	24,780,800	25,205,900
Operating Expenses	16,046,644	17,870,241	18,714,100	18,757,700	18,757,700
Grants Loans Benefits	3,360				
Debt Service	1,004,463	222,000	89,000	363,000	762,500
Capital Outlay	583,214	1,435,127	3,685,200	3,802,000	3,802,000
<b>TOTAL EXPENDITURES</b>	<b>38,400,966</b>	<b>41,437,692</b>	<b>45,339,700</b>	<b>47,703,500</b>	<b>48,528,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,110,900	5,362,900	5,253,700	5,618,900	6,129,300
Restricted Funds	31,706,155	36,074,792	40,086,000	42,084,600	42,398,800
Federal Funds	583,911				
<b>TOTAL EXPENDITURES</b>	<b>38,400,966</b>	<b>41,437,692</b>	<b>45,339,700</b>	<b>47,703,500</b>	<b>48,528,100</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office	462,945	501,146	551,800	859,700	1,267,300
Facility Development and Efficiency	4,897,700	4,954,434	5,391,200	6,916,400	7,002,900
Real Property	1,177,711	1,167,358	1,200,800	1,216,700	1,245,900
Historic Properties	348,513	2,118,608	439,300	455,200	461,600
Building and Mechanical Services	30,492,778	31,744,594	36,584,500	37,022,400	37,298,100
State Surplus Property	475,518	406,620	565,700	591,500	599,900
Federal Surplus Property	545,801	544,933	606,400	641,600	652,400
<b>TOTAL EXPENDITURES</b>	<b>38,400,966</b>	<b>41,437,692</b>	<b>45,339,700</b>	<b>47,703,500</b>	<b>48,528,100</b>

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

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

The Office of Facility Development and Efficiency includes the Division of Engineering and Contract Administration which provides professional and technical engineering and architectural services to state agencies, reviews capital construction design documents, acts as a liaison between the Department and state agencies on new construction and major maintenance projects, and monitors construction and maintenance contracts for compliance with plans and specifications. The Division is also responsible for administering the procurement process for construction projects of the Commonwealth of Kentucky, excluding roads and bridges, as prescribed by the Kentucky Model Procurement Code (KRS 45A) and the related administrative regulations. The Division prepares invitations to bid, opens and evaluates those bids, and awards contracts. The General Contracting Branch provides general construction procurement, administers the advertising and awarding of state general construction projects and related support

systems, provides procurement information to state agencies, and administers procurement programs for new building construction, renovation, and mechanical, electrical, and HVAC systems. The Specialized Contracting Branch administers the advertising and awarding of state specialized construction projects and related support systems; provides procurement information to state agencies; and administers programs such as reclamation under the Abandoned Mines Lands program, the procurement of state-owned telephone switching systems, asbestos abatement projects, and master agreements for maintenance of elevators, escalators, and similar services. The Administrative Services Branch and the Pre-Audit Branch provide support services to the Division and Department.

The Office of Facility Development and Efficiency also includes the Division of Facility Efficiency which is responsible for managing the Guaranteed Energy Saving Performance Contracting program and for implementing the Commonwealth Energy Management and Control System (CEMCS). The CEMCS project is an aggressive effort to use an enterprise software platform to reduce energy use in state buildings.

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

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

The Office of Building and Mechanical Services, which includes the Division of Building Services and the Division of Mechanical Services, as authorized by KRS 42.027, provides services for all Finance and Administration Cabinet-operated buildings and for the state agencies occupying those facilities. The Office is responsible for several buildings in Frankfort including the Capitol, New Capitol Annex, Old Capitol, Old Capitol Annex, Capital Plaza Complex, Human Resources Building, Executive Mansion, Old Governor's Mansion, New State Office Building, Library and Archives Building, Central Lab Facility, the Kentucky History Center and the Transportation Cabinet building. The Office also services buildings at the London Regional and Madisonville state office complexes, the Spindletop Research Complex in Fayette County, and offices in Ashland, Jackson, Louisville, Owensboro, and Richmond that were formerly owned and operated by Cabinet for Health and Family Services. Services provided include minor renovations; maintaining parking lots, sidewalks and ramps; janitorial and landscaping services; maintaining the heating, ventilating, and air conditioning systems; maintaining special equipment within the buildings as requested; roof repair; fire alarm and security systems; electrical systems; energy conservation; maintaining elevators and escalators; maintaining emergency power systems; and after-hours emergency services.

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

## **Policy**

The Budget of the Commonwealth provides General Fund in the amount of \$274,000 in fiscal year 2015 and \$673,500 in fiscal year 2016 for debt service on new bonds included in the capital budget.

**Finance and Administration  
County Costs**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,739,800	16,733,700	16,733,700	15,897,000	15,897,000
Mandated Allotments	600,000	4,602,000			
<b>Total General Fund</b>	<b>17,339,800</b>	<b>21,335,700</b>	<b>16,733,700</b>	<b>15,897,000</b>	<b>15,897,000</b>
<b>Restricted Funds</b>					
Balance Forward	7,103	16,486	88,300		
Current Receipts	1,380,022	1,352,847	1,614,200	1,702,500	1,702,500
<b>Total Restricted Funds</b>	<b>1,387,125</b>	<b>1,369,333</b>	<b>1,702,500</b>	<b>1,702,500</b>	<b>1,702,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>18,726,925</b>	<b>22,705,033</b>	<b>18,436,200</b>	<b>17,599,500</b>	<b>17,599,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,334,471	3,967,941	1,892,300	1,892,300	1,892,300
Operating Expenses	15,511,804	17,797,679	15,348,400	14,511,700	14,511,700
Grants Loans Benefits	863,670	850,892	1,195,500	1,195,500	1,195,500
<b>TOTAL EXPENDITURES</b>	<b>18,709,944</b>	<b>22,616,512</b>	<b>18,436,200</b>	<b>17,599,500</b>	<b>17,599,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	17,339,305	21,335,499	16,733,700	15,897,000	15,897,000
Restricted Funds	1,370,639	1,281,013	1,702,500	1,702,500	1,702,500
<b>TOTAL EXPENDITURES</b>	<b>18,709,944</b>	<b>22,616,512</b>	<b>18,436,200</b>	<b>17,599,500</b>	<b>17,599,500</b>
<b>EXPENDITURES BY UNIT</b>					
Public Defender Program	2,310,592	3,934,286	1,858,200	1,858,200	1,858,200
Witnesses	89,000	80,043	82,500	82,500	82,500
DUI Service Fees	863,670	850,892	1,195,500	1,195,500	1,195,500
Sheriffs Fees'	10,699,791	12,952,397	10,468,400	9,631,700	9,631,700
County Clerks (Make Tax Bills)	272,112	251,796	275,000	275,000	275,000
Board Of Assessment Appeals	37,850	32,050	40,000	40,000	40,000
Fugitive From Justice	1,061,370	1,169,500	1,139,000	1,139,000	1,139,000
Jury Fund	2,943,072	2,870,353	2,900,000	2,900,000	2,900,000
Sheriffs Expense Allowance	421,965	465,955	466,600	466,600	466,600
Premium On Sheriffs' Bonds	10,523	9,240	11,000	11,000	11,000
<b>TOTAL EXPENDITURES</b>	<b>18,709,944</b>	<b>22,616,512</b>	<b>18,436,200</b>	<b>17,599,500</b>	<b>17,599,500</b>

The County Costs program provides payment to local officials for the performance of functions required by state statutes. Payments under the County Costs program are statutorily mandated and are regarded as a necessary governmental expense.

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

In accordance with KRS 421.015 and 421.250, circuit and district court clerks provide witnesses compensation with reimbursement being provided by the State Treasury upon claim accompanied by documentation.

The service fee imposed by KRS 189.050 for persons convicted of driving under the influence of alcohol or other substances shall be disbursed among various state and local agencies to fund such programs as enforcement, indigent defense, and the traumatic brain injury trust fund.

Pursuant to KRS 64.092, the sheriff or other law enforcement officer providing security in a Circuit or District Court shall be compensated at the rate of \$8 per hour of service.

Pursuant to KRS 133.240, county clerks are paid \$0.30 per tax bill for preparing property tax bills and \$1.00 for omitted assessments. The Finance and Administration Cabinet is responsible for remitting half of the allowed amount to the county clerk.

Pursuant to KRS 133.030, each member of a county board of assessment appeals is compensated \$100 per day for their services

in hearing tax appeals and reviewing tax assessments. The Finance and Administration Cabinet refunds county fiscal courts for half of the board members' compensation.

As authorized by the County Judge Executive or the Governor, and pursuant to KRS 440.090 and 440.380, duly appointed officers are reimbursed by the Finance and Administration Cabinet for mileage and expenses incurred while traveling out of state and returning a fugitive from justice to Kentucky.

KRS 29A.170 and KRS 30A.110 require that all jurors in circuit and district court be paid a daily compensation of \$12.50 per day plus expenses. The Finance and Administration Cabinet administers this compensation and reimbursement program in cooperation with each county circuit court clerk office. Under KRS 29A.180, sequestered jurors are provided meals, housing, transportation, and security which are funded by the Finance and Administration Cabinet.

Pursuant to KRS 70.170, the Finance and Administration Cabinet administers the sheriffs' expense allowance program by issuing monthly checks to each of the 120 county sheriffs. The payments of \$300 per month are for expenses incurred in the performance of his or her official duties.

KRS 62.140 and KRS 62.155 requires the Commonwealth to reimburse each county sheriff for the cost of bond premiums required by law in the performance of his or her official duties.

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

### **Policy**

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

The Budget of the Commonwealth includes a wage of \$9 per hour for court security officers.

**Finance and Administration  
Commonwealth Office of Technology**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	17,155,282	15,093,655	16,677,700	3,110,300	2,859,300
Current Receipts	67,825,890	88,683,708	83,421,700	136,777,000	136,710,100
Non-Revenue Receipts	-6,693,200	-1,027,009			
Fund Transfers	-3,710,100	-3,000,000	-3,000,000		
<b>Total Restricted Funds</b>	<b>74,577,872</b>	<b>99,750,355</b>	<b>97,099,400</b>	<b>139,887,300</b>	<b>139,569,400</b>
<b>Federal Funds</b>					
Current Receipts		388,160	1,991,000	1,991,000	1,991,000
ARRA Receipts	787,133	1,603,060			
<b>Total Federal Funds</b>	<b>787,133</b>	<b>1,991,219</b>	<b>1,991,000</b>	<b>1,991,000</b>	<b>1,991,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>75,365,005</b>	<b>101,741,575</b>	<b>99,090,400</b>	<b>141,878,300</b>	<b>141,560,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	45,160,310	65,974,548	65,128,600	68,758,100	69,562,900
Operating Expenses	10,610,909	14,158,206	24,777,700	64,187,100	63,858,800
Grants Loans Benefits	1,020,888	1,626,644	1,501,000	1,501,000	1,501,000
Capital Outlay	3,479,243	3,304,448	4,572,800	4,572,800	4,572,800
<b>TOTAL EXPENDITURES</b>	<b>60,271,350</b>	<b>85,063,847</b>	<b>95,980,100</b>	<b>139,019,000</b>	<b>139,495,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	59,484,217	83,072,628	93,989,100	137,028,000	137,504,500
Federal Funds	787,133	1,991,219	1,991,000	1,991,000	1,991,000
<b>TOTAL EXPENDITURES</b>	<b>60,271,350</b>	<b>85,063,847</b>	<b>95,980,100</b>	<b>139,019,000</b>	<b>139,495,500</b>
<b>EXPENDITURES BY UNIT</b>					
Commonwealth Office of Technology	3,883,441	6,792,152	5,348,300	5,676,700	5,635,500
Chief Information Security Officer	1,008,418	1,469,807	3,049,700	3,248,700	3,296,400
Application Development	11,358,000	17,664,669	17,002,800	17,485,200	17,598,800
Infrastructure Services	42,766,387	57,300,296	62,529,100	104,083,000	104,302,300
Office of Enterprise Technology	1,255,104	1,836,922	3,572,600	3,688,700	3,732,800
IT Service Management			4,477,600	4,836,700	4,929,700
<b>TOTAL EXPENDITURES</b>	<b>60,271,350</b>	<b>85,063,847</b>	<b>95,980,100</b>	<b>139,019,000</b>	<b>139,495,500</b>

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

COT consists of six units: Commissioner, Chief Information Security Officer, Application Development, Infrastructure Services, Enterprise Technology, and IT Service Management.

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

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

The Office of Infrastructure Services operates the Commonwealth's enterprise computing and communications environment. This Office includes the daily operation of the Commonwealth Data Center and the Alternate Data Center, operation and maintenance of the Kentucky Information Highway, and all communication services, including data, voice, video, and wireless. Other responsibilities include providing help desk assistance to end-users and ensuring the security of client information in the areas of electronic commerce and network computing.

The Office of Enterprise Technology is responsible for the statewide strategic information technology (IT) plan. Staff in this office

assist state agencies in developing their own IT plans that conform with the policies and architecture standards determined by COT. Other responsibilities include enterprise capacity planning, testing, research, and development.

The Office of IT Service Management is responsible for the IT Infrastructure Library (ITIL) framework and support functions of COT. The office will oversee the transition of agency IT infrastructure to COT as part of the IT infrastructure consolidation initiative.

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

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

### **Policy**

Executive Order 2012-880, which was ratified by the 2014 General Assembly in HB 296, directed that operational control and management of all information technology infrastructure services for the Executive Branch be consolidated under COT. Infrastructure services include computing equipment, server, storage, network, desktop support, telephony, IT facilities and enterprise-level shared systems, IT security, disaster recovery and business continuity, database administration, software licensing, and related planning, administration, asset management, and procurement. The consolidation of IT infrastructure services required the transfer of 218 IT infrastructure employees from various state agencies to COT. The Executive Order also created the position of Chief Information Officer (CIO) as the head of COT and made the CIO a member of the Governor's Executive Cabinet.

**Finance and Administration  
Revenue**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	73,737,800	85,318,900	83,505,600	86,332,200	87,642,700
State Salary and Compensation Allocation	2,902,700	84,900	169,800		
<b>Total General Fund</b>	<b>76,640,500</b>	<b>85,403,800</b>	<b>83,675,400</b>	<b>86,332,200</b>	<b>87,642,700</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	275,000	246,600	243,100	250,000	250,000
Budget Reduction-General Fund Tobacco	-2,482				
<b>Total Tobacco Settlement - Phase I</b>	<b>272,518</b>	<b>246,600</b>	<b>243,100</b>	<b>250,000</b>	<b>250,000</b>
<b>Restricted Funds</b>					
Balance Forward	4,470,348	6,440,801	12,835,500	13,523,400	4,033,700
Current Receipts	9,570,005	11,614,910	9,941,900	10,575,100	10,575,100
Non-Revenue Receipts					
Fund Transfers	-997,878			-6,000,000	
<b>Total Restricted Funds</b>	<b>13,042,475</b>	<b>18,055,711</b>	<b>22,777,400</b>	<b>18,098,500</b>	<b>14,608,800</b>
<b>Federal Funds</b>					
Current Receipts	5,500				
Non-Revenue Receipts	-4,398				
<b>Total Federal Funds</b>	<b>1,102</b>				
<b>Road Fund</b>					
Regular Appropriation	2,325,000	2,720,400	2,720,400	2,912,800	2,970,600
Current Year Appropriation	395,400				
<b>Total Road Fund</b>	<b>2,720,400</b>	<b>2,720,400</b>	<b>2,720,400</b>	<b>2,912,800</b>	<b>2,970,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>92,676,995</b>	<b>106,426,511</b>	<b>109,416,300</b>	<b>107,593,500</b>	<b>105,472,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	54,240,323	62,425,699	62,807,000	70,186,600	70,469,400
Operating Expenses	26,247,756	31,126,539	33,085,900	30,623,200	30,623,400
Grants Loans Benefits	8,300				
Debt Service	651,000				
Capital Outlay		38,160		2,750,000	1,250,000
Construction	117				
<b>TOTAL EXPENDITURES</b>	<b>81,147,496</b>	<b>93,590,398</b>	<b>95,892,900</b>	<b>103,559,800</b>	<b>102,342,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	71,642,203	85,403,229	83,675,400	86,332,200	87,642,700
Tobacco Settlement - Phase I	272,518	246,599	243,100	250,000	250,000
Restricted Funds	6,601,673	5,220,170	9,254,000	14,064,800	11,479,500
Federal Funds	1,102				
Road Fund	2,630,000	2,720,400	2,720,400	2,912,800	2,970,600
<b>TOTAL EXPENDITURES</b>	<b>81,147,496</b>	<b>93,590,398</b>	<b>95,892,900</b>	<b>103,559,800</b>	<b>102,342,800</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office	28,397,700	32,795,306	30,839,400	31,354,500	31,390,500
Property Valuation	5,373,673	5,911,443	6,235,400	7,997,600	8,124,900
Field Operations	12,421,215	13,073,923	13,254,000	14,315,800	14,622,300
Income Taxation	7,110,539	7,827,868	8,301,800	8,986,600	9,190,300
Sales and Excise Taxes	6,162,182	6,454,195	7,115,700	10,704,800	8,157,700
Processing and Enforcement	21,682,187	27,527,663	30,146,600	30,200,500	30,857,100
<b>TOTAL EXPENDITURES</b>	<b>81,147,496</b>	<b>93,590,398</b>	<b>95,892,900</b>	<b>103,559,800</b>	<b>102,342,800</b>

The Department of Revenue is responsible for the accurate and equitable administration of all state revenue laws, and for the assessment and collection of over 40 separate state taxes. The Department aims to ensure the taxpayer's voluntary compliance with the revenue laws, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in assessing property for taxation.

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

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

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

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

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

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

### **Policy**

The Budget of the Commonwealth includes General Fund in the amount of \$2,000,000 in each fiscal year to participate in an enterprise fraud initiative with other state agencies. It is anticipated that this initiative will increase General Fund revenues by \$6,000,000 over the biennium.

**Finance and Administration  
Property Valuation Administrators**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	34,622,800	36,539,200	37,364,700	42,342,900	43,555,500
State Salary and Compensation Allocation	2,341,500	85,600	171,200		
<b>Total General Fund</b>	<b>36,964,300</b>	<b>36,624,800</b>	<b>37,535,900</b>	<b>42,342,900</b>	<b>43,555,500</b>
<b>Restricted Funds</b>					
Balance Forward	270,010	203,473	12,300		
Current Receipts	5,786,733	6,808,936	6,728,400		
<b>Total Restricted Funds</b>	<b>6,056,743</b>	<b>7,012,409</b>	<b>6,740,700</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>43,021,043</b>	<b>43,637,209</b>	<b>44,276,600</b>	<b>42,342,900</b>	<b>43,555,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	40,112,062	43,149,758	43,848,200	41,905,600	43,117,800
Operating Expenses	478,509	475,112	428,400	437,300	437,700
<b>TOTAL EXPENDITURES</b>	<b>40,590,570</b>	<b>43,624,870</b>	<b>44,276,600</b>	<b>42,342,900</b>	<b>43,555,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	34,737,300	36,624,800	37,535,900	42,342,900	43,555,500
Restricted Funds	5,853,270	7,000,070	6,740,700		
<b>TOTAL EXPENDITURES</b>	<b>40,590,570</b>	<b>43,624,870</b>	<b>44,276,600</b>	<b>42,342,900</b>	<b>43,555,500</b>
<b>EXPENDITURES BY UNIT</b>					
Property Valuation Administrators	40,590,570	43,624,870	44,276,600	42,342,900	43,555,500
<b>TOTAL EXPENDITURES</b>	<b>40,590,570</b>	<b>43,624,870</b>	<b>44,276,600</b>	<b>42,342,900</b>	<b>43,555,500</b>

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

**Policy**

The Budget of the Commonwealth provides an additional \$916,900 in fiscal year 2015 and \$915,800 in fiscal year 2016 to support operations of the Property Valuation Administrators.

# Health and Family Services

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**Health and Family Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,110,375,300	1,997,288,400	2,184,786,300	2,310,593,300	2,382,166,800
State Salary and Compensation Allocation	7,255,800	323,800	647,600		
Special Appropriation	-97,295,800				
Continuing Approp.-General Fund	16,350,700				
<b>Total General Fund</b>	<b>2,036,686,000</b>	<b>1,997,612,200</b>	<b>2,185,433,900</b>	<b>2,310,593,300</b>	<b>2,382,166,800</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	41,511,500	37,203,800	36,777,900	23,672,700	22,990,200
Continuing Approp.-Tobacco Settlement	1,516,960	3,795,691	3,698,000		
Budget Reduction-General Fund Tobacco	-402,185		-19,355,200		
Other		2,118,026			
<b>Total Tobacco Settlement - Phase I</b>	<b>42,626,275</b>	<b>43,117,516</b>	<b>21,120,700</b>	<b>23,672,700</b>	<b>22,990,200</b>
<b>Restricted Funds</b>					
Balance Forward	73,344,102	62,605,113	49,599,900	31,440,900	20,382,900
Current Receipts	560,634,471	579,051,495	521,976,700	520,596,700	527,400,000
Non-Revenue Receipts	320,289,262	375,787,662	463,723,900	514,551,900	493,035,200
Fund Transfers	-6,551,600				
<b>Total Restricted Funds</b>	<b>947,716,235</b>	<b>1,017,444,271</b>	<b>1,035,300,500</b>	<b>1,066,589,500</b>	<b>1,040,818,100</b>
<b>Federal Funds</b>					
Balance Forward	79,018,730	44,606,583	153,594,800		
Current Receipts	5,115,393,851	5,042,082,196	5,990,554,200	6,903,557,200	7,179,243,100
Non-Revenue Receipts	1,877,149	1,154,160			
ARRA Receipts	49,997,543	53,341,787	3,000,000		
<b>Total Federal Funds</b>	<b>5,246,287,271</b>	<b>5,141,184,726</b>	<b>6,147,149,000</b>	<b>6,903,557,200</b>	<b>7,179,243,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>8,273,315,781</b>	<b>8,199,358,712</b>	<b>9,389,004,100</b>	<b>10,304,412,700</b>	<b>10,625,218,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	649,886,743	676,583,484	678,618,600	737,909,900	737,389,800
Operating Expenses	110,721,070	122,011,598	126,249,100	116,837,800	122,863,000
Grants Loans Benefits	7,385,089,496	7,186,391,249	8,535,459,000	9,415,984,400	9,739,175,900
Debt Service	2,642,500	482,500		11,246,300	11,667,500
Capital Outlay	1,560,547	1,172,771	986,500	986,400	836,400
Construction	67,538	5,824,454	750,000	1,065,000	1,065,000
<b>TOTAL EXPENDITURES</b>	<b>8,149,967,894</b>	<b>7,992,466,056</b>	<b>9,342,063,200</b>	<b>10,284,029,800</b>	<b>10,612,997,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,024,345,500	1,997,612,200	2,169,933,900	2,310,593,300	2,382,166,800
Tobacco Settlement - Phase I	38,830,584	39,419,523	21,120,700	23,672,700	22,990,200
Restricted Funds	885,111,122	967,844,438	1,003,859,600	1,046,206,600	1,028,597,500
Federal Funds	5,201,680,689	4,987,589,895	6,147,149,000	6,903,557,200	7,179,243,100
<b>TOTAL EXPENDITURES</b>	<b>8,149,967,894</b>	<b>7,992,466,056</b>	<b>9,342,063,200</b>	<b>10,284,029,800</b>	<b>10,612,997,600</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Program Support	82,689,267	88,693,660	87,941,900	92,889,100	88,738,500
Comm for Children with Special Health Care Needs	15,212,106	15,859,999	16,313,700	16,938,400	17,124,100
Medicaid Services	6,069,433,944	5,910,899,080	7,203,086,400	8,067,173,300	8,390,815,800
Behavioral Health, Developmental & Intellectual Disabilities	442,388,777	432,855,237	462,258,600	469,605,800	460,324,400
Public Health	351,986,442	342,735,699	378,927,800	379,819,400	368,148,500
Health Policy	6,038,934	3,294,201	1,216,000	1,257,800	1,273,700
Family Resource Centers and Volunteer Services	4,974,332	4,459,143	3,603,600	4,576,800	4,548,400
Income Support	97,083,715	94,797,449	110,225,400	102,623,500	104,465,400

Community Based Services	992,861,788	1,000,918,972	962,004,700	1,042,806,800	1,078,099,800
Aging and Independent Living	65,939,882	69,077,520	71,849,500	72,401,500	72,570,700
Health Benefit Exchange	21,358,709	28,875,097	44,635,600	33,937,400	26,888,300
<b>TOTAL EXPENDITURES</b>	<b>8,149,967,894</b>	<b>7,992,466,056</b>	<b>9,342,063,200</b>	<b>10,284,029,800</b>	<b>10,612,997,600</b>

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	34,549,700	31,625,800	31,607,100	28,450,600	29,028,600
State Salary and Compensation Allocation	1,039,800	40,200	80,400		
<b>Total General Fund</b>	<b>35,589,500</b>	<b>31,666,000</b>	<b>31,687,500</b>	<b>28,450,600</b>	<b>29,028,600</b>
<b>Restricted Funds</b>					
Balance Forward	1,328,740	4,824,142	2,099,900	6,086,700	3,064,600
Current Receipts	6,749,985	5,304,747	6,043,800	4,551,700	7,543,800
Non-Revenue Receipts	5,933,705	6,689,171	12,276,000	6,291,800	6,291,800
Fund Transfers	-386,900				
<b>Total Restricted Funds</b>	<b>13,625,530</b>	<b>16,818,061</b>	<b>20,419,700</b>	<b>16,930,200</b>	<b>16,900,200</b>
<b>Federal Funds</b>					
Balance Forward	4,355,386	5,599,859	2,936,800		
Current Receipts	39,035,936	36,774,081	35,984,600	50,572,900	42,809,700
Non-Revenue Receipts	-14,222	84,128			
ARRA Receipts	2,600,038	2,788,178	3,000,000		
<b>Total Federal Funds</b>	<b>45,977,139</b>	<b>45,246,246</b>	<b>41,921,400</b>	<b>50,572,900</b>	<b>42,809,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>95,192,168</b>	<b>93,730,307</b>	<b>94,028,600</b>	<b>95,953,700</b>	<b>88,738,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	53,509,612	57,278,967	56,499,000	66,190,600	58,770,000
Operating Expenses	28,212,015	30,398,967	30,489,100	25,264,900	28,474,900
Grants Loans Benefits		660			
Debt Service	406,500	109,500		105,000	315,000
Capital Outlay	493,603	173,466	203,800	263,600	113,600
Construction	67,538	732,099	750,000	1,065,000	1,065,000
<b>TOTAL EXPENDITURES</b>	<b>82,689,267</b>	<b>88,693,660</b>	<b>87,941,900</b>	<b>92,889,100</b>	<b>88,738,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	33,510,600	31,666,000	31,687,500	28,450,600	29,028,600
Restricted Funds	8,801,388	14,718,214	14,333,000	13,865,600	16,900,200
Federal Funds	40,377,279	42,309,445	41,921,400	50,572,900	42,809,700
<b>TOTAL EXPENDITURES</b>	<b>82,689,267</b>	<b>88,693,660</b>	<b>87,941,900</b>	<b>92,889,100</b>	<b>88,738,500</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Support	63,926,847	68,371,889	67,504,400	70,862,300	63,202,800
Inspector General	18,762,421	20,321,771	20,437,500	22,026,800	25,535,700
<b>TOTAL EXPENDITURES</b>	<b>82,689,267</b>	<b>88,693,660</b>	<b>87,941,900</b>	<b>92,889,100</b>	<b>88,738,500</b>

General Administration and Program Support consists of Administrative Support and the Office of the Inspector General.

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

The Inspector General (OIG) provides support to other programs in the Cabinet for Health and Family Services as well as its programmatic functions of health care facility licensure and child care facility regulation. The OIG has three major functions; 1) Audits and Investigations, 2) Child Care Licensing and Regulation, and 3) Health Care Licensing.

**Policy**

The Budget of the Commonwealth includes General Fund in the amount of \$105,000 in fiscal year 2015 and \$315,000 in fiscal year 2016 to support \$5,000,000 in bonds for the cabinets 2014-2016 Maintenance Pool project.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	29,142,100	27,224,800	27,507,400	23,774,100	24,213,000
State Salary and Compensation Allocation	647,400	29,900	60,300		
Other		450,000			
<b>Total General Fund</b>	<b>29,789,500</b>	<b>27,704,700</b>	<b>27,567,700</b>	<b>23,774,100</b>	<b>24,213,000</b>
<b>Restricted Funds</b>					
Balance Forward	656,277	1,087,467	768,400		
Current Receipts	2,901,124	4,627,713	4,088,800	3,038,800	3,038,800
Non-Revenue Receipts	5,958,705	6,714,171	6,316,800	6,316,800	6,316,800
Fund Transfers	-274,700				
<b>Total Restricted Funds</b>	<b>9,241,407</b>	<b>12,429,351</b>	<b>11,174,000</b>	<b>9,355,600</b>	<b>9,355,600</b>
<b>Federal Funds</b>					
Balance Forward	3,132,324	4,570,467	1,544,500		
Current Receipts	26,564,193	23,164,607	24,218,200	37,732,600	29,634,200
Non-Revenue Receipts	-6,268	84,128			
ARRA Receipts	2,523,824	2,731,511	3,000,000		
<b>Total Federal Funds</b>	<b>32,214,074</b>	<b>30,550,713</b>	<b>28,762,700</b>	<b>37,732,600</b>	<b>29,634,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>71,244,980</b>	<b>70,684,764</b>	<b>67,504,400</b>	<b>70,862,300</b>	<b>63,202,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	37,007,369	40,019,789	39,176,700	46,124,300	38,359,500
Operating Expenses	25,962,451	28,137,514	28,227,700	24,383,000	24,428,300
Grants Loans Benefits		660			
Debt Service	406,500	109,500		105,000	315,000
Capital Outlay	482,989	104,426	100,000	250,000	100,000
Construction	67,538				
<b>TOTAL EXPENDITURES</b>	<b>63,926,847</b>	<b>68,371,889</b>	<b>67,504,400</b>	<b>70,862,300</b>	<b>63,202,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	28,129,300	27,704,700	27,567,700	23,774,100	24,213,000
Restricted Funds	8,153,940	11,660,986	11,174,000	9,355,600	9,355,600
Federal Funds	27,643,606	29,006,203	28,762,700	37,732,600	29,634,200
<b>TOTAL EXPENDITURES</b>	<b>63,926,847</b>	<b>68,371,889</b>	<b>67,504,400</b>	<b>70,862,300</b>	<b>63,202,800</b>

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

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

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

Communications and Administrative Review is responsible for providing qualified administrative law judges/hearing officials to conduct administrative hearings related to Cabinet matters, overseeing and monitoring legislative activities, and representing the Cabinet in matters of public information, including media inquiries, open records requests, press releases, public relations, and internal communications.

Human Resource Management serves all Cabinet employees and programs and provides payroll and health benefits administration, equal employment opportunity compliance, and professional development and training activities. This office

serves as the Cabinet's appointing authority and performs all the duties, responsibilities and functions required to maintain an effective

and efficient personnel management system in accordance with the Kentucky Revised Statutes, Kentucky Administrative Regulations, and the policy guidelines of the Secretary of the Cabinet.

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

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

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

The Governor's Office of Electronic Health Information (GOEHI) was created by Executive Order 2009-770 in August of 2009 to serve as a focal point for e-health initiatives in the Commonwealth in light of the health information provisions of the American Recovery and Reinvestment Act. The Health Information Exchange assists health care providers in utilizing electronic health technology to improve patient care, reduce medical errors, and make more efficient use of health care dollars by reducing redundant services.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,407,600	4,401,000	4,099,700	4,676,500	4,815,600
State Salary and Compensation Allocation	392,400	10,300	20,100		
Other		-450,000			
<b>Total General Fund</b>	5,800,000	3,961,300	4,119,800	4,676,500	4,815,600
<b>Restricted Funds</b>					
Balance Forward	672,463	3,736,676	1,331,500	6,086,700	3,064,600
Current Receipts	3,848,860	677,034	1,955,000	1,512,900	4,505,000
Non-Revenue Receipts	-25,000	-25,000	5,959,200	-25,000	-25,000
Fund Transfers	-112,200				
<b>Total Restricted Funds</b>	4,384,123	4,388,710	9,245,700	7,574,600	7,544,600
<b>Federal Funds</b>					
Balance Forward	1,223,062	1,029,392	1,392,300		
Current Receipts	12,471,743	13,609,474	11,766,400	12,840,300	13,175,500
Non-Revenue Receipts	-7,954				
ARRA Receipts	76,214	56,667			
<b>Total Federal Funds</b>	13,763,065	14,695,533	13,158,700	12,840,300	13,175,500
<b>TOTAL SOURCE OF FUNDS</b>	23,947,188	23,045,543	26,524,200	25,091,400	25,535,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	16,502,243	17,259,178	17,322,300	20,066,300	20,410,500
Operating Expenses	2,249,564	2,261,453	2,261,400	881,900	4,046,600
Capital Outlay	10,614	69,040	103,800	13,600	13,600
Construction		732,099	750,000	1,065,000	1,065,000
<b>TOTAL EXPENDITURES</b>	18,762,421	20,321,771	20,437,500	22,026,800	25,535,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,381,300	3,961,300	4,119,800	4,676,500	4,815,600
Restricted Funds	647,448	3,057,228	3,159,000	4,510,000	7,544,600
Federal Funds	12,733,673	13,303,243	13,158,700	12,840,300	13,175,500
<b>TOTAL EXPENDITURES</b>	18,762,421	20,321,771	20,437,500	22,026,800	25,535,700

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

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

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

Health Care Licensing is responsible for inspecting, monitoring, licensing and certifying all health care facilities as defined by KRS 216.510 (1). On-site inspections are conducted of all health facilities and services throughout the state (including nursing homes, hospitals and laboratories) to determine compliance with state licensing standards and federal Medicare and Medicaid certification requirements. Allegations of abuse and neglect that may occur in a licensed health facility are also investigated.

## Policy

The Budget of the Commonwealth includes restricted funds of \$2,992,100 in each fiscal year for the legislatively mandated Kentucky All Schedule Prescription Electronic Reporting System (KASPER). Improvements will be made to reduce response times, increase the accuracy of reports, and integrate KASPER into existing provider workflows, and support compliance monitoring and enforcement for dispenser reporting and prescriber usage requirements. Funds are available from a settlement with the Office of Attorney General related to the Merck Sharp & Dohme Corp. and GlaxoSmithKline.

The Budget of the Commonwealth includes restricted funds of \$1,525,000 in each fiscal year for the Kentucky Applicant Registry and Employment Screening Program (KARES). KARES is a fingerprint-supported state and FBI background check program available to long-term care facilities and other providers. Fingerprints are checked against a national database to help protect elderly and vulnerable adults from possible abuse, neglect and exploitation by preventing new employees in long-term care settings from hiding criminal or abusive actions committed in other states.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,934,700	4,674,000	4,761,600	5,401,500	5,587,200
State Salary and Compensation Allocation	242,700	7,600	15,200		
<b>Total General Fund</b>	5,177,400	4,681,600	4,776,800	5,401,500	5,587,200
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	350,000	100,000			
Budget Reduction-General Fund Tobacco	-136,400				
<b>Total Tobacco Settlement - Phase I</b>	213,600	100,000			
<b>Restricted Funds</b>					
Balance Forward	1,059,040	4,254,429	242,900		
Current Receipts	10,217,289	2,499,356	6,727,900	6,970,800	6,970,800
Non-Revenue Receipts	-50,000	-85,000			
Fund Transfers	-149,500				
<b>Total Restricted Funds</b>	11,076,829	6,668,786	6,970,800	6,970,800	6,970,800
<b>Federal Funds</b>					
Balance Forward			61,200		
Current Receipts	3,367,321	4,826,424	4,504,900	4,566,100	4,566,100
Non-Revenue Receipts	5,086	-112,797			
<b>Total Federal Funds</b>	3,372,406	4,713,627	4,566,100	4,566,100	4,566,100
<b>TOTAL SOURCE OF FUNDS</b>	19,840,236	16,164,012	16,313,700	16,938,400	17,124,100
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	10,580,958	11,443,458	11,331,500	12,369,500	12,618,600
Operating Expenses	1,643,016	1,763,328	1,902,300	1,709,900	1,656,400
Grants Loans Benefits	2,844,023	2,539,622	2,918,900	2,703,000	2,693,100
Capital Outlay	144,109	113,591	161,000	156,000	156,000
<b>TOTAL EXPENDITURES</b>	15,212,106	15,859,999	16,313,700	16,938,400	17,124,100
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,803,700	4,681,600	4,776,800	5,401,500	5,587,200
Tobacco Settlement - Phase I	213,600	100,000			
Restricted Funds	6,822,400	6,425,922	6,970,800	6,970,800	6,970,800
Federal Funds	3,372,406	4,652,477	4,566,100	4,566,100	4,566,100
<b>TOTAL EXPENDITURES</b>	15,212,106	15,859,999	16,313,700	16,938,400	17,124,100
<b>EXPENDITURES BY UNIT</b>					
Children's Health Services	15,212,106	15,859,999	16,313,700	16,938,400	17,124,100
<b>TOTAL EXPENDITURES</b>	15,212,106	15,859,999	16,313,700	16,938,400	17,124,100

The Commission for Children with Special Health Care Needs (CCSHCN) has over 85 years of experience in providing care for children with a variety of special needs. Through the years, the Commission has evolved from providing surgeries for “crippled children” to offering comprehensive medical care for children with a range of complex needs. A family-centered approach ensures that the family is valued as an integral part of the care plan and services are provided to assist the family in meeting children’s needs.

CCSHCN is charged with planning, developing, providing, and evaluating the public statewide system of care for children with special health care needs and providing early hearing and detection intervention services. CCSHCN works collaboratively with other agencies to assure services to children with disabilities are comprehensive, community-based, family-centered, and coordinated, thus avoiding duplication and fragmentation of the service delivery system. Accessibility is a key component of the delivery system. The program provides an array of preventative, diagnostic, and treatment services for special needs children and youth under 21 including: medical care, hospitalization, medications, durable medical goods, case management, therapy, transportation, and nutritional education. Because rapid advances in medical science have enabled over 90 percent of youth with disabilities and chronic conditions to reach adulthood, the program has expanded its focus to include services and supports for academic achievement, transition from education to employment, from pediatric to adult health care, and to independent living. Because health care is so critical to learning and success in school, CCSHCN has an active partnership with the Kentucky Department of Education and other health, education, and social services providers to support children and youth and families

and their schools. The Early Hearing Detection and Intervention Program provides surveillance and support for statewide screening for the early detection of hearing disorders and referral for follow-up treatment. The Hemophilia Program provides medical and social services to children and adults with blood disorders. The Foster Care Program represents a collaborative effort with the Department of Community Based Services to provide medical consultation services to the foster care support program by making regular home visits to the entire population of medically fragile foster care children and acting as onsite, medical resources for the social workers charged with responsibility for both children who are currently in the child welfare system and those who may be at risk for entering that system.

The family's financial status can play a role in determining whether the child is accepted into the Children with Special Health Care Needs Program and/or Hemophilia Program. All families with incomes below 300 percent of the federal poverty level are accepted where direct services are provided for the condition. A sliding fee scale based on income and number in household determines what percentage of the cost each family pays for treatment. Individuals who fall above the program's maximum income guidelines can still receive services if they are uninsured, reside in medically under-served areas of the state, have certain high cost conditions or conditions that benefit from a multi-disciplinary approach, require durable medical equipment or hearing aids, and/or require services that are exclusions on their private insurance plans. These families benefit from the Commission's discounted rates with contracted providers and are required to reimburse the Commission for treatment costs. This allows the Commission to further assist in communities where specialized medical care is unavailable.

### **Policy**

The Budget of the Commonwealth includes General Fund in the amount of \$200,000 in each fiscal year to support the Kentucky Advisory Council on Autism. This council was established by Executive Order 2013-805 on November 3, 2013 to provide a central location for the collection, dissemination and coordination of information regarding services and supports for Kentucky citizens on the Autism Spectrum.

**Health and Family Services  
Medicaid Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,470,805,900	1,336,472,700	1,510,706,800	1,558,838,900	1,611,591,800
State Salary and Compensation Allocation	296,900	8,300	16,600		
Special Appropriation	-97,295,800				
Continuing Approp.-General Fund	16,350,700				
<b>Total General Fund</b>	<b>1,390,157,700</b>	<b>1,336,481,000</b>	<b>1,510,723,400</b>	<b>1,558,838,900</b>	<b>1,611,591,800</b>
<b>Restricted Funds</b>					
Balance Forward	41,340,741	2,087,663	3,276,400	556,700	6,700
Current Receipts	57,950,659	93,874,271	22,000	53,400	60,700
Non-Revenue Receipts	289,857,698	357,418,259	464,552,100	516,321,600	484,268,600
<b>Total Restricted Funds</b>	<b>389,149,099</b>	<b>453,380,192</b>	<b>467,850,500</b>	<b>516,931,700</b>	<b>484,336,000</b>
<b>Federal Funds</b>					
Balance Forward	47,950,819	14,505,572	141,152,500		
Current Receipts	4,215,060,578	4,200,607,783	5,083,916,700	5,991,409,400	6,294,888,000
Non-Revenue Receipts	2,000,828	39,981			
ARRA Receipts	42,721,455	50,313,535			
<b>Total Federal Funds</b>	<b>4,307,733,680</b>	<b>4,265,466,872</b>	<b>5,225,069,200</b>	<b>5,991,409,400</b>	<b>6,294,888,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,087,040,479</b>	<b>6,055,328,064</b>	<b>7,203,643,100</b>	<b>8,067,180,000</b>	<b>8,390,815,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	80,678,629	80,249,061	74,926,000	102,167,300	103,279,700
Operating Expenses	2,348,899	9,815,473	1,372,800	1,191,600	1,191,600
Grants Loans Benefits	5,986,406,416	5,820,492,284	7,126,787,600	7,963,814,400	8,286,344,500
Debt Service		329,000			
Capital Outlay		13,261			
<b>TOTAL EXPENDITURES</b>	<b>6,069,433,944</b>	<b>5,910,899,080</b>	<b>7,203,086,400</b>	<b>8,067,173,300</b>	<b>8,390,815,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,389,144,400	1,336,481,000	1,510,723,400	1,558,838,900	1,611,591,800
Restricted Funds	387,061,436	450,103,741	467,293,800	516,925,000	484,336,000
Federal Funds	4,293,228,108	4,124,314,339	5,225,069,200	5,991,409,400	6,294,888,000
<b>TOTAL EXPENDITURES</b>	<b>6,069,433,944</b>	<b>5,910,899,080</b>	<b>7,203,086,400</b>	<b>8,067,173,300</b>	<b>8,390,815,800</b>
<b>EXPENDITURES BY UNIT</b>					
Medicaid Administration	111,522,572	114,292,091	106,564,100	127,396,100	128,508,500
Medicaid Benefits	5,957,911,371	5,796,606,989	7,096,522,300	7,939,777,200	8,262,307,300
<b>TOTAL EXPENDITURES</b>	<b>6,069,433,944</b>	<b>5,910,899,080</b>	<b>7,203,086,400</b>	<b>8,067,173,300</b>	<b>8,390,815,800</b>

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

The Medical Assistance program provides for comprehensive physical and behavioral health services by reimbursing providers for health care provided to medically indigent Kentuckians. Providers are reimbursed directly on a fee-for-service basis or indirectly through contractual arrangements with managed care organizations who receive a monthly capitation payment for each enrolled recipient. Eligibility for services is determined by staff in each county through a contractual agreement with the Department for Community Based Services. Individuals may automatically qualify for benefits if they are eligible for Supplemental Security Income benefits administered by the Social Security Administration.

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

**Health and Family Services**

**Medicaid Services**

**Medicaid Administration**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	35,550,300	34,775,400	33,181,800	33,314,500	33,398,600
State Salary and Compensation Allocation	296,900	8,300	16,600		
<b>Total General Fund</b>	<b>35,847,200</b>	<b>34,783,700</b>	<b>33,198,400</b>	<b>33,314,500</b>	<b>33,398,600</b>
<b>Restricted Funds</b>					
Balance Forward	10,845,223		2,242,200		
Current Receipts	30,726	21,350	22,000	53,400	60,700
Non-Revenue Receipts	3,174,090	15,922,950	14,363,900	16,716,900	17,339,300
<b>Total Restricted Funds</b>	<b>14,050,039</b>	<b>15,944,300</b>	<b>16,628,100</b>	<b>16,770,300</b>	<b>17,400,000</b>
<b>Federal Funds</b>					
Balance Forward	17,358,810	14,247,590	16,578,000		
Current Receipts	55,857,616	63,461,651	40,159,600	77,311,300	77,709,900
Non-Revenue Receipts	271,837	-191,884			
ARRA Receipts	3,397,960	4,866,940			
<b>Total Federal Funds</b>	<b>76,886,223</b>	<b>82,384,298</b>	<b>56,737,600</b>	<b>77,311,300</b>	<b>77,709,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>126,783,462</b>	<b>133,112,298</b>	<b>106,564,100</b>	<b>127,396,100</b>	<b>128,508,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	80,678,629	80,249,061	74,926,000	102,167,300	103,279,700
Operating Expenses	2,341,718	1,859,365	1,372,800	1,191,600	1,191,600
Grants Loans Benefits	28,502,226	31,841,404	30,265,300	24,037,200	24,037,200
Debt Service		329,000			
Capital Outlay		13,261			
<b>TOTAL EXPENDITURES</b>	<b>111,522,572</b>	<b>114,292,091</b>	<b>106,564,100</b>	<b>127,396,100</b>	<b>128,508,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	34,833,900	34,783,700	33,198,400	33,314,500	33,398,600
Restricted Funds	14,050,040	13,702,096	16,628,100	16,770,300	17,400,000
Federal Funds	62,638,633	65,806,295	56,737,600	77,311,300	77,709,900
<b>TOTAL EXPENDITURES</b>	<b>111,522,572</b>	<b>114,292,091</b>	<b>106,564,100</b>	<b>127,396,100</b>	<b>128,508,500</b>
<b>EXPENDITURES BY UNIT</b>					
Medical Assistance Administration	110,045,972	113,110,609	105,537,600	126,360,900	127,472,300
KCHIP Administration	1,476,600	1,181,482	1,026,500	1,035,200	1,036,200
<b>TOTAL EXPENDITURES</b>	<b>111,522,572</b>	<b>114,292,091</b>	<b>106,564,100</b>	<b>127,396,100</b>	<b>128,508,500</b>

Administrative functions of the Medicaid program and the Kentucky Children's Health Insurance program (KCHIP) include determining applicant eligibility, formulating policy, processing claims, assuring appropriate utilization of medical services, and managed care oversight. For the fee for service elements of the program, claims are paid through contracts with a fiscal agent and a pharmacy benefits administrator. For the managed care elements of the program, a monthly capitation fee for each member is paid. The Medicaid program contracts for medical review of acute care admissions, level of care determinations for long-term care patients, and care reviews for recipients in mental hospitals and psychiatric facilities.

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

**Health and Family Services**

**Medicaid Services**

**Medicaid Benefits**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,435,255,600	1,301,697,300	1,477,525,000	1,525,524,400	1,578,193,200
Special Appropriation	-97,295,800				
Continuing Approp.-General Fund	16,350,700				
<b>Total General Fund</b>	<b>1,354,310,500</b>	<b>1,301,697,300</b>	<b>1,477,525,000</b>	<b>1,525,524,400</b>	<b>1,578,193,200</b>
<b>Restricted Funds</b>					
Balance Forward	30,495,518	2,087,663	1,034,200	556,700	6,700
Current Receipts	57,919,933	93,852,921			
Non-Revenue Receipts	286,683,608	341,495,309	450,188,200	499,604,700	466,929,300
<b>Total Restricted Funds</b>	<b>375,099,060</b>	<b>437,435,893</b>	<b>451,222,400</b>	<b>500,161,400</b>	<b>466,936,000</b>
<b>Federal Funds</b>					
Balance Forward	30,592,009	257,982	124,574,500		
Current Receipts	4,159,202,962	4,137,146,132	5,043,757,100	5,914,098,100	6,217,178,100
Non-Revenue Receipts	1,728,991	231,865			
ARRA Receipts	39,323,495	45,446,595			
<b>Total Federal Funds</b>	<b>4,230,847,457</b>	<b>4,183,082,574</b>	<b>5,168,331,600</b>	<b>5,914,098,100</b>	<b>6,217,178,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,960,257,017</b>	<b>5,922,215,766</b>	<b>7,097,079,000</b>	<b>7,939,783,900</b>	<b>8,262,307,300</b>
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	7,181	7,956,108			
Grants Loans Benefits	5,957,904,190	5,788,650,881	7,096,522,300	7,939,777,200	8,262,307,300
<b>TOTAL EXPENDITURES</b>	<b>5,957,911,371</b>	<b>5,796,606,989</b>	<b>7,096,522,300</b>	<b>7,939,777,200</b>	<b>8,262,307,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,354,310,500	1,301,697,300	1,477,525,000	1,525,524,400	1,578,193,200
Restricted Funds	373,011,396	436,401,645	450,665,700	500,154,700	466,936,000
Federal Funds	4,230,589,475	4,058,508,044	5,168,331,600	5,914,098,100	6,217,178,100
<b>TOTAL EXPENDITURES</b>	<b>5,957,911,371</b>	<b>5,796,606,989</b>	<b>7,096,522,300</b>	<b>7,939,777,200</b>	<b>8,262,307,300</b>
<b>EXPENDITURES BY UNIT</b>					
Medicaid Benefits	5,781,418,806	5,626,376,288	6,876,820,500	7,710,569,900	8,020,819,400
KCHIP Benefits	176,492,565	170,230,701	219,701,800	229,207,300	241,487,900
<b>TOTAL EXPENDITURES</b>	<b>5,957,911,371</b>	<b>5,796,606,989</b>	<b>7,096,522,300</b>	<b>7,939,777,200</b>	<b>8,262,307,300</b>

The Kentucky Medicaid program, under Title XIX of the Social Security Act and KRS 205.520, provides for preventive and remedial medical care for financially and medically indigent citizens in Kentucky who meet the income and resource criteria for Medicaid eligibility. The following services are currently provided by Kentucky's Medicaid program: inpatient hospital, physician services, nursing facility services, outpatient hospital, home health, family planning, - laboratory and radiology, dental, transportation (both non-emergency and emergency), vision care, hearing, intermediate care facilities for persons with intellectual disabilities, pharmacy, community mental health, mental hospitals, psychiatric residential treatment facilities, renal dialysis services, primary care/rural health clinic, podiatry, alternative intermediate services for mentally retarded (Supports for Community Living and Michelle P waivers), Brain Injury waiver (Acute and Long Term Care), ambulatory surgical centers, home and community-based waiver, adult day care, nurse midwife, nurse anesthetist, Hospice, preventive services, targeted case management, school-based services, home-based services for children who are ventilator dependent, durable medical equipment, portable x-ray, nurse practitioner, chiropractor, and other medically necessary diagnostic and treatment services for children through the Early Periodic Screening Diagnostic and Treatment Program.

Medicare beneficiaries with incomes below the federal poverty level receive Medicaid assistance for payment of Medicare premiums, deductibles and cost sharing. These individuals are Qualified Medicare Beneficiaries (QMBs). Individuals at the lowest income levels are entitled to full Medicaid benefits. Medicare beneficiaries with income levels slightly higher than poverty receive Medicaid assistance for payment of Medicare premiums. These individuals are Specified Low-Income Medicare Beneficiaries (SLMBs).

Effective January 1, 2014, the federal Patient Protection and Affordable Care Act (ACA) changed the basis for Medicaid eligibility from eligibility categories tied to deprivation to income-based eligibility, with household income for most beneficiaries determined by the Modified Adjusted Gross Income (MAGI) reported on income tax returns. ACA also simplified and streamlined eligibility

processes for most beneficiaries. ACA required states with Medicaid benchmark benefit packages, including Kentucky, to align their Medicaid benefits with the ten essential health benefits mandated by ACA and defined by the benchmark plan adopted for

the state's health benefit exchange (the 2012 Anthem PPO plan for Kentucky). This required Kentucky to add substance use treatment services and private duty nursing to its benefit package for all Medicaid beneficiaries. Prior to ACA, Kentucky Medicaid only covered substance use treatment for children and pregnant women. Kentucky adopted the ACA adult Medicaid eligibility expansion which extends Medicaid eligibility to individuals in households with income at or below 138% of the federal poverty level (FPL).

**Kentucky Medical Assistance Program (KMAP) Recipient Groups**

Based on the eligibility changes in ACA, individuals who are eligible for KMAP benefits are classified into two groups: the Modified Adjusted Gross Income (MAGI) eligibility group and the non-MAGI eligibility group.

The **MAGI eligibility group** includes children and non-disabled adults under age 65. Specifically, this group includes children, pregnant women, caretaker relatives of children eligible for Medicaid, the new adult Medicaid expansion eligibility group authorized by ACA and former foster care children who are eligible for Medicaid up to age 26, as mandated by ACA.

The **non-MAGI eligibility group includes** aged, blind and disabled individuals whose eligibility is associated with their health status and who are subject to resource requirements as well as income limits in establishing Medicaid eligibility.

**2013 Federal Poverty Level Guidelines (100%)**

<u>Family Size</u>	<u>Monthly Income</u>
1	\$958
2	\$1,293
3	\$1,628
4	\$1,963
5	\$2,298
6	\$2,633
7	\$2,968
8	\$3,303

**Projecting Benefits Cost**

Forecasting models were combined in the preparation of the Medicaid Benefits projections. Both the Office of State Budget Director (OSBD) and the Department for Medicaid Services (DMS) prepared cash forecasts to arrive at a consensus forecast. These forecasts examine past trends in categorical spending to generate projections for future cash expenditures, adjusting for policy changes. It should be noted that fewer members and services remain under fee-for-service due to the expansion of managed care which was implemented November 1, 2011. Using member eligibility information, historical monthly cash fee-for-service data was classified as either fee-for-service or managed care. Managed care costs were calculated based on the monthly member forecast and the negotiated rates with the contracted managed care organizations. The managed care portion of the budget does not include individual categories of service; therefore, total projected costs for individual services cannot be determined.

**Provider Taxes**

Although the majority of the funds that the Commonwealth uses to match federal Medicaid dollars are derived from the General Fund, approximately 25 percent of the program's fiscal year 2015 and 20 percent of the program's fiscal year 2016 expenditure match will be secured from dedicated provider assessments. The assessments are levied on hospitals, home health agencies, Intermediate Care Facilities for Persons with Intellectual Disabilities, providers of alternative community services and long-term care facilities. The Budget of the Commonwealth assumes continuation of the current level of provider tax collections to maintain existing reimbursement levels for hospitals established in state fiscal year 2006.

**Disproportionate Share Hospital (DSH) Payments**

The budget includes funding for Disproportionate Share Hospital (DSH) payments equal to the maximum amount established by federal law. Disproportionate Share Hospital payments to state mental hospitals are budgeted in each year of the biennium. This budget includes funds transferred from the university teaching hospitals to be used as state matching funds for the portion of DSH funds received by those facilities.

**Managed Care**

The budget request assumes that Region Three Medicaid managed care will continue in Jefferson County and the 15 surrounding counties through four Managed Care Organizations (MCOs): CoventryCares of Kentucky, WellCare of Kentucky, Humana CareSource and Passport Health Plan. In addition, effective January 1, 2014 for fiscal year 2015, services will be provided through 5 contracted managed care organizations in the remaining 7 regions of the Commonwealth for individuals enrolled through the ACA adult eligibility expansion. Those MCOs include the current providers, Wellcare and CoventryCares, plus Anthem, Humana and Passport. Anthem, Humana and Passport will begin covering traditional Medicaid enrollees effective July 1, 2014. Recipients in long term care facilities and waiver programs are excluded from managed care enrollment.

### **Benefit Match Rate**

The enacted budget assumes a federal medical assistance percentage of 69.91 for state fiscal year 2015 and 69.94 percent for state fiscal year 2016 for eligibility groups other than the ACA Medicaid expansion group for most budget items. The federal medical assistance percentage for the Medicaid expansion eligibility group authorized by the ACA is 100% for state fiscal years 2015 and 2016. The federal Medicaid match rate for KCHIP for state fiscal year 2015 is calculated at 78.94 percent and the match rate for the first quarter of state fiscal year 2016 is calculated at 78.96 percent. Effective October 1, 2015, the KCHIP program will be funded with 100% federal funds. The 100% federal funding for KCHIP will continue through September 30, 2019.

### **Kentucky Children's Health Insurance Program (KCHIP)**

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

The CHIP program was officially reauthorized effective April 1, 2009 with enactment of the Children's Health Insurance Program Reauthorization Act (CHIPRA). CHIPRA restructured the funding formula in order to provide, to the extent possible, predictable and adequate federal funding for the program through September 2015.

### **Policy**

The Budget of the Commonwealth includes General Fund of \$2,346,800 in fiscal year 2015 and \$9,378,700 in fiscal year 2016 to continue the roll-out of the Supports for Community Living program. There will be 200 slots added in fiscal year 2015 and an additional 240 slots added in fiscal year 2016 for a total of 440 new slots added over the biennium. The total funds added to the Supports for Community Living program for increased slots for fiscal year 2015 is \$7,800,000 and \$31,200,000 in fiscal year 2016.

The Budget of the Commonwealth includes General Fund of \$2,027,800 in fiscal year 2015 and \$8,184,600 in fiscal year 2016 to continue the roll-out of the Acquired Brain Injury program. There will be an additional 90 acute care slots and an additional 60 long-term care slots added in fiscal year 2015 for a combined total of 150 slots. There will be an additional 93 acute care slots and an additional 60 long-term care slots added in fiscal year 2016 for a combined total of 153 slots. There will be a combined total of 303 new slots added over the biennium. The total funds added to the Acquired Brain Injury program for increased slots for fiscal year 2015 is \$6,744,100 and \$27,227,600 in fiscal year 2016.

The Budget of the Commonwealth includes General Fund of \$909,100 in fiscal year 2015 and \$3,633,300 in fiscal year 2016 to continue the roll-out of the Michelle P program. There will be 250 slots added in fiscal year 2015 and an additional 250 slots added in fiscal year 2016 for a total of 500 new slots added over the biennium. The total funds added to the Michelle P program for increased slots for fiscal year 2015 is \$3,021,600 and \$12,086,900 in fiscal year 2016.

**Health and Family Services**  
**Behavioral Health, Developmental & Intellectual Disabilities**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	181,941,100	182,586,000	197,081,600	202,604,500	194,854,000
State Salary and Compensation Allocation	782,900	39,700	79,400		
<b>Total General Fund</b>	<b>182,724,000</b>	<b>182,625,700</b>	<b>197,161,000</b>	<b>202,604,500</b>	<b>194,854,000</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	900,000	683,400	697,400	891,400	891,400
Continuing Approp.-Tobacco Settlement	69,341	59,341	75,700		
Budget Reduction-General Fund Tobacco	-56,700		-75,600		
<b>Total Tobacco Settlement - Phase I</b>	<b>912,641</b>	<b>742,741</b>	<b>697,500</b>	<b>891,400</b>	<b>891,400</b>
<b>Restricted Funds</b>					
Balance Forward	2,024,854	3,881,078	7,432,800		
Current Receipts	225,525,200	215,821,178	213,859,700	221,895,000	222,144,600
Non-Revenue Receipts	2,638,605	2,290,315	12,518,600	5,553,600	5,556,900
Fund Transfers	-2,019,700				
<b>Total Restricted Funds</b>	<b>228,168,958</b>	<b>221,992,570</b>	<b>233,811,100</b>	<b>227,448,600</b>	<b>227,701,500</b>
<b>Federal Funds</b>					
Balance Forward		230,276			
Current Receipts	35,560,747	34,594,227	39,589,000	38,661,300	36,877,500
Non-Revenue Receipts	-35,175	178,191			
<b>Total Federal Funds</b>	<b>35,525,572</b>	<b>35,002,695</b>	<b>39,589,000</b>	<b>38,661,300</b>	<b>36,877,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>447,331,171</b>	<b>440,363,705</b>	<b>471,258,600</b>	<b>469,605,800</b>	<b>460,324,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	119,510,242	120,590,137	109,015,100	105,595,500	106,899,600
Operating Expenses	20,818,859	19,449,171	21,161,100	21,023,800	21,023,000
Grants Loans Benefits	299,086,246	292,140,390	331,515,600	331,490,900	320,907,500
Debt Service	2,236,000	44,000		10,928,800	10,927,500
Capital Outlay	737,431	631,540	566,800	566,800	566,800
<b>TOTAL EXPENDITURES</b>	<b>442,388,777</b>	<b>432,855,237</b>	<b>462,258,600</b>	<b>469,605,800</b>	<b>460,324,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	181,952,300	182,625,700	188,161,000	202,604,500	194,854,000
Tobacco Settlement - Phase I	853,301	667,081	697,500	891,400	891,400
Restricted Funds	224,287,880	214,559,761	233,811,100	227,448,600	227,701,500
Federal Funds	35,295,296	35,002,695	39,589,000	38,661,300	36,877,500
<b>TOTAL EXPENDITURES</b>	<b>442,388,777</b>	<b>432,855,237</b>	<b>462,258,600</b>	<b>469,605,800</b>	<b>460,324,400</b>
<b>EXPENDITURES BY UNIT</b>					
Community Behavioral Health	119,421,153	116,843,435	132,664,000	132,085,100	130,437,200
Community Developmental and Intellectual Disabilities	25,864,717	25,741,970	27,683,900	27,974,100	28,097,400
General Support	32,233,000	31,480,600	37,439,900	34,406,000	25,662,200
Residential	264,869,907	258,789,232	264,470,800	275,140,600	276,127,600
<b>TOTAL EXPENDITURES</b>	<b>442,388,777</b>	<b>432,855,237</b>	<b>462,258,600</b>	<b>469,605,800</b>	<b>460,324,400</b>

The Department for Behavioral Health, Developmental and Intellectual Disabilities operates behavioral health, substance abuse, developmental and intellectual disabilities, and brain injury programs. Services are provided in the community and in state-owned, state-operated and contracted residential facilities. Approximately 1,300 inpatients are cared for daily in the facilities operated or contracted by the Cabinet, and several thousand more are treated as outpatients in the community setting by the 14 Regional Boards for Mental Health or Individuals with an Intellectual Disability established by KRS 210.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	46,798,900	47,904,400	54,394,400	54,656,100	54,833,700
State Salary and Compensation Allocation	16,000				
Other	-366,000	-509,600			
<b>Total General Fund</b>	<b>46,448,900</b>	<b>47,394,800</b>	<b>54,394,400</b>	<b>54,656,100</b>	<b>54,833,700</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	900,000	683,400	697,400	891,400	891,400
Continuing Approp.-Tobacco Settlement	69,341	59,341	75,700		
Budget Reduction-General Fund Tobacco	-56,700		-75,600		
<b>Total Tobacco Settlement - Phase I</b>	<b>912,641</b>	<b>742,741</b>	<b>697,500</b>	<b>891,400</b>	<b>891,400</b>
<b>Restricted Funds</b>					
Balance Forward	1,888,806	2,050,886	3,237,600		
Current Receipts	35,919,240	39,281,040	37,552,600	40,799,200	40,799,200
Non-Revenue Receipts	5,578,193	-100,985	2,495,300	2,486,300	2,486,300
Fund Transfers	-1,800				
<b>Total Restricted Funds</b>	<b>43,384,439</b>	<b>41,230,942</b>	<b>43,285,500</b>	<b>43,285,500</b>	<b>43,285,500</b>
<b>Federal Funds</b>					
Balance Forward		455,980	459,100		
Current Receipts	31,365,055	30,613,208	33,827,500	33,252,100	31,426,600
Non-Revenue Receipts	-35,175	178,191			
<b>Total Federal Funds</b>	<b>31,329,880</b>	<b>31,247,380</b>	<b>34,286,600</b>	<b>33,252,100</b>	<b>31,426,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>122,075,860</b>	<b>120,615,862</b>	<b>132,664,000</b>	<b>132,085,100</b>	<b>130,437,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,924,033	3,736,378	3,619,100	3,629,300	3,578,800
Operating Expenses	490,567	492,505	563,000	563,000	549,000
Grants Loans Benefits	113,993,713	112,614,552	128,481,900	127,892,800	126,309,400
Capital Outlay	12,840				
<b>TOTAL EXPENDITURES</b>	<b>119,421,153</b>	<b>116,843,435</b>	<b>132,664,000</b>	<b>132,085,100</b>	<b>130,437,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	46,360,400	47,394,800	54,394,400	54,656,100	54,833,700
Tobacco Settlement - Phase I	853,301	667,081	697,500	891,400	891,400
Restricted Funds	41,333,553	37,993,328	43,285,500	43,285,500	43,285,500
Federal Funds	30,873,899	30,788,225	34,286,600	33,252,100	31,426,600
<b>TOTAL EXPENDITURES</b>	<b>119,421,153</b>	<b>116,843,435</b>	<b>132,664,000</b>	<b>132,085,100</b>	<b>130,437,200</b>
<b>EXPENDITURES BY UNIT</b>					
Community Alcohol and Drug Services	34,716,289	35,013,048	37,359,200	37,656,300	36,896,200
Community Mental Health Services	84,704,864	81,830,387	95,304,800	94,428,800	93,541,000
<b>TOTAL EXPENDITURES</b>	<b>119,421,153</b>	<b>116,843,435</b>	<b>132,664,000</b>	<b>132,085,100</b>	<b>130,437,200</b>

**Community Mental Health Services**

The Community Mental Health Services program provides services and support to Kentuckians with mental health problems in an effort to improve their ability to function in the community. The Department for Behavioral Health, Developmental and Intellectual Disabilities contracts with 14 Regional Community Mental Health Centers (CMHCs) and other local entities. In addition, the Community Mental Health Services program has targeted funds to the most vulnerable citizens with behavioral health conditions. These include:

- Adults with severe mental illness (KRS 210, KRS 202A),
- Children/youth with severe emotional disabilities (KRS 200.500 to KRS 200.509)
- Uninsured or underinsured individuals with behavioral health disorders.

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

State and federal funds are used to provide psychiatric screening and assessment services, case management services, psychotropic medications, housing, and vocational support services for adults with severe mental illness. Funds are also provided for unique services and supports designed to “wraparound” an adult or child who is at risk of psychiatric hospitalization. Provision of wraparound services and supports is aimed at diverting individuals from costly inpatient care when their needs can be met in a less restrictive environment (i.e., in their own home, community). Examples of wraparound may include peer mentoring services, respite for families/caregivers, and skills development/enhancement (e.g., independent daily living skills, social skills, supportive housing, supported employment, etc.).

Funding is also used to support promotion of mental “wellness” and early intervention assessment and treatment services. Suicide prevention for youth, adults and older adults is an important focus of the Department as well as services to individuals, and their families, dealing with behavioral health issues related to or exasperated by military service.

The Community Mental Health program assists in statewide needs assessment and planning, monitors services, provides technical assistance and training, and procures and administers federal and other funds for the provision of effective, community-based services and supports. There is currently a focus to integrate mental health services with services for individuals with substance use disorders or co-occurring mental health and substance use disorders, as well as individuals with behavioral health disorders and physical health concerns and preventive care.

### **Community Alcohol and Drug Services**

The Community Alcohol and Drug Services Program provides quality treatment, prevention, and education services to citizens suffering from, or at-risk of, substance use disorders (tobacco, alcohol and prescription or illegal drugs). Services are provided primarily through contracts with 14 Regional CMHCs. Substance abuse prevention and treatment services are provided pursuant to KRS 222. The receipts from alcohol intoxication fines are received pursuant to KRS 431.100. Other statutes under which the program operates include: KRS 189A (*Driving Under the Influence* assessment, education, and treatment) and KRS 218A.410 (Drug Forfeiture).

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

During the past two years, CMHCs have confronted the challenges of adjusting to delivery system changes due to implementation of Medicaid Managed care. In the upcoming biennium, the behavioral health delivery system will experience significant changes as a result of:

- The Medicaid Expansion;
- The Patient Protection and Affordable Care Act (“PPACA”; Public Law 111-148);
- The Health Care and Education Reconciliation Act and the Mental Health Parity; and
- The Addiction Equity Act (MHPAEA).

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	19,829,600	19,847,000	19,863,400	20,080,200	20,169,900
Other	-362,500	-402,600			
<b>Total General Fund</b>	19,467,100	19,444,400	19,863,400	20,080,200	20,169,900
<b>Restricted Funds</b>					
Balance Forward	136,048	110,228	111,300		
Current Receipts	7,000				
Non-Revenue Receipts	2,545,153	2,624,583	2,954,000	3,067,300	3,070,600
Fund Transfers	-23,000				
<b>Total Restricted Funds</b>	2,665,201	2,734,811	3,065,300	3,067,300	3,070,600
<b>Federal Funds</b>					
Balance Forward		-254,032	-504,200		
Current Receipts	3,621,012	3,423,817	5,259,400	4,826,600	4,856,900
<b>Total Federal Funds</b>	3,621,012	3,169,785	4,755,200	4,826,600	4,856,900
<b>TOTAL SOURCE OF FUNDS</b>	25,753,313	25,348,996	27,683,900	27,974,100	28,097,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,414,212	4,389,025	4,911,600	5,202,000	5,325,300
Operating Expenses	836,137	916,317	854,800	854,800	854,800
Grants Loans Benefits	20,614,369	20,436,629	21,917,500	21,917,300	21,917,300
<b>TOTAL EXPENDITURES</b>	25,864,717	25,741,970	27,683,900	27,974,100	28,097,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	19,434,700	19,444,400	19,863,400	20,080,200	20,169,900
Restricted Funds	2,554,973	2,623,557	3,065,300	3,067,300	3,070,600
Federal Funds	3,875,044	3,674,013	4,755,200	4,826,600	4,856,900
<b>TOTAL EXPENDITURES</b>	25,864,717	25,741,970	27,683,900	27,974,100	28,097,400
<b>EXPENDITURES BY UNIT</b>					
Local Developmental and Intellectual Disabilities	24,692,219	24,839,302	26,271,900	26,535,500	26,649,700
KY Developmental Disability Council	1,172,498	902,668	1,412,000	1,438,600	1,447,700
<b>TOTAL EXPENDITURES</b>	25,864,717	25,741,970	27,683,900	27,974,100	28,097,400

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

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

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

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

<b>SOURCE OF FUNDS</b>	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>General Fund</b>					
Regular Appropriation	32,877,700	34,028,800	46,439,900	34,406,000	25,662,200
Other	-488,400	-2,548,200			
<b>Total General Fund</b>	<b>32,389,300</b>	<b>31,480,600</b>	<b>46,439,900</b>	<b>34,406,000</b>	<b>25,662,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>32,389,300</b>	<b>31,480,600</b>	<b>46,439,900</b>	<b>34,406,000</b>	<b>25,662,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,227,510	3,777,200	4,133,800	4,533,700	4,789,900
Operating Expenses	608,960	612,400	680,000	519,400	519,400
Grants Loans Benefits	28,396,530	27,091,000	32,626,100	29,352,900	20,352,900
<b>TOTAL EXPENDITURES</b>	<b>32,233,000</b>	<b>31,480,600</b>	<b>37,439,900</b>	<b>34,406,000</b>	<b>25,662,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	32,233,000	31,480,600	37,439,900	34,406,000	25,662,200
<b>TOTAL EXPENDITURES</b>	<b>32,233,000</b>	<b>31,480,600</b>	<b>37,439,900</b>	<b>34,406,000</b>	<b>25,662,200</b>

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

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

**Policy**

The General Fund for fiscal year 2014 includes \$5,187,500 for employer contribution rates to the Kentucky Employees Retirement system. The Budget of the Commonwealth includes additional General Fund of \$19,638,200 in each fiscal year to fully fund the increase in employer contribution rates for Regional Mental Health/Mental Retardation Boards that are currently participating in the Kentucky Employees Retirement system.

The Budget of the Commonwealth includes General Fund of \$326,000 in fiscal year 2015 to complete construction of the Oakwood Specialty Clinic on the grounds of Oakwood Intermediate Care Facility of the Mentally Retarded (ICF/MR) in Somerset, KY. The original project was funded in the 2010-2012 Budget of the Commonwealth for \$2,164,000.

The Budget of the Commonwealth includes savings as a result of the expansion of the Medicaid program under the Affordable Care Act. As a result of expanded coverage and expanded benefits General Fund savings of \$21,000,000 in fiscal year 2015 and \$30,000,000 in fiscal year 2016 are included.

**Health and Family Services**  
**Behavioral Health, Developmental & Intellectual Disabilities**

**Residential**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	82,434,900	80,805,800	76,383,900	93,462,200	94,188,200
State Salary and Compensation Allocation	766,900	39,700	79,400		
Other	1,216,900	3,460,400			
<b>Total General Fund</b>	<b>84,418,700</b>	<b>84,305,900</b>	<b>76,463,300</b>	<b>93,462,200</b>	<b>94,188,200</b>
<b>Restricted Funds</b>					
Balance Forward		1,719,964	4,083,900		
Current Receipts	189,598,960	176,540,138	176,307,100	181,095,800	181,345,400
Non-Revenue Receipts	-5,484,742	-233,284	7,069,300		
Fund Transfers	-1,994,900				
<b>Total Restricted Funds</b>	<b>182,119,318</b>	<b>178,026,818</b>	<b>187,460,300</b>	<b>181,095,800</b>	<b>181,345,400</b>
<b>Federal Funds</b>					
Balance Forward		28,328	45,100		
Current Receipts	574,680	557,202	502,100	582,600	594,000
<b>Total Federal Funds</b>	<b>574,680</b>	<b>585,530</b>	<b>547,200</b>	<b>582,600</b>	<b>594,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>267,112,699</b>	<b>262,918,248</b>	<b>264,470,800</b>	<b>275,140,600</b>	<b>276,127,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	106,944,487	108,687,534	96,350,600	92,230,500	93,205,600
Operating Expenses	18,883,195	17,427,949	19,063,300	19,086,600	19,099,800
Grants Loans Benefits	136,081,634	131,998,209	148,490,100	152,327,900	152,327,900
Debt Service	2,236,000	44,000		10,928,800	10,927,500
Capital Outlay	724,591	631,540	566,800	566,800	566,800
<b>TOTAL EXPENDITURES</b>	<b>264,869,907</b>	<b>258,789,232</b>	<b>264,470,800</b>	<b>275,140,600</b>	<b>276,127,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	83,924,200	84,305,900	76,463,300	93,462,200	94,188,200
Restricted Funds	180,399,355	173,942,875	187,460,300	181,095,800	181,345,400
Federal Funds	546,353	540,456	547,200	582,600	594,000
<b>TOTAL EXPENDITURES</b>	<b>264,869,907</b>	<b>258,789,232</b>	<b>264,470,800</b>	<b>275,140,600</b>	<b>276,127,600</b>

Residential Services provides inpatient care in the areas of psychiatric hospitalization, intermediate care for persons with developmental and intellectual disabilities, nursing facility care, and forensic psychiatry for 992 individuals each day.

Inpatient psychiatric services are provided for adults through four psychiatric hospitals: Eastern State Hospital in Lexington with an average daily census (ADC) of 132; Central State Hospital in Louisville with an ADC of 56; and Western State Hospital in Hopkinsville with an ADC of 114. The Hazard Psychiatric Facility, owned and operated by Appalachian Regional Healthcare, Inc., with an ADC of 90, provides acute inpatient psychiatric services through a contract with the Department. Eastern State Hospital is operated under a management contract with University of Kentucky.

Glasgow Nursing Facility with an ADC of 81 and Western State Nursing Facility with an ADC of 111 provide nursing facility services for adults with behavioral health illness who are admitted from state psychiatric hospitals.

Ten facilities provide intermediate care for individuals with development and intellectual disabilities who are unable to live unassisted in their communities: the Oakwood Community Center in Somerset with an ADC of 120, Outwood in Dawson Springs with an ADC of 41, Hazelwood in Louisville with an ADC of 105, Bingham Gardens located in Louisville with an ADC of 21, Del Maria in Fern Creek with an ADC of 8, the Meadows in Mount Washington with an ADC of 8, and Windsong in Crestwood with an ADC of 8. Residents are assisted in self-care skills and appropriate social behavior and are provided specialized services to promote their personal growth.

Numerous initiatives are underway to improve the overall quality of service provided to the residents at the Oakwood Community Center. The cabinet has contracted with Bluegrass Regional Mental Health Mental Retardation Board, Inc. to operate the Oakwood Community Center. The vendor is making improvements in the care rendered at the facility while ensuring the safety and welfare of clients at Oakwood as the Department continues to downsize the facility.

Forensic psychiatric services are provided at the Kentucky Correctional Psychiatric Center within the Luther Lockett Correctional Complex in LaGrange (97 licensed beds). Pretrial services are provided for persons with felony charges who are referred by district and circuit courts for evaluation of competency to stand trial. The correctional component may serve some post-convicted females in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

**Policy**

The Budget of the Commonwealth includes General Fund of \$10,928,800 in fiscal year 2015 and \$10,927,500 in fiscal year 2016 for debt service for the new Eastern State Hospital on the grounds of University of Kentucky's Coldstream Research Campus on Newtown Pike in Lexington. This project was authorized in the 2008-2010 Budget of the Commonwealth and financed by a conduit bond issued by the Lexington Fayette Urban County Government. The bond funds for this project repaid the Lexington Fayette Urban County Government and will fund the cost of construction of the hospital. The amount of the project is \$129,005,000.

**Health and Family Services**

**Public Health**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	61,312,500	56,085,300	56,884,600	68,820,000	71,111,300
State Salary and Compensation Allocation	691,200	25,800	51,600		
<b>Total General Fund</b>	<b>62,003,700</b>	<b>56,111,100</b>	<b>56,936,200</b>	<b>68,820,000</b>	<b>71,111,300</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	14,505,100	12,838,200	12,708,200	14,066,300	13,383,800
Continuing Approp.-Tobacco Settlement	1,444,708	3,708,407	3,522,300		
Budget Reduction-General Fund Tobacco	-59,468		-4,522,300		
Other		471,003			
<b>Total Tobacco Settlement - Phase I</b>	<b>15,890,340</b>	<b>17,017,611</b>	<b>11,708,200</b>	<b>14,066,300</b>	<b>13,383,800</b>
<b>Restricted Funds</b>					
Balance Forward	10,202,836	10,585,193	26,264,500	19,383,400	14,903,100
Current Receipts	99,529,384	102,407,774	118,799,200	103,247,400	105,188,800
Non-Revenue Receipts	-6,238,816	-5,217,701	-9,427,200	-10,711,300	-10,711,300
Fund Transfers	-660,200				
<b>Total Restricted Funds</b>	<b>102,833,204</b>	<b>107,775,267</b>	<b>135,636,500</b>	<b>111,919,500</b>	<b>109,380,600</b>
<b>Federal Funds</b>					
Balance Forward	3,317,823	2,219,224	796,000		
Current Receipts	183,275,063	189,953,271	199,234,300	199,916,700	186,493,400
Non-Revenue Receipts	-170,712				
ARRA Receipts	4,002,650	241,982			
<b>Total Federal Funds</b>	<b>190,424,824</b>	<b>192,414,477</b>	<b>200,030,300</b>	<b>199,916,700</b>	<b>186,493,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>371,152,067</b>	<b>373,318,455</b>	<b>404,311,200</b>	<b>394,722,500</b>	<b>380,369,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	61,146,092	68,623,041	63,292,200	66,692,600	67,342,500
Operating Expenses	10,356,488	11,239,036	11,860,900	11,588,200	11,543,100
Grants Loans Benefits	280,309,411	262,775,600	303,774,700	301,326,100	288,837,900
Debt Service				212,500	425,000
Capital Outlay	174,452	98,022			
<b>TOTAL EXPENDITURES</b>	<b>351,986,442</b>	<b>342,735,699</b>	<b>378,927,800</b>	<b>379,819,400</b>	<b>368,148,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	59,350,900	56,111,100	50,936,200	68,820,000	71,111,300
Tobacco Settlement - Phase I	12,181,933	13,495,277	11,708,200	14,066,300	13,383,800
Restricted Funds	92,248,010	81,510,792	116,253,100	97,016,400	97,160,000
Federal Funds	188,205,599	191,618,530	200,030,300	199,916,700	186,493,400
<b>TOTAL EXPENDITURES</b>	<b>351,986,442</b>	<b>342,735,699</b>	<b>378,927,800</b>	<b>379,819,400</b>	<b>368,148,500</b>
<b>EXPENDITURES BY UNIT</b>					
General Health Support	50,285,723	33,723,168	47,739,800	46,410,100	40,849,800
Women's Health	13,292,810	12,656,392	12,625,700	12,378,900	12,358,600
Prevention and Quality Improvement	10,321,441	10,394,714	13,115,000	11,728,700	11,741,900
Epidemiology and Health Planning	45,188,385	47,638,614	56,560,800	58,200,900	58,074,200
Maternal and Child Health	216,862,133	220,898,354	230,068,500	231,958,800	225,832,900
Laboratory Services	6,063,312	7,044,463	7,323,100	7,557,200	7,619,100
Public Health Protection and Safety	9,972,638	10,379,994	11,494,900	11,584,800	11,672,000
<b>TOTAL EXPENDITURES</b>	<b>351,986,442</b>	<b>342,735,699</b>	<b>378,927,800</b>	<b>379,819,400</b>	<b>368,148,500</b>

The Department for Public Health (DPH) is responsible for developing, monitoring and operating state public health programs and activities for the citizens of Kentucky. DPH oversees a variety of programs designed to improve the lives of our citizens and visitors through prevention of negative health outcomes, promotion of healthy lifestyles and protection from diseases, injury, and environmental health impacts. DPH has almost 150 different programs to help Kentuckians become healthier in cooperation with its partners such as local health departments, universities, private providers, etc.

The Department for Public Health, as authorized by KRS 211.025 and 211.180, supervises and assists all local boards of health and local health departments. There are 61 local health department units serving all 120 counties in Kentucky.

The Department is responsible for programs that affect the quality of life of all four million Kentuckians each and every day. Public health organizations are accountable to the populations they serve, and public health officials are primarily responsible for the health of the population living in their jurisdiction (county, group of counties, state) through both personal preventive as well as population based services.

The seven core public health functions are: enforcement of public health regulations, surveillance of public health, communicable disease control, public health education, public health policy development, reduction of risk to families and children, and disaster preparedness. Preventive services for specific populations include family planning, prenatal care, pediatric preventive check-ups, Women, Infants, and Children supplemental nutrition services, adult preventive services, and chronic disease monitoring, and support services. DPH relies on local health departments to carry out core public health activities required by statute or regulation, and preventive services to specific populations mandated by budget appropriations.

In fiscal year 2013, the public health departments of Kentucky reported the following accomplishments:

- Provided adult health preventive visits to 204,104 people
- Provided cancer-related clinical visits (primarily breast and cervical cancer) to 153,276 people
- Provided individual and group diabetes education services to 1,348 people
- Provided family planning services to 105,709 people
- Provided maternity services to 3,300 women
- Provided 203,841 medical home health units/visits to 7,399 patients
- Provided 133,494 units/visits of Medicaid Home and Community Based Services to 884 people
- Provided children's preventive services to 223,654 children.
- Enrolled 126,930 Women, Infants and Children participants
- Referred 826 infants with positive or inconclusive results from newborn metabolic screening (approximately 30 disorders) to university diagnostic centers
- Performed genetic testing, counseling and education for 1,831 families
- Provided 959,730 doses of vaccine to Kentuckians.
- Immunized 552,042 persons
- Immunized kindergarten entrants adequately (53,981 children)
- Inspected 48,884 food establishments, 1,391 X-ray and other radiation-producing machines, 8,048 dairies, and performed 44,728 sanitation inspections
- Performed 3,000,067 laboratory tests
- Provided 602,562 copies of vital statistics records to the public

Local health departments may provide additional services depending on community need and the availability of funding. Examples of these additional services include home health services, physician-based ambulatory primary care services, and expanded school health services.

**Health and Family Services**

**Public Health**

**General Health Support**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	14,391,500	11,720,600	12,903,800	22,900,500	17,489,000
State Salary and Compensation Allocation	189,000	25,800	51,600		
Other	1,940,200	-41,539			
<b>Total General Fund</b>	<b>16,520,700</b>	<b>11,704,861</b>	<b>12,955,400</b>	<b>22,900,500</b>	<b>17,489,000</b>
<b>Restricted Funds</b>					
Balance Forward	6,800	119,250	682,300	540,000	270,000
Current Receipts	41,227,186	25,758,586	49,941,200	33,826,900	33,826,900
Non-Revenue Receipts	-7,262,359	-3,669,223	-9,816,200	-11,100,300	-11,100,300
Fund Transfers	-5,400				
<b>Total Restricted Funds</b>	<b>33,966,227</b>	<b>22,208,613</b>	<b>40,807,300</b>	<b>23,266,600</b>	<b>22,996,600</b>
<b>Federal Funds</b>					
Balance Forward	717	13,108	13,500		
Current Receipts	358,238	492,373	503,600	513,000	364,200
<b>Total Federal Funds</b>	<b>358,955</b>	<b>505,481</b>	<b>517,100</b>	<b>513,000</b>	<b>364,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>50,845,881</b>	<b>34,418,955</b>	<b>54,279,800</b>	<b>46,680,100</b>	<b>40,849,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,188,461	8,718,336	7,222,400	7,519,200	7,600,800
Operating Expenses	292,371	299,229	230,900	401,100	374,400
Grants Loans Benefits	43,804,891	24,705,603	40,286,500	38,277,300	32,449,600
Debt Service				212,500	425,000
<b>TOTAL EXPENDITURES</b>	<b>50,285,723</b>	<b>33,723,168</b>	<b>47,739,800</b>	<b>46,410,100</b>	<b>40,849,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	16,092,900	11,704,861	6,955,400	22,900,500	17,489,000
Restricted Funds	33,846,976	21,526,301	40,267,300	22,996,600	22,996,600
Federal Funds	345,847	492,006	517,100	513,000	364,200
<b>TOTAL EXPENDITURES</b>	<b>50,285,723</b>	<b>33,723,168</b>	<b>47,739,800</b>	<b>46,410,100</b>	<b>40,849,800</b>

The General Health Support Program includes two organizational units: the Commissioner and Administration and Financial Management.

The Commissioner is responsible for the leadership, management, oversight, and policy direction of the Department for Public Health. The Commissioner advises the heads of major agencies in state government on policies, plans, and programs relating to matters of public health. This includes actions necessary to respond to extraordinary events in order to safeguard the health of the citizens of the Commonwealth. The Commissioner serves as the State Health Officer for the Commonwealth. The Commissioner's role includes the coordination of public health emergency response capabilities with federal and other state agencies and involvement in the statewide management of anti-terrorist (nuclear, biologic, chemical) activities. The Commissioner provides leadership in transforming the role of public health in Kentucky to new models as more of the uninsured citizens have opportunities for healthcare coverage under the new insurance marketplace and expanded Medicaid coverage.

The Chief Nursing Officer for Public Health, located in the Commissioner's Office, provides nurse administration consultation and technical assistance to the Commissioner, executive staff, and state and local health departments including approximately 1,200 nurses and APRNs who practice in local health departments across the state. This guidance includes nursing scope of practice issues, the development and implementation of clinical protocols, nursing education and clinical competencies as well as public health nursing workforce development initiatives.

The Center for Health Equity was established in September 2008 and functionally operates through the Commissioner's Office. The Center receives funding from the U.S. Department of Health and Human Services, Office of Minority Health. The Center seeks to eliminate health disparities in the state of Kentucky specifically those social, cultural, and environmental factors that contribute to adverse health outcomes. The Office serves in an advisory capacity to all divisions across the Department of Public Health.

The Center for Performance Management, established in 2010 from funding provided by a five (5) year Centers for Disease Control and Prevention cooperative agreement, is located in the Commissioner's Office and is a resource to both the Department for Public Health and Kentucky's local health departments to assist with accreditation, performance management, quality improvement and

customer satisfaction initiatives. The goal of this program is for participants to make fundamental changes in their organizations and practices so that they can improve the delivery of public health services and create a culture of continuous quality improvement. The ten (10) Essential Public Health Services and Public Health Accreditation Board (PHAB) are the driving forces to achieve minimum standards and measures for public health.

Administration and Financial Management provides resource support to the Department for Public Health including approximately 380 department-level personnel. It provides budget and accounting support, payments, grant allocation, fee collection, procurement, and contracting support, as well as oversight of local health departments' fiscal planning and administrative management functions. The Department's biennial budget is developed by Administration and Financial Management. It works in concert with the other health services programs in the Department to plan, program, execute, manage, and report the financial activities of the Department and local health departments. Administration and Financial Management also plays a vital role in providing effective and efficient training that enhances workforce abilities of the department, local health departments, public health preparedness, and other public health system partners.

The program is also responsible for providing guidance on the day-to-day operation of the 61 local health jurisdictions across the state and has the responsibilities for personnel management of nearly 3,000 local health personnel; medical records and forms management, reporting of clinical and community-based services, operating the online local health network that tracks approximately six (6) million services to more than 750,000 patients, policy interpretation, and the Local Board of Health nomination process. Training on medical coding and billing practices, local health personnel procedures, and financial operations is also provided by program staff.

### **Policy**

The General Fund for fiscal year 2014 includes \$3,294,100 for employer contribution rates to the Kentucky Employees Retirement system. The Budget of the Commonwealth includes additional General Fund of \$14,615,600 in each fiscal year for local health departments to fully fund the increase in employer contribution rates for the Kentucky Employees Retirement system.

The Budget of the Commonwealth includes savings as a result of the expansion of the Medicaid program under the Affordable Care Act. As a result of expanded coverage and expanded benefits General Fund savings of \$6,000,000 in fiscal year 2015 and \$11,700,000 in fiscal year 2016 are included.

The Budget of the Commonwealth includes General Fund of \$212,500 in fiscal year 2015 and \$425,000 in fiscal year 2016 for debt service for an equipment replacement project in the Department for Public Health's Radiation Monitoring Section. The continued functioning and efficiency of the laboratory is critical to the ability of the Commonwealth to respond to radiologic events and is central to Kentucky's ability to fulfill its statutory mandate to protect the public from radiological exposures.

**Health and Family Services**

**Public Health**

**Women's Health**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,763,800	2,582,500	2,557,600	2,574,600	2,579,300
State Salary and Compensation Allocation	7,500				
Other	-48,900				
<b>Total General Fund</b>	<b>2,722,400</b>	<b>2,582,500</b>	<b>2,557,600</b>	<b>2,574,600</b>	<b>2,579,300</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	200,000	128,200	128,200	80,000	80,000
Continuing Approp.-Tobacco Settlement		10	64,800		
Budget Reduction-General Fund Tobacco			-64,800		
<b>Total Tobacco Settlement - Phase I</b>	<b>200,000</b>	<b>128,210</b>	<b>128,200</b>	<b>80,000</b>	<b>80,000</b>
<b>Restricted Funds</b>					
Balance Forward	5,929	16,096	14,800		
Current Receipts	245,005	258,276	285,200	300,000	300,000
<b>Total Restricted Funds</b>	<b>250,934</b>	<b>274,372</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Federal Funds</b>					
Balance Forward	10,117	53,419	-131,400		
Current Receipts	10,254,184	9,566,037	9,771,300	9,424,300	9,399,300
<b>Total Federal Funds</b>	<b>10,264,301</b>	<b>9,619,456</b>	<b>9,639,900</b>	<b>9,424,300</b>	<b>9,399,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,437,635</b>	<b>12,604,538</b>	<b>12,625,700</b>	<b>12,378,900</b>	<b>12,358,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,100,435	1,252,807	1,411,900	1,491,000	1,512,800
Operating Expenses	185,416	214,146	202,100	202,100	202,100
Grants Loans Benefits	12,047,831	11,232,583	11,011,700	10,685,800	10,643,700
<b>TOTAL EXPENDITURES</b>	<b>13,333,682</b>	<b>12,699,537</b>	<b>12,625,700</b>	<b>12,378,900</b>	<b>12,358,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,647,100	2,582,500	2,557,600	2,574,600	2,579,300
Tobacco Settlement - Phase I	199,990	63,385	128,200	80,000	80,000
Restricted Funds	234,838	259,607	300,000	300,000	300,000
Federal Funds	10,210,882	9,750,901	9,639,900	9,424,300	9,399,300
<b>TOTAL EXPENDITURES</b>	<b>13,292,810</b>	<b>12,656,392</b>	<b>12,625,700</b>	<b>12,378,900</b>	<b>12,358,600</b>

Women's Health, in partnership with key stakeholders, provides leadership to improve the physical, socio-emotional health, safety, and well-being of Kentucky's women, including those with low incomes, diverse ethnic or racial backgrounds, and isolated populations with limited access to care. The program also serves as Kentucky's representative to the federal Health Resources Service Administration (HRSA) Office of Women's Health. Women's Health includes the following subprograms:

The Kentucky Women's Cancer Screening subprogram provides breast and cervical cancer screenings and diagnostic services, case management, and treatment referral services to reduce cancer morbidity and mortality among medically underserved, low income, and uninsured women in Kentucky. Supported by a federal grant from the Centers for Disease Control and Prevention the Kentucky Women's Cancer Screening program provides breast and cervical cancer screening for women as a preventive health measure. The grant also requires the program to provide appropriate referrals for medical treatment; to ensure appropriate follow-up services and case management; to develop and disseminate public information and education programs for the detection and control of breast and cervical cancers; to improve the education, training, and skills of health professionals; to monitor the quality of screening procedures for breast and cervical cancers; and to evaluate activities through appropriate surveillance.

The Breast Cancer Research and Education Trust Fund subprogram, created in 2005, is funded by revenue collected from the breast cancer license plates purchases and the State Income tax form optional checkbox. Funds collected through these methods are distributed to community based affiliates through an annual Request for Proposal process. Projects awarded support breast cancer research, education, treatment, screening, and awareness in Kentucky.

The Folic Acid Counseling and Supplementation subprogram services are provided in every health department (61) and sub-delegate sites. Research has shown that when women consume adequate folic acid, the incidence of neural tube defects such as

spina bifida can be decreased by as much as 70%. Since the inception of this program, the number of neural tube defects in infants in Kentucky has declined. The Folic Acid program is funded by Tobacco Settlement funds.

The Title X Family Planning subprogram provides individuals with the information and means to exercise personal choice in determining the number and spacing of children. Title X family planning clinics play a critical role in ensuring access to voluntary, confidential family planning services for low-income or uninsured families. Services are provided to participants at no cost or at a reduced cost. Family Planning services are currently offered in local health departments and clinics targeting special populations (e.g. males, Hispanics, and adolescents). Title X supported clinics also provide a number of preventive health services such as: patient education and counseling; breast and pelvic examinations; cervical cancer screenings; STD and HIV screenings; preconception counseling; and pregnancy diagnosis.

The Abstinence Education Grant Program provides abstinence education to middle school students to encourage students to choose abstaining from sexual activity as the best choice to achieve optimal health and well-being. This program provides students with knowledge about the physical and emotional benefits of abstaining from sexual activity until adulthood and equips them with refusal skills and decision-making skills to accomplish this goal.

The Personal Responsibility Education Program (PREP) provides ready-for-adulthood education to teenagers ages 13-18 in middle and high school. Two programs are utilized to provide age-appropriate, abstinence-based, comprehensive sexuality education and other positive youth development subjects. Youth most at risk make poor health decisions and are statistically more likely to have decreased adulthood successes. One program is delivered in the classroom setting for 5-10 days and the other program is an after-school program delivered throughout the school year. Curriculum delivered in the classroom includes sexual health subjects and information on healthy relationships, self-esteem, goal setting and decision making skills. The afterschool curriculum additionally includes lessons on values and community and 20 hours of community-service learning each year.

**Health and Family Services  
Public Health  
Prevention and Quality Improvement**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,821,700	7,218,800	7,173,200	7,269,200	7,295,400
State Salary and Compensation Allocation	108,200				
Other	-428,200	-377,892			
<b>Total General Fund</b>	<b>7,501,700</b>	<b>6,840,908</b>	<b>7,173,200</b>	<b>7,269,200</b>	<b>7,295,400</b>
<b>Restricted Funds</b>					
Balance Forward	32,469	77,427	76,600		
Current Receipts	15,100	33,595	1,114,300	50,000	50,000
Non-Revenue Receipts	117,426				
<b>Total Restricted Funds</b>	<b>164,995</b>	<b>111,022</b>	<b>1,190,900</b>	<b>50,000</b>	<b>50,000</b>
<b>Federal Funds</b>					
Balance Forward	138,675	-20,026	-106,100		
Current Receipts	3,072,385	3,195,915	4,857,000	4,409,500	4,396,500
Non-Revenue Receipts	-170,712				
ARRA Receipts	187,899	237,418			
<b>Total Federal Funds</b>	<b>3,228,247</b>	<b>3,413,307</b>	<b>4,750,900</b>	<b>4,409,500</b>	<b>4,396,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>10,894,942</b>	<b>10,365,237</b>	<b>13,115,000</b>	<b>11,728,700</b>	<b>11,741,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,870,398	1,940,580	1,646,000	1,763,600	1,796,700
Operating Expenses	480,379	613,991	597,000	518,100	518,100
Grants Loans Benefits	5,965,515	7,840,143	10,872,000	9,447,000	9,427,100
Capital Outlay	5,149				
<b>TOTAL EXPENDITURES</b>	<b>10,321,441</b>	<b>10,394,714</b>	<b>13,115,000</b>	<b>11,728,700</b>	<b>11,741,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,985,600	6,840,908	7,173,200	7,269,200	7,295,400
Restricted Funds	87,568	34,407	1,190,900	50,000	50,000
Federal Funds	3,248,273	3,519,398	4,750,900	4,409,500	4,396,500
<b>TOTAL EXPENDITURES</b>	<b>10,321,441</b>	<b>10,394,714</b>	<b>13,115,000</b>	<b>11,728,700</b>	<b>11,741,900</b>

The Prevention and Quality Improvement Program is comprised of two subprograms: Chronic Disease Prevention and Health Care Access.

The mission of the Prevention and Quality Improvement (PQI) program is to deliver programs and services, including chronic disease management, clinical and community education/promotion, quality improvement, health access for low income Kentuckians, and health risk behavior data analysis in order to promote healthy behaviors by Kentuckians. The program's activities cover the spectrum of population-based and personal preventive health services, delivered through a wide range of health care providers and related groups.

The PQI program provides leadership and partners with key stakeholders in order to improve care and services to the public comprised of low incomes, diverse ethnicity and racial backgrounds, and isolated populations with limited access to care. Program staff support clinical and community based services and infrastructure building through policy development and implementation, surveillance activities, case management, and technical assistance.

The PQI program identifies best practices to reduce the risks of poor health and sets standards to focus more on positive outcomes. This is accomplished through community-based health education programs, clinical care programs for adults primarily of a preventive nature, awareness and education, and promotion of an adequate network of primary care providers throughout the Commonwealth especially in the underserved areas of the state.

The PQI program is responsible for the Kentucky Prescription Assistance Program (KPAP) and the Kentucky Colon Cancer Screening Program (KCCSP).

Chronic Disease Prevention and Control subprogram is responsible for decreasing the morbidity and mortality from chronic diseases, with emphasis on prevention and risk factors that can be reduced through healthy lifestyles. Prevention programs

include asthma, arthritis and osteoporosis, comprehensive cancer, colon cancer, chronic obstructive pulmonary disease, diabetes, heart disease and stroke, and worksite wellness. The sub program provides funding to local health departments for community-based services aimed at individuals and at bringing about policy and environmental changes that will improve the health status of Kentuckians. This branch also manages the Kentucky Colon Cancer Screening Program (KCCSP).

The Health Care Access subprogram provides a departmental focus on primary care and administers federal grants and programs relative to primary care. Through these programs, approximately 150 additional physicians are serving Kentucky's medically underserved population. The Program is responsible for determining areas of Kentucky that meet Health Professional Shortage Area and Medically Underserved Area criteria. This subprogram is also responsible for the Charitable Health Program, the National Health Service Corps Program, Kentucky Physician Care Program, J-1 VISA Program, and the Kentucky Prescription Assistance Program (KPAP).

**Health and Family Services  
Public Health  
Epidemiology and Health Planning**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,750,200	4,503,300	4,413,600	4,530,100	4,562,100
State Salary and Compensation Allocation	99,900				
Other	568,600				
<b>Total General Fund</b>	<b>5,418,700</b>	<b>4,503,300</b>	<b>4,413,600</b>	<b>4,530,100</b>	<b>4,562,100</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	800,000	250,000	250,000		
Continuing Approp.-Tobacco Settlement	1,762	1,291	10,100		
Budget Reduction-General Fund Tobacco			-10,100		
Other	-400,000				
<b>Total Tobacco Settlement - Phase I</b>	<b>401,762</b>	<b>251,291</b>	<b>250,000</b>		
<b>Restricted Funds</b>					
Balance Forward	8,967,400	8,462,496	15,617,900	15,649,100	13,013,500
Current Receipts	8,193,129	16,512,927	16,426,500	18,420,700	20,302,600
Non-Revenue Receipts	-300,746	-155,352	-395,300	-313,300	-313,300
Fund Transfers	-135,000				
<b>Total Restricted Funds</b>	<b>16,724,783</b>	<b>24,820,071</b>	<b>31,649,100</b>	<b>33,756,500</b>	<b>33,002,800</b>
<b>Federal Funds</b>					
Balance Forward		560,457	-3,267,200		
Current Receipts	31,391,577	29,864,349	39,164,400	32,927,800	32,702,300
ARRA Receipts	420,708				
<b>Total Federal Funds</b>	<b>31,812,285</b>	<b>30,424,807</b>	<b>35,897,200</b>	<b>32,927,800</b>	<b>32,702,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>54,357,530</b>	<b>59,999,468</b>	<b>72,209,900</b>	<b>71,214,400</b>	<b>70,267,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	27,458,358	31,084,290	36,219,700	38,964,900	39,188,900
Operating Expenses	4,249,024	3,975,634	4,828,400	4,519,800	4,505,500
Grants Loans Benefits	13,334,646	12,480,667	15,512,700	14,716,200	14,379,800
Capital Outlay	146,358	98,022			
<b>TOTAL EXPENDITURES</b>	<b>45,188,385</b>	<b>47,638,614</b>	<b>56,560,800</b>	<b>58,200,900</b>	<b>58,074,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,273,800	4,503,300	4,413,600	4,530,100	4,562,100
Tobacco Settlement - Phase I	400,471	241,188	250,000		
Restricted Funds	8,262,287	9,202,134	16,000,000	20,743,000	20,809,800
Federal Funds	31,251,827	33,691,991	35,897,200	32,927,800	32,702,300
<b>TOTAL EXPENDITURES</b>	<b>45,188,385</b>	<b>47,638,614</b>	<b>56,560,800</b>	<b>58,200,900</b>	<b>58,074,200</b>

The mission of Epidemiology and Health Planning is to provide quality epidemiological and vital records services, public health planning and preparedness services, and reportable disease prevention and control services in order to promote, protect, and plan for the health and safety of Kentuckians. The program has responsibility for much of the three D's in public health: "Health Data, Acute Disease Prevention and Control, and Disaster Preparedness."

To accomplish these responsibilities, activities are conducted in four areas:

- Infectious Disease includes disease surveillance, prevention, and control activities related to vaccine-preventable diseases, sexually transmitted diseases, tuberculosis, adult viral hepatitis, healthcare associated infections, and other reportable diseases,
- HIV/AIDS includes prevention activities, client services, and surveillance for HIV/AIDS,
- Vital Statistics collects and preserves mandatory records of vital events including births, deaths, marriages, and divorces, and
- Public Health Preparedness includes the development, implementation, and exercising of statewide emergency preparedness plans for both terrorist (nuclear, biologic, chemical) threats as well as naturally occurring disease outbreaks.

The Immunization Program provides financial support and vaccines to local health departments and other providers for the provision of over one million immunizations each year to about 550,000 persons. Immunization rates are tracked in schools, day care, health department clinics, and among the general child population.

The Sexually Transmitted Disease (STD) Program is designed to reduce the occurrence and prevent the transmission and debilitating complications of sexually transmitted diseases. The STD Program provides educational materials, staff training, program planning and evaluation services, technical consultation, and selected antibiotics to all health departments and other selected health care providers.

The Tuberculosis (TB) Control program aims to reduce the number of cases and deaths due to TB by preventing non-infected individuals from becoming infected, keeping those infected without disease from progressing to disease, and by attempting to maintain infected individuals with disease as non-infectious.

The Adult Viral Hepatitis Prevention Program is a federally funded program that focuses on the prevention of viral hepatitis in adults caused by hepatitis A, hepatitis B, and hepatitis C viruses.

The Healthcare Associated Infection (HAI) Program establishes an infrastructure within the Department for Public Health to develop state-wide activities focused on the prevention of HAIs within healthcare facilities.

The Reportable Disease Program is responsible for case confirmation, oversight of disease investigations, and surveillance for reportable diseases such as meningitis, hepatitis, diarrheal diseases, foodborne illnesses, and vector-borne diseases.

The HIV/AIDS program seeks to identify and track cases of HIV and AIDS, prevent the disease by raising awareness and promoting risk reduction behaviors, and connect HIV-positive clients to care. The HIV Prevention Program focuses on testing, awareness of one's status, and strategic intervention activities to reduce HIV transmission for at-risk populations. The HIV/AIDS Services program assists HIV-positive clients with case management, in addition to providing life-saving medications and insurance continuation for qualified clients, as a payor of last resort.

Vital Statistics is responsible for the registration, certification, and issuance of vital records (birth, death, marriage, and divorce certificates) in Kentucky. The program's primary responsibility is the maintenance and security of these vital records as well as responding to specific requests for vital statistics data.

The Public Health Preparedness Program has the responsibility of developing, coordinating, and overseeing the public health response to potential disaster events. It prepares the Commonwealth for disease outbreaks and other public health threats by integrating local public health assets, upgrading the State Laboratory to the capacity required by the Centers for Disease Control and Prevention, and providing hospitals and healthcare facilities across the state with funding to ensure preparedness for events attributable to disasters.

**Health and Family Services**

**Public Health**

**Maternal and Child Health**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	24,451,000	22,544,400	22,343,100	23,684,200	31,222,900
State Salary and Compensation Allocation	93,700				
Other	-2,073,700				
<b>Total General Fund</b>	<b>22,471,000</b>	<b>22,544,400</b>	<b>22,343,100</b>	<b>23,684,200</b>	<b>31,222,900</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	13,505,100	12,460,000	12,330,000	13,986,300	13,303,800
Continuing Approp.-Tobacco Settlement	1,442,946	3,707,107	3,447,400		
Budget Reduction-General Fund Tobacco	-59,468		-4,447,400		
Other	400,000	471,003			
<b>Total Tobacco Settlement - Phase I</b>	<b>15,288,578</b>	<b>16,638,110</b>	<b>11,330,000</b>	<b>13,986,300</b>	<b>13,303,800</b>
<b>Restricted Funds</b>					
Balance Forward	1,099,000	1,812,751	9,661,700	3,145,900	1,586,600
Current Receipts	41,275,746	51,207,874	42,094,800	41,607,900	41,590,600
Non-Revenue Receipts	1,724,512	-1,393,125	784,300	702,300	702,300
Fund Transfers	-395,500				
<b>Total Restricted Funds</b>	<b>43,703,758</b>	<b>51,627,500</b>	<b>52,540,800</b>	<b>45,456,100</b>	<b>43,879,500</b>
<b>Federal Funds</b>					
Balance Forward	3,016,573	1,412,965	3,994,300		
Current Receipts	137,068,303	145,774,190	143,006,200	150,418,800	137,426,700
ARRA Receipts	3,394,043	4,564			
<b>Total Federal Funds</b>	<b>143,478,919</b>	<b>147,191,720</b>	<b>147,000,500</b>	<b>150,418,800</b>	<b>137,426,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>224,942,256</b>	<b>238,001,729</b>	<b>233,214,400</b>	<b>233,545,400</b>	<b>225,832,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	14,454,622	16,958,463	8,023,600	7,537,300	7,648,900
Operating Expenses	921,897	1,018,168	919,100	868,300	868,300
Grants Loans Benefits	201,428,958	202,878,579	221,125,800	223,553,200	217,315,700
Capital Outlay	15,784				
<b>TOTAL EXPENDITURES</b>	<b>216,821,261</b>	<b>220,855,210</b>	<b>230,068,500</b>	<b>231,958,800</b>	<b>225,832,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	21,323,700	22,544,400	22,343,100	23,684,200	31,222,900
Tobacco Settlement - Phase I	11,581,471	13,190,704	11,330,000	13,986,300	13,303,800
Restricted Funds	41,891,007	41,965,806	49,394,900	43,869,500	43,879,500
Federal Funds	142,065,954	143,197,444	147,000,500	150,418,800	137,426,700
<b>TOTAL EXPENDITURES</b>	<b>216,862,133</b>	<b>220,898,354</b>	<b>230,068,500</b>	<b>231,958,800</b>	<b>225,832,900</b>

The Maternal and Child Health Program promotes and safeguards the health of Kentuckians, with an emphasis on at-risk mothers, infants and children. The program goal is to help those at-risk achieve the highest level of health and wellness possible through public health surveillance, education, nutrition, perinatal care, early childhood promotion and intervention, well child care, oral health, injury prevention, coordinated school health, health promotion and healthy communities, and selected primary and preventive care activities.

The Early Childhood Development subprogram is required, by statute, to provide early childhood initiatives such as home visitation (Health Access Nurturing Development Services or HANDS), childcare health consultation, and early childhood mental health services for children. The Early Childhood Development subprogram also identifies children in Kentucky who are at-risk for serious medical conditions and developmental delays through the Newborn Metabolic Screening and Case Management program and Kentucky Birth Surveillance Registry, both which are also in statute.

The First Steps (Kentucky Early Intervention System) subprogram provides case management and coordination of services for infants and toddlers between birth and three years of age with developmental disabilities or developmental delays. These early interventions include services such as physical therapy, occupational therapy, speech therapy, hearing and vision services, and

other services as needed to meet the child's developmental needs. First Steps services are provided in the home or other community settings, unless it is not feasible to do so, and are subject to a sliding fee scale unless the family has documented an inability to pay. Families and other interested parties access the First Steps program locally through 15 Points of Entry covering the 15 Area Development Districts. Children served by First steps transition to the local education agency or other community supports at age three.

The Child and Family Health Improvement subprogram provides oversight to services and activities including: prenatal care; child and adolescent preventive health; childhood lead poisoning prevention; child fatality review and injury prevention; oral health; and coordinated school health.

The Nutrition subprogram administers: the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); Clinical Nutrition Services, Breastfeeding Peer Counselor Program; and the Farmer's Market Nutrition Program. The WIC program is funded wholly by the US Department of Agriculture and provides food packages and nutrition education to low-income pregnant and post partum women, infants and children at nutritional risk, and sets standards for nutrition services. Nutritionists in local health departments provide medical nutrition therapy and follow-up nutrition care for mothers and children with special nutrition needs.

The Health Promotion subprogram administers programs that focus on behavioral risk factors to promote lifestyle changes for developing a healthy community. The subprogram provides services in the areas of Tobacco Cessation and Control, Tobacco Quit-line, Obesity Prevention, and Healthy Communities Projects.

### **Policy**

The Budget of the Commonwealth includes additional General Fund of \$6,600,000 in fiscal year 2016 to support the Health Access Nurturing Development Services program (HANDS). These funds replace federal funds of \$6,600,000 and will support the HANDS program for non-first time parents.

The Budget of the Commonwealth provides additional General Fund of \$1,200,000 in fiscal year 2015 and \$2,100,000 in fiscal year 2016 to establish five new oral health hygiene teams that will provide preventive dental services to underserved Kentuckians. This funding will allow over 14,000 children to receive oral assessments, cleanings, oral health education, fluoride varnishes and dental sealants.

**Health and Family Services**

**Public Health**

**Laboratory Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,767,500	3,974,600	3,974,600	4,156,000	4,205,900
State Salary and Compensation Allocation	89,700				
Other	1,600	419,431			
<b>Total General Fund</b>	<b>3,858,800</b>	<b>4,394,031</b>	<b>3,974,600</b>	<b>4,156,000</b>	<b>4,205,900</b>
<b>Restricted Funds</b>					
Balance Forward	77,199	5,061	45,800	10,000	
Current Receipts	2,887,173	2,617,850	3,064,200	3,143,700	3,168,400
Non-Revenue Receipts	-550,000				
Fund Transfers	-40,500				
<b>Total Restricted Funds</b>	<b>2,373,873</b>	<b>2,622,911</b>	<b>3,110,000</b>	<b>3,153,700</b>	<b>3,168,400</b>
<b>Federal Funds</b>					
Balance Forward			2,600		
Current Receipts		75,939	245,900	247,500	244,800
<b>Total Federal Funds</b>		<b>75,939</b>	<b>248,500</b>	<b>247,500</b>	<b>244,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,232,673</b>	<b>7,092,881</b>	<b>7,333,100</b>	<b>7,557,200</b>	<b>7,619,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,830,459	3,149,772	3,389,800	3,630,000	3,696,000
Operating Expenses	3,132,232	3,823,053	3,777,400	3,771,300	3,767,200
Grants Loans Benefits	100,621	71,638	155,900	155,900	155,900
<b>TOTAL EXPENDITURES</b>	<b>6,063,312</b>	<b>7,044,463</b>	<b>7,323,100</b>	<b>7,557,200</b>	<b>7,619,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,694,500	4,394,031	3,974,600	4,156,000	4,205,900
Restricted Funds	2,368,812	2,577,135	3,100,000	3,153,700	3,168,400
Federal Funds		73,297	248,500	247,500	244,800
<b>TOTAL EXPENDITURES</b>	<b>6,063,312</b>	<b>7,044,463</b>	<b>7,323,100</b>	<b>7,557,200</b>	<b>7,619,100</b>

Laboratory Services is responsible for the prompt detection and identification of a wide variety of microorganisms, i.e., bacteria and viruses, and toxic chemical substances that pose a threat to the public's health. This program also provides clinical testing on a large scale to detect congenital abnormalities in newborns and specific tests related to chronic disease disorders that affect the public.

The state and nation's health is protected through disease surveillance activities that use sophisticated equipment and result in early detection of outbreaks caused by emerging infectious diseases. Additionally, foodborne illnesses are detected in support of the Food Safety Modernization Act (FSMA), which was signed into law on January 4, 2011. The information provided by Laboratory Services is essential for guiding epidemiologic investigations that determine the measures needed to prevent and control the spread of disease. The program works closely with the Division of Epidemiology and Health Planning to provide emergency response capability if such disease outbreaks or other public health emergencies occur.

The program tests mailed or shipped packages and substances with suspected links to chemical or biological terrorism in a highly secure, CDC inspected and approved facility by well-trained staff using state of the art equipment.

Examinations of clinical and environmental specimens are provided to support other state and local health department programs and diagnostic testing not readily available elsewhere for hospitals and practicing physicians. Additionally, environmental samples are tested for water fluoride levels, and milk, food and water are examined for evidence of contamination. Pesticide analyses and occupational safety and health chemistry are also performed.

The state general fund is the primary funding source. Federal funds are received from grants and a cooperative agreement with Occupational Safety and Health Administration and agency fees are collected for newborn metabolic screening.

The state public health laboratory is certified by the College of American Pathologists as a high-complexity laboratory, obligating it to meet the most stringent of requirements.

**Policy**

The Budget of the Commonwealth authorizes the purchase of two tandem mass spectrometers in the Department for Public Health's Newborn Screening Lab. The total amount of the project is \$1,040,000 and the equipment will be purchased with fees from the Newborn Screening Program.

**Health and Family Services**

**Public Health**

**Public Health Protection and Safety**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,366,800	3,541,100	3,518,700	3,705,400	3,756,700
State Salary and Compensation Allocation	103,200				
Other	40,400				
<b>Total General Fund</b>	<b>3,510,400</b>	<b>3,541,100</b>	<b>3,518,700</b>	<b>3,705,400</b>	<b>3,756,700</b>
<b>Restricted Funds</b>					
Balance Forward	14,038	92,113	165,400	38,400	33,000
Current Receipts	5,686,045	6,018,665	5,873,000	5,898,200	5,950,300
Non-Revenue Receipts	32,351				
Fund Transfers	-83,800				
<b>Total Restricted Funds</b>	<b>5,648,634</b>	<b>6,110,778</b>	<b>6,038,400</b>	<b>5,936,600</b>	<b>5,983,300</b>
<b>Federal Funds</b>					
Balance Forward	151,740	199,300	290,300		
Current Receipts	1,130,377	984,468	1,685,900	1,975,800	1,959,600
<b>Total Federal Funds</b>	<b>1,282,117</b>	<b>1,183,768</b>	<b>1,976,200</b>	<b>1,975,800</b>	<b>1,959,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>10,441,151</b>	<b>10,835,646</b>	<b>11,533,300</b>	<b>11,617,800</b>	<b>11,699,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,243,360	5,518,792	5,378,800	5,786,600	5,898,400
Operating Expenses	1,095,169	1,294,815	1,306,000	1,307,500	1,307,500
Grants Loans Benefits	3,626,950	3,566,387	4,810,100	4,490,700	4,466,100
Capital Outlay	7,160				
<b>TOTAL EXPENDITURES</b>	<b>9,972,638</b>	<b>10,379,994</b>	<b>11,494,900</b>	<b>11,584,800</b>	<b>11,672,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,333,300	3,541,100	3,518,700	3,705,400	3,756,700
Restricted Funds	5,556,521	5,945,401	6,000,000	5,903,600	5,955,700
Federal Funds	1,082,817	893,492	1,976,200	1,975,800	1,959,600
<b>TOTAL EXPENDITURES</b>	<b>9,972,638</b>	<b>10,379,994</b>	<b>11,494,900</b>	<b>11,584,800</b>	<b>11,672,000</b>

Public Health Protection and Safety provides a variety of environmental services, from monitoring exposure to radiation to ensuring sanitation of food, milk, and public facilities. This program provides technical consultation, guidance and training to the sixty-one (61) local health jurisdictions; some 500 local health department environmental registered sanitarians; and provides regulatory oversight to thousands of Kentucky's regulated businesses. The program's mission statement is: promoting a healthier, safer public through prevention, education, communication, and regulation.

The Radiation subprogram inspects and issues over 720 specific licenses to users of radioactive materials, and registers and inspects over 200 users of radiation sources. The subprogram monitors the transportation of radioactive waste, within and through the Commonwealth, and is mandated and equipped to respond to radiological emergencies 24 hours a day. The subprogram registers and inspects more than 4,000 facilities with 10,600 X-Ray tubes, and conducts reviews and inspects approximately 164 mammography facilities and shielding plans for facilities. The subprogram also operates a radiation health laboratory which collects and analyzes approximately 5,000 environmental samples for radiologic contamination annually and conducts over 7,000 analyses on the samples. This subprogram also provides monitoring for radiologic sites such as the Maxey Flats Disposal Site and the Paducah Gaseous Diffusion Plant. Approximately 17,000 quality control analyses are also conducted annually.

The Milk Safety subprogram operates under KRS 217C, to prevent adulteration, misbranding, and false advertising of milk and milk products and protect the public from disease transmission through milk products. This mandate is achieved through inspections of dairy farms, dairy plants, micro-processors, distributors, milk haulers, and all other identities which improve the quality of milk that is produced and sold to the public. This subprogram also monitors the development of product standards of identity and legal labeling for all dairy products as mandated by the U.S. Food and Drug Administration and the U.S. Department of Agriculture. Kentucky adopted the 2011 edition of the Pasteurize Milk Ordinance, a federally mandated ordinance which ensures certain quality standards and which allows milk produced and processed in Kentucky to be produced, processed, transported and sold to all other forty-nine states.

The Food Safety subprogram provides regulatory oversight to Kentucky's multi-billion dollar food industry. The subprogram

provides training and technical consultation to local health department employees who inspect food service establishments, retail food stores, vending machine companies, tattoo studios, body piercing facilities, boarding homes, tanning facilities, and bed and breakfast establishments in order to prevent the spread of communicable diseases and injuries. The subprogram also directly regulates food manufacturing and storage programs and the farmer's market for program compliance with state regulation. The subprogram responds to and investigates food recalls and works closely with the federal Food and Drug Administration on outbreak investigation involving regulated foods. The Food Safety subprogram is also actively involved during natural and man-made disasters to protect the food supply.

The Environmental Management subprogram is responsible for the oversight and regulatory requirements involving public facilities, including hotels/motels, public restrooms, schools, state confinement facilities, public swimming and bathing facilities, mobile home/recreational vehicle parks/communities, and youth camps through annual operating permits and routine inspections as required by law. The subprogram provides technical assistance and training to the sixty-one (61) local health departments which provide direct inspection of the regulated entities. The subprogram is also responsible for: conducting initial certification and ongoing specialized trainings to local health department environmental staff; providing continuing education for septic system installers; providing consumer education on such issues as mold and bedbugs; operating a radon education program; providing support for the rabies control program and consulting on issues regarding private water sources.

This subprogram also ensures that public health nuisances (illegal garbage dumps, accumulation of trash and garbage, rodent infestations, mosquito infestations, and untreated sewage) are investigated and abated by local health department inspectors. Through its education, investigation, permitting, and inspection activities, the Environmental Management Branch has a direct effect on protecting the lives of the public as well as, the operation of most private business entities.

The Public Safety subprogram is responsible for the regulation and certification of lead abatement professionals and clearance testing of mitigated properties. This subprogram also oversees the public swimming pool construction program and the methamphetamine contaminated properties program. Public Safety provides epidemiological support for disease cluster investigations and supports statistical and standardized reporting of environmental data.

**Health and Family Services**

**Health Policy**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	491,500	433,300	440,200	448,000	455,400
State Salary and Compensation Allocation	27,700	600	1,200		
<b>Total General Fund</b>	<b>519,200</b>	<b>433,900</b>	<b>441,400</b>	<b>448,000</b>	<b>455,400</b>
<b>Restricted Funds</b>					
Balance Forward	450,787	555,582	737,600	491,700	245,900
Current Receipts	707,734	559,773	553,700	589,000	597,400
Non-Revenue Receipts	-200,000	-25,000	-25,000	-25,000	-25,000
Fund Transfers	-94,500				
<b>Total Restricted Funds</b>	<b>864,021</b>	<b>1,090,356</b>	<b>1,266,300</b>	<b>1,055,700</b>	<b>818,300</b>
<b>Federal Funds</b>					
Current Receipts	5,264,730	2,535,042			
Non-Revenue Receipts	26,365	-27,487			
<b>Total Federal Funds</b>	<b>5,291,095</b>	<b>2,507,555</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,674,316</b>	<b>4,031,810</b>	<b>1,707,700</b>	<b>1,503,700</b>	<b>1,273,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,553,257	2,626,759	747,000	794,900	810,800
Operating Expenses	313,947	87,445	47,300	47,300	47,300
Grants Loans Benefits	171,729	579,997	421,700	415,600	415,600
<b>TOTAL EXPENDITURES</b>	<b>6,038,934</b>	<b>3,294,201</b>	<b>1,216,000</b>	<b>1,257,800</b>	<b>1,273,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	439,400	433,900	441,400	448,000	455,400
Restricted Funds	308,439	352,746	774,600	809,800	818,300
Federal Funds	5,291,095	2,507,555			
<b>TOTAL EXPENDITURES</b>	<b>6,038,934</b>	<b>3,294,201</b>	<b>1,216,000</b>	<b>1,257,800</b>	<b>1,273,700</b>
<b>EXPENDITURES BY UNIT</b>					
Office of Health Policy	6,038,934	3,294,201	1,216,000	1,257,800	1,273,700
<b>TOTAL EXPENDITURES</b>	<b>6,038,934</b>	<b>3,294,201</b>	<b>1,216,000</b>	<b>1,257,800</b>	<b>1,273,700</b>

The Office of Health Policy is charged with administering the state certificate of need program and coordinating with other Cabinet for Health and Family Services (CHFS) agencies as well as state agencies outside CHFS regarding health care policy issues and health data collection.

There are two functions within the Office of Health Policy: Health Planning and Development and Certificate of Need.

The Health Planning and Development staff seeks to provide coordination among state agencies and programs including: The Department for Medicaid Services, Department for Behavioral Health and Developmental and Intellectual Disabilities and the Department for Public Health as well as agencies outside the Cabinet such as Department of Insurance and the Kentucky Employees' Health Plan. In addition to coordinating health policy and health insurance issues, staff oversees legislative and regulatory efforts to ensure that proposed statutes and regulations are consistent across departments, consistent with the overall goals of the cabinet, and develops health insurance policy in coordination with the Kentucky Department of Insurance. Staff is also responsible for collecting and analyzing statewide health data critical for sound decision making. Through its policy work, data collection and analysis, the Office identifies opportunities for preparing and distributing relevant information to the public about health, health care and public policy.

The Certificate of Need (CON) staff is responsible for administering the certificate of need program in order to prevent the proliferation and/or duplication of health care facilities, health services and major medical equipment that increase the cost of health care within the Commonwealth. Staff are responsible for developing the State Health Plan which guides the decision-making process for many types of CON applications. The proposed State Health Plan goes through an extensive review process allowing for comment and input from the public as well as the provider community.

A certificate of need is required to establish a health facility; to change bed capacity of health facility; to make a substantial change in a project (as defined by KRS Chapter 216 B.015); to add a health service for which there are review criteria in the state health plan; to add a service subject to licensure; to obligate a capital expenditure or acquire major medical equipment which exceeds a specific threshold; or to change the geographic area which has been designated on a certificate of need or license.

**Health and Family Services  
Family Resource Centers and Volunteer Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	424,000	427,700	439,100	1,466,400	1,479,300
State Salary and Compensation Allocation	45,000	900	1,800		
<b>Total General Fund</b>	<b>469,000</b>	<b>428,600</b>	<b>440,900</b>	<b>1,466,400</b>	<b>1,479,300</b>
<b>Restricted Funds</b>					
Balance Forward	61,654	36,217	25,300		
Non-Revenue Receipts			68,300	41,300	
Fund Transfers	-4,300				
<b>Total Restricted Funds</b>	<b>57,354</b>	<b>36,217</b>	<b>93,600</b>	<b>41,300</b>	
<b>Federal Funds</b>					
Balance Forward	115,361	264,028	270,400		
Current Receipts	4,683,862	4,025,917	2,798,700	3,069,100	3,069,100
<b>Total Federal Funds</b>	<b>4,799,222</b>	<b>4,289,944</b>	<b>3,069,100</b>	<b>3,069,100</b>	<b>3,069,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,325,576</b>	<b>4,754,761</b>	<b>3,603,600</b>	<b>4,576,800</b>	<b>4,548,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	699,627	676,542	207,700	253,600	268,500
Operating Expenses	128,729	113,161	240,900	1,193,100	1,189,600
Grants Loans Benefits	4,145,976	3,669,440	3,155,000	3,130,100	3,090,300
<b>TOTAL EXPENDITURES</b>	<b>4,974,332</b>	<b>4,459,143</b>	<b>3,603,600</b>	<b>4,576,800</b>	<b>4,548,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	418,000	428,600	440,900	1,466,400	1,479,300
Restricted Funds	21,137	10,979	93,600	41,300	
Federal Funds	4,535,195	4,019,564	3,069,100	3,069,100	3,069,100
<b>TOTAL EXPENDITURES</b>	<b>4,974,332</b>	<b>4,459,143</b>	<b>3,603,600</b>	<b>4,576,800</b>	<b>4,548,400</b>
<b>EXPENDITURES BY UNIT</b>					
Family Resource and Youth Services Center	422,111	350,144	415,500	1,424,400	1,427,300
Kentucky Com. Community Volunteerism and Serv.	4,552,220	4,108,999	3,188,100	3,152,400	3,121,100
<b>TOTAL EXPENDITURES</b>	<b>4,974,332</b>	<b>4,459,143</b>	<b>3,603,600</b>	<b>4,576,800</b>	<b>4,548,400</b>

The Department for Family Resource Centers and Volunteer Services is comprised of two separate programs: Family Resource and Youth Service Centers and the Kentucky Commission on Community Volunteerism and Services.

**Health and Family Services**  
**Family Resource Centers and Volunteer Services**  
**Family Resource and Youth Services Center**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	188,000	192,000	203,400	1,213,200	1,216,100
State Salary and Compensation Allocation	22,500	500	900		
<b>Total General Fund</b>	210,500	192,500	204,300	1,213,200	1,216,100
<b>Federal Funds</b>					
Balance Forward		53,557	62,000		
Current Receipts	283,169	166,052	149,200	211,200	211,200
<b>Total Federal Funds</b>	283,169	219,609	211,200	211,200	211,200
<b>TOTAL SOURCE OF FUNDS</b>	493,669	412,109	415,500	1,424,400	1,427,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	233,033	247,097		31,300	34,200
Operating Expenses	53,078	71,650	100,000	1,102,200	1,102,200
Grants Loans Benefits	136,000	31,397	315,500	290,900	290,900
<b>TOTAL EXPENDITURES</b>	422,111	350,144	415,500	1,424,400	1,427,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	192,500	192,500	204,300	1,213,200	1,216,100
Federal Funds	229,611	157,644	211,200	211,200	211,200
<b>TOTAL EXPENDITURES</b>	422,111	350,144	415,500	1,424,400	1,427,300

The Kentucky Education Reform Act (KERA) of 1990, KRS 156.496 and KRS 156.4977 as amended, created the Family Resource and Youth Services Centers (FRYSC). FRYSC provides administrative, technical assistance, and training support to the local school-based FRYSC. The primary goal of these centers is to enhance student ability to succeed in school by developing and sustaining partnerships that promote early learning and successful transition into school, academic achievement and well-being, graduation, and transition into adult life.

Each center has a unique blend of program components depending on location, available services, local need, and community input designed to promote the flow of resources and support to families in ways that strengthen their functioning and further the growth and development of each member. Services may include after-school child care, literacy programs, home visits to new/expectant parents, support and training for child day care providers, referrals to social services, employment counseling, summer and part-time job development, drug/alcohol counseling, and family crisis and mental health counseling. Centers also offer programs such as peer mediation, conflict resolution, pregnancy prevention and job shadowing.

The Budget of the Commonwealth includes \$1,000,000 General Fund in each fiscal year for operational costs for Family Resource and Youth Services Centers to replace a portion of the reductions realized since 2010.

**Health and Family Services  
Family Resource Centers and Volunteer Services  
Kentucky Com. Community Volunteerism and Serv.**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	236,000	235,700	235,700	253,200	263,200
State Salary and Compensation Allocation	22,500	400	900		
<b>Total General Fund</b>	<b>258,500</b>	<b>236,100</b>	<b>236,600</b>	<b>253,200</b>	<b>263,200</b>
<b>Restricted Funds</b>					
Balance Forward	61,654	36,217	25,300		
Non-Revenue Receipts			68,300	41,300	
Fund Transfers	-4,300				
<b>Total Restricted Funds</b>	<b>57,354</b>	<b>36,217</b>	<b>93,600</b>	<b>41,300</b>	
<b>Federal Funds</b>					
Balance Forward	115,361	210,470	208,400		
Current Receipts	4,400,693	3,859,865	2,649,500	2,857,900	2,857,900
<b>Total Federal Funds</b>	<b>4,516,053</b>	<b>4,070,335</b>	<b>2,857,900</b>	<b>2,857,900</b>	<b>2,857,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,831,908</b>	<b>4,342,652</b>	<b>3,188,100</b>	<b>3,152,400</b>	<b>3,121,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	466,594	429,445	207,700	222,300	234,300
Operating Expenses	75,651	41,511	140,900	90,900	87,400
Grants Loans Benefits	4,009,975	3,638,043	2,839,500	2,839,200	2,799,400
<b>TOTAL EXPENDITURES</b>	<b>4,552,220</b>	<b>4,108,999</b>	<b>3,188,100</b>	<b>3,152,400</b>	<b>3,121,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	225,500	236,100	236,600	253,200	263,200
Restricted Funds	21,137	10,979	93,600	41,300	
Federal Funds	4,305,583	3,861,920	2,857,900	2,857,900	2,857,900
<b>TOTAL EXPENDITURES</b>	<b>4,552,220</b>	<b>4,108,999</b>	<b>3,188,100</b>	<b>3,152,400</b>	<b>3,121,100</b>

The Kentucky Commission for Community Volunteerism and Services (KCCVS) was created in 1994 to serve as a conduit for federal funds that support AmeriCorps programs in the Commonwealth and to assume responsibility for the statewide coordination of volunteer activities.

Federal funds received by KCCVS are contracted to community organizations that, in turn, receive local matching funds, which include cash and in-kind services. AmeriCorps members provide household budget training, home renovation assistance, life skills training, and services to help senior citizens live independently. They train volunteers, serve the homeless, mentor at-risk youth, and offer assistance to victims of natural disasters. In addition, participants tutor children in math and reading and provide drug abuse prevention education in elementary and secondary schools. Children tutored by AmeriCorps members tend to advance a minimum of two reading levels during the school year. AmeriCorps volunteers in Kentucky have received more than \$15,000,000 in federal educational vouchers for their years of service.

**Health and Family Services  
Income Support**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,362,600	11,941,100	8,644,100	8,225,700	8,225,700
<b>Total General Fund</b>	<b>1,362,600</b>	<b>11,941,100</b>	<b>8,644,100</b>	<b>8,225,700</b>	<b>8,225,700</b>
<b>Restricted Funds</b>					
Current Receipts	26,341,506	11,095,547	15,629,800	15,859,600	16,009,800
Non-Revenue Receipts	113,480	120,592	121,000	121,000	121,000
<b>Total Restricted Funds</b>	<b>26,454,986</b>	<b>11,216,139</b>	<b>15,750,800</b>	<b>15,980,600</b>	<b>16,130,800</b>
<b>Federal Funds</b>					
Balance Forward	4,288,413	7,048,859	6,751,100		
Current Receipts	71,719,020	71,342,510	79,079,400	78,417,200	80,108,900
Non-Revenue Receipts	355,055				
<b>Total Federal Funds</b>	<b>76,362,487</b>	<b>78,391,369</b>	<b>85,830,500</b>	<b>78,417,200</b>	<b>80,108,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>104,180,073</b>	<b>101,548,608</b>	<b>110,225,400</b>	<b>102,623,500</b>	<b>104,465,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	33,611,427	33,535,978	34,139,200	36,509,800	37,150,600
Operating Expenses	4,976,722	5,291,911	5,126,000	5,486,400	6,687,500
Grants Loans Benefits	58,486,847	55,826,667	70,905,300	60,627,300	60,627,300
Capital Outlay	8,718	142,892	54,900		
<b>TOTAL EXPENDITURES</b>	<b>97,083,715</b>	<b>94,797,449</b>	<b>110,225,400</b>	<b>102,623,500</b>	<b>104,465,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,315,100	11,941,100	8,644,100	8,225,700	8,225,700
Restricted Funds	26,454,986	11,216,139	15,750,800	15,980,600	16,130,800
Federal Funds	69,313,629	71,640,210	85,830,500	78,417,200	80,108,900
<b>TOTAL EXPENDITURES</b>	<b>97,083,715</b>	<b>94,797,449</b>	<b>110,225,400</b>	<b>102,623,500</b>	<b>104,465,400</b>
<b>EXPENDITURES BY UNIT</b>					
Disability Determinations	42,440,328	42,546,001	54,307,000	46,447,700	47,847,900
Child Support	54,643,387	52,251,447	55,918,400	56,175,800	56,617,500
<b>TOTAL EXPENDITURES</b>	<b>97,083,715</b>	<b>94,797,449</b>	<b>110,225,400</b>	<b>102,623,500</b>	<b>104,465,400</b>

The Department for Income Support is responsible for administering Child Support Enforcement and Disability Determination Services.

These programs help to ensure that children are financially supported by parents who are legally obligated to pay child support and to determine medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government. The Department's mission is to facilitate financial and medical support services that enhances family wellness.

**Health and Family Services  
Income Support  
Disability Determinations**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Non-Revenue Receipts	113,480	120,592	121,000	121,000	121,000
<b>Total Restricted Funds</b>	<b>113,480</b>	<b>120,592</b>	<b>121,000</b>	<b>121,000</b>	<b>121,000</b>
<b>Federal Funds</b>					
Balance Forward		465,711	511,100		
Current Receipts	42,437,504	42,470,818	53,674,900	46,326,700	47,726,900
Non-Revenue Receipts	355,055				
<b>Total Federal Funds</b>	<b>42,792,559</b>	<b>42,936,529</b>	<b>54,186,000</b>	<b>46,326,700</b>	<b>47,726,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>42,906,039</b>	<b>43,057,120</b>	<b>54,307,000</b>	<b>46,447,700</b>	<b>47,847,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	25,396,460	25,343,426	25,770,900	27,550,200	28,064,500
Operating Expenses	2,781,791	3,302,943	2,989,400	3,248,700	4,134,600
Grants Loans Benefits	14,253,359	13,756,741	25,491,800	15,648,800	15,648,800
Capital Outlay	8,718	142,892	54,900		
<b>TOTAL EXPENDITURES</b>	<b>42,440,328</b>	<b>42,546,001</b>	<b>54,307,000</b>	<b>46,447,700</b>	<b>47,847,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	113,480	120,592	121,000	121,000	121,000
Federal Funds	42,326,848	42,425,410	54,186,000	46,326,700	47,726,900
<b>TOTAL EXPENDITURES</b>	<b>42,440,328</b>	<b>42,546,001</b>	<b>54,307,000</b>	<b>46,447,700</b>	<b>47,847,900</b>

Disability Determination Services (DDS) determines medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government. The DDS reevaluates the claims of disability recipients who have been selected for a periodic review of their medical condition and conducts face-to-face evidentiary hearings for those individuals who appeal an unfavorable review of their continuing eligibility.

Disability Determination Services workload depends upon: 1) the number of individuals who apply for disability benefits through the Social Security Administration (SSA), 2) the number of claims that SSA selects for continuing review and sends to DDS, and 3) Congressional mandates, legal actions or other initiatives.

**Health and Family Services**

**Income Support**

**Child Support**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,362,600	11,941,100	8,644,100	8,225,700	8,225,700
<b>Total General Fund</b>	1,362,600	11,941,100	8,644,100	8,225,700	8,225,700
<b>Restricted Funds</b>					
Current Receipts	26,341,506	11,095,547	15,629,800	15,859,600	16,009,800
<b>Total Restricted Funds</b>	26,341,506	11,095,547	15,629,800	15,859,600	16,009,800
<b>Federal Funds</b>					
Balance Forward	4,288,413	6,583,148	6,240,000		
Current Receipts	29,281,516	28,871,693	25,404,500	32,090,500	32,382,000
<b>Total Federal Funds</b>	33,569,929	35,454,840	31,644,500	32,090,500	32,382,000
<b>TOTAL SOURCE OF FUNDS</b>	61,274,034	58,491,488	55,918,400	56,175,800	56,617,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	8,214,967	8,192,552	8,368,300	8,959,600	9,086,100
Operating Expenses	2,194,931	1,988,968	2,136,600	2,237,700	2,552,900
Grants Loans Benefits	44,233,489	42,069,927	45,413,500	44,978,500	44,978,500
<b>TOTAL EXPENDITURES</b>	54,643,387	52,251,447	55,918,400	56,175,800	56,617,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,315,100	11,941,100	8,644,100	8,225,700	8,225,700
Restricted Funds	26,341,506	11,095,547	15,629,800	15,859,600	16,009,800
Federal Funds	26,986,781	29,214,800	31,644,500	32,090,500	32,382,000
<b>TOTAL EXPENDITURES</b>	54,643,387	52,251,447	55,918,400	56,175,800	56,617,500

The Child Support Program under Title IV-D of the Social Security Act (PL 93-647) is designed to ensure that children are financially supported by parents who are legally obligated to pay child support. Both the state and federal governments share costs to conduct this program. State statutes governing the operation of this program were enacted under the Kentucky Child Support Recovery Act and are contained in KRS 205.710 - KRS 205.800.

The core functions of the child support program include locating parents; establishing paternity; establishing, enforcing, and modifying child support orders; and collecting and disbursing child support payments. Program responsibilities include the establishment and enforcement of medical support. In addition to traditional judicial processes, state and federal laws allow the Child Support Program to accomplish its mission through administrative processes such as in-hospital paternity establishment, wage assignments, liens and levies on personal property and assets, and offsetting tax refunds and unemployment benefits. The Child Support Program maintains program administration contracts with 117 county officials to provide child support collection locally.

Child support services are automatically provided to families receiving assistance under the Kentucky Transitional Assistance Program (K-TAP) or Medicaid, and to children placed in the care of the Cabinet for Health and Family Services. Payment collected for families receiving K-TAP and children in the care of the Cabinet for Health and Family Services is used to reimburse the state and federal governments for benefits expended on behalf of those families and children. Families that do not participate in the cash or medical assistance programs may also apply for child support services.

The Child Support Enforcement Program receives incentive payments from the federal government based on program performance in five program areas; Paternity Establish Performance for Title IV-D and Statewide, Support Order Performance, Current Payment Performance, Arrearage Payment Performance and Cost-Effectiveness Performance. The Deficit Reduction Act (DRA) of 2005 disallowed use of federal performance incentives as state matching funds for Federal Financial Participation (FFP).

**Health and Family Services  
Community Based Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	312,749,600	329,384,300	330,465,500	391,634,800	414,581,400
State Salary and Compensation Allocation	3,971,100	190,600	381,200		
<b>Total General Fund</b>	<b>316,720,700</b>	<b>329,574,900</b>	<b>330,846,700</b>	<b>391,634,800</b>	<b>414,581,400</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	9,175,000	8,715,000	8,715,000	8,715,000	8,715,000
Continuing Approp.-Tobacco Settlement	2,911	27,943	100,000		
Budget Reduction-General Fund Tobacco			-100,000		
Other		100,000			
<b>Total Tobacco Settlement - Phase I</b>	<b>9,177,911</b>	<b>8,842,943</b>	<b>8,715,000</b>	<b>8,715,000</b>	<b>8,715,000</b>
<b>Restricted Funds</b>					
Balance Forward	16,057,684	35,050,024	8,820,200	4,922,400	2,162,600
Current Receipts	132,424,065	146,138,765	159,438,500	166,122,600	167,576,900
Non-Revenue Receipts	23,060,664	10,424,162	-21,664,700	-18,624,400	-17,053,800
Fund Transfers	-3,140,300				
<b>Total Restricted Funds</b>	<b>168,402,113</b>	<b>191,612,950</b>	<b>146,594,000</b>	<b>152,420,600</b>	<b>152,685,700</b>
<b>Federal Funds</b>					
Balance Forward	18,990,928	14,610,106	1,565,200		
Current Receipts	533,349,338	466,804,981	479,706,200	492,199,000	502,117,700
Non-Revenue Receipts	-227,553	-96			
ARRA Receipts	306,724	-41,321			
<b>Total Federal Funds</b>	<b>552,419,437</b>	<b>481,373,670</b>	<b>481,271,400</b>	<b>492,199,000</b>	<b>502,117,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,046,720,160</b>	<b>1,011,404,463</b>	<b>967,427,100</b>	<b>1,044,969,400</b>	<b>1,078,099,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	257,588,214	271,945,910	283,670,700	308,100,700	317,784,200
Operating Expenses	41,228,122	42,386,284	46,262,900	45,445,000	47,171,800
Grants Loans Benefits	694,043,217	686,586,778	632,071,100	689,261,100	713,143,800
Capital Outlay	2,235				
<b>TOTAL EXPENDITURES</b>	<b>992,861,788</b>	<b>1,000,918,972</b>	<b>962,004,700</b>	<b>1,042,806,800</b>	<b>1,078,099,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	312,550,400	329,574,900	330,346,700	391,634,800	414,581,400
Tobacco Settlement - Phase I	9,149,968	8,742,943	8,715,000	8,715,000	8,715,000
Restricted Funds	133,352,089	182,792,657	141,671,600	150,258,000	152,685,700
Federal Funds	537,809,331	479,808,473	481,271,400	492,199,000	502,117,700
<b>TOTAL EXPENDITURES</b>	<b>992,861,788</b>	<b>1,000,918,972</b>	<b>962,004,700</b>	<b>1,042,806,800</b>	<b>1,078,099,800</b>
<b>EXPENDITURES BY UNIT</b>					
Family Support	355,192,326	358,447,623	368,017,200	381,420,800	388,520,900
Energy	48,255,468	39,740,944	31,694,700	29,992,700	29,995,500
Child Care	147,118,448	140,071,386	90,849,800	133,740,900	159,352,600
Family and Community Services	442,295,545	462,659,020	471,443,000	497,652,400	500,230,800
<b>TOTAL EXPENDITURES</b>	<b>992,861,788</b>	<b>1,000,918,972</b>	<b>962,004,700</b>	<b>1,042,806,800</b>	<b>1,078,099,800</b>

The Department for Community Based Services (DCBS) is responsible for administering the following programs: Family Support (including Temporary Assistance to Needy Families; Supplementation Nutrition Assistance Program; Medicaid and health insurance affordability program eligibility; and State Supplementation for aged, blind or disabled individuals); Energy Assistance; Child Care; and Family and Community Based Services (including Family Based Services, Adult Services and Alternatives for Children).

These programs benefit Kentuckians who are without sufficient resources to meet their basic needs. The Department's mission is to preserve the family as a unit when possible and protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

**Health and Family Services  
Community Based Services  
Family Support**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	122,844,400	130,306,600	129,350,900	135,814,400	137,326,600
State Salary and Compensation Allocation	1,019,000				
<b>Total General Fund</b>	<b>123,863,400</b>	<b>130,306,600</b>	<b>129,350,900</b>	<b>135,814,400</b>	<b>137,326,600</b>
<b>Restricted Funds</b>					
Balance Forward	692,567	1,406,901	1,420,100	651,800	30,700
Current Receipts	1,506,315	1,842,169	1,667,600	2,516,200	3,968,000
Non-Revenue Receipts	20,709,284	19,137,629	21,606,800	23,214,600	24,756,300
Fund Transfers	-724,300				
<b>Total Restricted Funds</b>	<b>22,183,867</b>	<b>22,386,699</b>	<b>24,694,500</b>	<b>26,382,600</b>	<b>28,755,000</b>
<b>Federal Funds</b>					
Balance Forward	14,620,497	11,804,764	150,200		
Current Receipts	209,333,190	195,519,954	214,473,400	219,254,500	222,439,300
Non-Revenue Receipts	-227,463	-96			
<b>Total Federal Funds</b>	<b>223,726,224</b>	<b>207,324,622</b>	<b>214,623,600</b>	<b>219,254,500</b>	<b>222,439,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>369,773,491</b>	<b>360,017,920</b>	<b>368,669,000</b>	<b>381,451,500</b>	<b>388,520,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	121,987,913	128,474,064	134,845,900	147,804,800	152,545,600
Operating Expenses	18,358,698	19,756,646	22,934,800	22,251,400	24,610,700
Grants Loans Benefits	214,845,715	210,216,912	210,236,500	211,364,600	211,364,600
<b>TOTAL EXPENDITURES</b>	<b>355,192,326</b>	<b>358,447,623</b>	<b>368,017,200</b>	<b>381,420,800</b>	<b>388,520,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	122,493,900	130,306,600	129,350,900	135,814,400	137,326,600
Restricted Funds	20,776,966	20,966,562	24,042,700	26,351,900	28,755,000
Federal Funds	211,921,460	207,174,461	214,623,600	219,254,500	222,439,300
<b>TOTAL EXPENDITURES</b>	<b>355,192,326</b>	<b>358,447,623</b>	<b>368,017,200</b>	<b>381,420,800</b>	<b>388,520,900</b>
<b>EXPENDITURES BY UNIT</b>					
Supplemental Nutrition Assistance Program	75,113,604	78,233,632	88,044,200	94,660,000	97,277,600
Medical Assistance	37,287,525	38,847,311	45,019,300	49,128,100	52,895,400
State Supplementation	16,876,851	15,722,778	15,865,400	16,115,900	16,481,400
TANF	225,914,347	225,643,902	219,088,300	221,516,800	221,866,500
<b>TOTAL EXPENDITURES</b>	<b>355,192,326</b>	<b>358,447,623</b>	<b>368,017,200</b>	<b>381,420,800</b>	<b>388,520,900</b>

Family Support consists of the following programs: Temporary Assistance to Needy Families (TANF); Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps; eligibility determination for Medicaid and for health insurance premium assistance through the Kentucky Health Benefit Exchange; and State Supplementation Program for persons who are aged, blind, or have a disability (State Supplementation). The programs administered by the Division of Family Support are designed to promote self-sufficiency, job training assessment, and the delivery of basic essential services for families and children who need assistance. Programs are accessible to all residents of Kentucky counties. Each local office has the responsibility to determine eligibility, provide facts and information of available benefits as well as the regulatory limitations of available benefits, and maintain case record information.

The National Voter Registration Act of 1993, also known as the Motor-Voter Act, requires agencies that deliver services to persons with disabilities or provide benefits under the Temporary Assistance for Needy Families/Kentucky Transitional Assistance Program, Special Supplemental Nutrition Programs for Women, Infants and Children (WIC), Medicaid, or SNAP, as well as Armed Forces Recruiting Stations and driver licensing stations to make available voter registration applications to their clients. Since Family Support administers two of these programs, it distributes voter registration forms, provides assistance in completing these forms, and ensures completed forms reach the proper state election office for processing in order to comply with this mandate.

**Temporary Assistance for Needy Families (TANF)**

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) amended and combined Title IV-A (Aid for Families with Dependent Children or AFDC) and Title IV-F (Job Opportunities and Basic Skills Training Program or JOBS) of the Social Security Act to provide block grants to states for TANF. These federal funds support the program's administrative and benefit expenditures that include personnel, operating, and indirect costs; contracts with partnering agencies; cash assistance subsidies; supportive services; child care; and transportation. A Maintenance of Effort requirement mandates that states spend at least 80 percent of fiscal year 1994 expenditures on the program each year. For Kentucky, this amount is \$71.9 million per year.

The Kentucky Transitional Assistance Program (K-TAP) is the Commonwealth's cash assistance program for families with a dependent child who is deprived of parental support due to the continued absence, unemployment, incapacity, or death of one or both parents. Monthly payments are designed to help adults find a job or obtain training that leads to employment. Gross income must fall below a level appropriate for the family's size, and total family resources cannot exceed agency limits.

The Kentucky Works Program assists recipients with their transition into the workforce and attainment of self-sufficiency. Adults receiving K-TAP benefits must participate in this program and, with the help of a case manager, develop a Transitional Assistance Agreement. Kentucky Works Program activities include employment, on-the-job training, work experience training programs, a job search/job readiness component, vocational training or other educational services, community service, high school completion for teen parents, and other activities necessary to prepare for employment. Referrals to providers of transportation, child care, and supportive services such as car repairs and supplies ensure that individuals are able to take part in this program.

Safety Net Services are available to former K-TAP families who lose cash assistance as a result of time limits or failure to comply with requirements of the Kentucky Works Program. Families with an income at or below 200 percent of the federal poverty level can access temporary benefits to meet basic needs such as shelter, food, clothing, or utilities. Following a qualifying event, a total of \$635 may be authorized for four months during a 12-month period.

The Family Alternatives Diversion Program (FAD) provides an alternative for families, who, while otherwise eligible, choose not to receive K-TAP cash assistance. A maximum of \$1,300 is available to assist the family with immediate needs such as food, shelter, transportation, etc. These benefits may be authorized for a three-month period. FAD may be approved once during a 24-month period and no more than twice in a lifetime.

The Kinship Care Program provides financial assistance and support services to non-parental relatives caring for children who cannot remain in the home of their parents due to abuse, neglect, or the death of both parents. Effective April 1, 2013, the Department for Community Based Services (DCBS) issued a moratorium impacting a child's initial eligibility for the Kinship Care Program; however, the moratorium did not apply to previously existing beneficiaries. A one-time relative placement support benefit and K-TAP are available to address a child's immediate and ongoing needs, respectively, upon placement by the Department with a qualified relative caregiver as an alternative to foster care.

Efforts to partner with local communities to achieve the goals of self-sufficiency, protection, and permanency for Kentucky's families continue. The flexibility of the TANF block grant has allowed the Department to pursue initiatives such as change management and organizational restructuring and, as a result, better address the needs of those striving to escape a life of dependency.

### **Medicaid Eligibility and Health Insurance Affordability**

DCBS determines eligibility for the Medicaid program under a contract with the Department for Medicaid Services. The Medicaid program is authorized under Title XIX of the U.S. Social Security Act and KRS 205.520 and has expanded through state option made available through the Patient Protection and Affordable Care Act (P.L. 111-148), as amended by Health Care and Education Reconciliation Act (P.L. 111-152).

The Department provides eligibility determination services for health insurance premium assistance program via the state-based American Health Benefit Exchange (Kentucky Health Benefit Exchange) established in accordance with P.L. 111-148, as amended, and 42 U.S.C. 18031

### **State Supplementation**

The State Supplementation Program, authorized by KRS 205.245, provides financial support to aged, blind, or disabled individuals who have insufficient income to meet their needs in a licensed personal care home or family care home, or to purchase caretaker services designed to prevent institutionalization. To be eligible, persons must meet the criteria of the Social Security Income program related to age, blindness or disability as well as additional requirements associated with citizenship, Kentucky residency, and special needs.

### **Supplemental Nutrition Assistance Program (SNAP)**

The Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, helps low-income persons purchase food for a nutritional diet. SNAP has its origins in the Food Stamp Act of 1964 (P.L. 88-525). It is designed to promote the general welfare and safeguard the health and well-being of the nation's population by raising nutritional levels among low-income households. "Household" is defined as any individual, family, or group of people living with each other who buy and prepare food together. To qualify, each household must meet eligibility standards.

The SNAP Employment and Training Program (E & T) is designed to assist able-bodied SNAP recipients obtain employment that leads to self-sufficiency. In Kentucky, E & T serves only non-exempt work registrants between the ages of 18 and 49, otherwise

known as Able-Bodied Adults without Dependents. Recipients of this service must participate and comply with E & T requirements in order to maintain their SNAP eligibility.

**Policy**

The Budget of the Commonwealth includes General Fund of \$1,000,000 in each fiscal year for relative placement support benefits to meet the initial home set-up needs of children being placed in the custody and/or care of non-parental relatives.

**Health and Family Services  
Community Based Services**

**Energy**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	30,013	1,705,861	1,705,900		
Current Receipts	1,675,849				
<b>Total Restricted Funds</b>	<b>1,705,861</b>	<b>1,705,861</b>	<b>1,705,900</b>		
<b>Federal Funds</b>					
Balance Forward	896,705	902,584			
Current Receipts	48,261,347	38,838,360	29,988,800	29,992,700	29,995,500
<b>Total Federal Funds</b>	<b>49,158,052</b>	<b>39,740,944</b>	<b>29,988,800</b>	<b>29,992,700</b>	<b>29,995,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>50,863,914</b>	<b>41,446,805</b>	<b>31,694,700</b>	<b>29,992,700</b>	<b>29,995,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	38,240	39,231	41,400	44,200	44,600
Operating Expenses	8,980	10,513	9,400	11,000	11,000
Grants Loans Benefits	48,208,248	39,691,200	31,643,900	29,937,500	29,939,900
<b>TOTAL EXPENDITURES</b>	<b>48,255,468</b>	<b>39,740,944</b>	<b>31,694,700</b>	<b>29,992,700</b>	<b>29,995,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds			1,705,900		
Federal Funds	48,255,468	39,740,944	29,988,800	29,992,700	29,995,500
<b>TOTAL EXPENDITURES</b>	<b>48,255,468</b>	<b>39,740,944</b>	<b>31,694,700</b>	<b>29,992,700</b>	<b>29,995,500</b>

The Low Income Home Energy Assistance program is a federally funded program that helps low-income households meet their home heating and/or cooling needs through direct fuel bill subsidies and weatherization services.

The Home Energy Assistance program, authorized by KRS 205.400, provides support with home heating/cooling costs for low-income households. Services include accepting applications, determining eligibility, implementing an outreach component, and coordinating this program with other energy assistance initiatives. Eligibility criteria include income that does not exceed 130 percent of the federal poverty level, resources that total less than \$2,000 (or \$3,000 if at least one person in the household is either age 60 or older or disabled, \$4,000 if there is a catastrophic illness in the household), and the responsibility for home heating expenses. This program is divided into two components. The subsidy component assists recipients with home heating costs for which they are responsible either by direct payment or as an undesignated portion of their rent. The crisis component assists eligible households experiencing a home energy emergency involving imminent loss of heating energy.

**Health and Family Services  
Community Based Services**

**Child Care**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,265,300	9,279,700	9,292,400	48,128,600	67,621,600
Other		20,000,000			
<b>Total General Fund</b>	<b>9,265,300</b>	<b>29,279,700</b>	<b>9,292,400</b>	<b>48,128,600</b>	<b>67,621,600</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	9,000,000	8,540,000	8,540,000	8,540,000	8,540,000
Continuing Approp.-Tobacco Settlement			100,000		
Budget Reduction-General Fund Tobacco			-100,000		
Other	-25,000	100,000			
<b>Total Tobacco Settlement - Phase I</b>	<b>8,975,000</b>	<b>8,640,000</b>	<b>8,540,000</b>	<b>8,540,000</b>	<b>8,540,000</b>
<b>Restricted Funds</b>					
Balance Forward	4,328	15,575	26,100	24,300	23,200
Current Receipts	51,870	49,669	48,200	48,900	48,900
<b>Total Restricted Funds</b>	<b>56,198</b>	<b>65,244</b>	<b>74,300</b>	<b>73,200</b>	<b>72,100</b>
<b>Federal Funds</b>					
Balance Forward	3,250,136	1,902,759			
Current Receipts	127,490,237	100,309,832	72,967,400	77,022,300	83,118,900
Non-Revenue Receipts	-90				
<b>Total Federal Funds</b>	<b>130,740,284</b>	<b>102,212,591</b>	<b>72,967,400</b>	<b>77,022,300</b>	<b>83,118,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>149,036,782</b>	<b>140,197,534</b>	<b>90,874,100</b>	<b>133,764,100</b>	<b>159,352,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,044,120	10,357,707	10,384,400	13,308,300	14,892,600
Operating Expenses	549,743	682,960	617,600	982,900	1,129,900
Grants Loans Benefits	137,522,350	129,030,719	79,847,800	119,449,700	143,330,100
Capital Outlay	2,235				
<b>TOTAL EXPENDITURES</b>	<b>147,118,448</b>	<b>140,071,386</b>	<b>90,849,800</b>	<b>133,740,900</b>	<b>159,352,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,265,300	29,279,700	9,292,400	48,128,600	67,621,600
Tobacco Settlement - Phase I	8,975,000	8,540,000	8,540,000	8,540,000	8,540,000
Restricted Funds	40,623	39,095	50,000	50,000	72,100
Federal Funds	128,837,525	102,212,591	72,967,400	77,022,300	83,118,900
<b>TOTAL EXPENDITURES</b>	<b>147,118,448</b>	<b>140,071,386</b>	<b>90,849,800</b>	<b>133,740,900</b>	<b>159,352,600</b>

The Child Care Program administers the child care assistance subsidy program, the STARS quality rating system, as well as a professional development framework for child care providers. The primary funding services for the program include the Child Care Development fund, state general fund and tobacco funds.

The Child Care Development Fund (CCDF) was created by Congress in August 1996 as part of the federal welfare reform legislation. Child care services delivered through CCDF are designed to promote, expand, and improve the quality of care for children in Kentucky and ensure that families most in need are aware of and have access to available, quality child care which is developmentally appropriate, affordable, and safe. The Cabinet for Health and Family Services' approach to service delivery combines the efforts of Cabinet staff and other service providers to address a family's needs in a comprehensive fashion thereby maximizing the likelihood that a family will achieve positive outcomes. Child Care serves Kentucky's most vulnerable children prioritizing children receiving child protective or preventive services, Temporary Assistance for Needy Families (TANF) recipients and persons transitioning off TANF, children with special needs, and teen parents. Children of low income working families are also eligible for child care assistance.

CCDF Regulation 45 C.F.R. Section 98.51 mandates that no less than four percent (4%) of the aggregate funds expended by the lead agency for the fiscal year be spent for quality activities which include child care health and safety requirements, STARS for KIDS NOW and early care and education professional development. Moreover, CCDF requires that additional funding be set aside for quality initiatives to address the following topics: infant and toddler care, school age care and resource and referral services.

Child Care invests in support services required to allow parents to be self-sufficient without sacrificing the well-being of their children. The CCDF was last reauthorized in 2005 and the goals of access and quality compete for limited childcare resources.

**The Child Care Assistance Program** is one of the support services directed at: (1) eliminating barriers to work and education for parents; (2) strengthening and maintaining client families; (3) providing early educational opportunities for at-risk children; (4) preventing or remedying abuse, neglect or exploitation of children; (5) preventing family dissolution; and (6) preventing out of home placements; These services are provided by subsidized child care through the CCDF for full and part-day care through the use of licensed providers, certified family child care homes and registered providers. Childcare services are intended to supplement, but not supplant, the parents' responsibility for the child's protection, development, and supervision. To that end, children with special needs and child protective services cases are the top priority for the Division of Child Care. In addition, childcare funding is also used to support low-income working parents and TANF client's efforts to find and keep jobs and transition off welfare. Licensed centers and homes, certified family childcare homes, and registered providers including relative and non-relative providers meeting enrollment requirements and health and safety guidelines, are reimbursed for services at approved rates for eligible, enrolled families.

Due to a projected budget shortfall in fiscal year 2014 the following changes were implemented in the Child Care Assistance Program:

- Effective April 1, 2013 – DCBS froze intake for new low-income clients; and
- Effective July 1, 2013 – DCBS reduced the CCAP income eligibility threshold from 150% of the 2011 Federal Poverty Level (FPL) at initial application and 165% FPL at redetermination to 100% FPL for redetermination.

These changes assured that priority child populations, including children receiving protective or preventative services to avoid removal from the home; children whose parents require child care to meet work participation requirements for the Kentucky Transitional Assistance Program (K-TAP); children with special needs requiring specialized care; and teen parents would continue to receive assistance. These programmatic changes have been the most difficult decisions that DCBS has had to make in recent history. The decisions were not made without much research and deliberation; however, the agency's context left no other options. Other cost containment options that were considered for the CCAP did not contain costs to the extent necessary and did not assure that the program would avoid complete shutdown.

**The STARS for KIDS NOW Program** is part of Kentucky's Early Childhood Initiative and is a voluntary quality rating system that places major emphasis on raising the quality level of early care and education in child care settings. STARS for KIDS NOW monetary incentives and rewards are granted to childcare providers based on environmental scoring using identified characteristics associated with positive outcomes for children and families. Through the provision of technical assistance, providers work to achieve quality indicators in their Environmental Rating Scale to achieve a STAR Level of 1 through 4. Programs receiving STARS Levels 1 through 4 rating surpass the minimum licensing or certification requirements per regulations. Programs are assessed in the following areas: staff/child ratios, group size, curriculum, family involvement, training and education of staff, regulatory compliance, and personnel practices.

**The Professional Development System** is also part of Kentucky's Early Childhood Initiative. The Division has put in place the "Kentucky Childhood Professional Development Framework" which addresses the needs for education, training and credentialing of early care professionals in Kentucky and represents a culmination of months of planning and input from multiple stakeholders across the state. The Framework identifies individual core competencies, credentials, scholarships, grants, awards and training criteria to early care and education professionals. Additionally, targeted quality set-asides under CCDF are being utilized to promote and improve the quality of infant/toddler training opportunities, enhance professional development activities, improve education in child care programs, improve staff and child interactions, increase parental involvement, and facilitate regulatory compliance to all child care programs.

As mandated by state legislation in 1992, childcare resource, and referral agencies (CCR&R's) provide services across the Commonwealth of Kentucky. The Cabinet contracts with the University of Kentucky, Human Development Institute through a sub-contract for coordination and management of Child Care Resource and Referral (CCR&R) Network ensuring services in the fifteen (15) Area Development Districts (ADD) covering all 120 counties in Kentucky to coordinate statewide core services as outlined in KRS 199.8992.

The CCR&R Network is comprised of fourteen (14) Regional Training Coordinators, fourteen (14) Regional Technical Assistance Coordinators, and two (2) Regional Technical Assistance Specialists to provide technical assistance, resources and coordination of professional development education to increase the quality of early care and education services across the commonwealth.

The Department, through the Child Care program, contracts with the CHFS Office of the Inspector General (OIG) to inspect, monitor, and license center-based providers, and inspect, monitor, and certify family childcare home providers who care for up to six (6) unrelated children. The OIG is also contracted to investigate complaints against licensed and certified providers as well as to conduct fraud investigations. State statute stipulates that an individual caseload of 1:50 be maintained for continuation of quality services; however, the current average individual case load is 1:100.

Collaborative efforts continue between the Child Care program and key stakeholders in order to ensure that outcomes will focus on continuing quality improvements in early learning environments. These efforts include partnerships with Head Start, the Department of Education, the Department for Public Health Division of Maternal and Child Health, Kentucky Out-of-School Alliance, Governor's Office of Early Childhood, and other government and quasi-government agencies that share the common goal of increasing professionalism in early care and education, promoting quality care, and supporting early learning guidelines.

## **Policy**

The Budget of the Commonwealth includes General Fund in the amount of \$38,682,500 in fiscal year 2015 and \$58,132,000 in fiscal year 2016 to restore the Child Care Assistance Program (CCAP) by reopening intake to new low income children and families and restoring the eligibility threshold to fiscal year 2012 levels of 150% of federal poverty level.

The Budget of the Commonwealth includes \$4,054,900 in fiscal year 2015 and \$10,151,500 in fiscal year 2016 for the Race to the Top-Kentucky All\*STARS federal grant to continue the Commonwealth's effort to improve the quality of early learning for Kentucky's youngest citizens.

**Health and Family Services  
Community Based Services  
Family and Community Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	180,639,900	189,798,000	191,822,200	207,691,800	209,633,200
State Salary and Compensation Allocation	2,952,100	190,600	381,200		
Other		-20,000,000			
<b>Total General Fund</b>	<b>183,592,000</b>	<b>169,988,600</b>	<b>192,203,400</b>	<b>207,691,800</b>	<b>209,633,200</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	175,000	175,000	175,000	175,000	175,000
Continuing Approp.-Tobacco Settlement	2,911	27,943			
Other	25,000				
<b>Total Tobacco Settlement - Phase I</b>	<b>202,911</b>	<b>202,943</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>
<b>Restricted Funds</b>					
Balance Forward	15,330,776	31,921,687	5,668,100	4,246,300	2,108,700
Current Receipts	129,190,032	144,246,927	157,722,700	163,557,500	163,560,000
Non-Revenue Receipts	2,351,379	-8,713,467	-43,271,500	-41,839,000	-41,810,100
Fund Transfers	-2,416,000				
<b>Total Restricted Funds</b>	<b>144,456,187</b>	<b>167,455,147</b>	<b>120,119,300</b>	<b>125,964,800</b>	<b>123,858,600</b>
<b>Federal Funds</b>					
Balance Forward	223,590		1,415,000		
Current Receipts	148,264,563	132,136,835	162,276,600	165,929,500	166,564,000
ARRA Receipts	306,724	-41,321			
<b>Total Federal Funds</b>	<b>148,794,877</b>	<b>132,095,514</b>	<b>163,691,600</b>	<b>165,929,500</b>	<b>166,564,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>477,045,974</b>	<b>469,742,204</b>	<b>476,189,300</b>	<b>499,761,100</b>	<b>500,230,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	126,517,941	133,074,908	138,399,000	146,943,400	150,301,400
Operating Expenses	22,310,701	21,936,165	22,701,100	22,199,700	21,420,200
Grants Loans Benefits	293,466,903	307,647,946	310,342,900	328,509,300	328,509,200
<b>TOTAL EXPENDITURES</b>	<b>442,295,545</b>	<b>462,659,020</b>	<b>471,443,000</b>	<b>497,652,400</b>	<b>500,230,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	180,791,200	169,988,600	191,703,400	207,691,800	209,633,200
Tobacco Settlement - Phase I	174,968	202,943	175,000	175,000	175,000
Restricted Funds	112,534,500	161,787,000	115,873,000	123,856,100	123,858,600
Federal Funds	148,794,877	130,680,478	163,691,600	165,929,500	166,564,000
<b>TOTAL EXPENDITURES</b>	<b>442,295,545</b>	<b>462,659,020</b>	<b>471,443,000</b>	<b>497,652,400</b>	<b>500,230,800</b>
<b>EXPENDITURES BY UNIT</b>					
Family Based Services	104,489,788	110,930,093	115,380,200	120,618,400	122,315,200
Adult Services	33,874,775	34,738,682	35,418,000	37,184,200	37,476,600
Alternatives For Children	303,930,982	316,990,246	320,644,800	339,849,800	340,439,000
<b>TOTAL EXPENDITURES</b>	<b>442,295,545</b>	<b>462,659,020</b>	<b>471,443,000</b>	<b>497,652,400</b>	<b>500,230,800</b>

Family and Community Services are designed to provide maximum support to a family at the time of crisis to prevent the disruption of the family unit and to protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

The subprograms contained in Family and Community Services are Family Based Services, Adult Services, and Alternatives for Children. The legal authority for the program is in KRS Chapters 199, 200, 209 (Adult Protection), and 600-645, and in Titles IV, XIX and XX of the Social Security Act.

**Family Based Services**

Family-based services include child protection, reunification following out-of-home placement, home safety services, preventive services for families, community-based juvenile services, family preservation services, mental health services through contracts

with local comprehensive care centers, self-help services provided through local child abuse councils, and preventive assistance.

Child Protective Services safeguard the rights and welfare of abused, neglected or dependent children; aid parents or other responsible persons in recognizing and remedying conditions detrimental to the welfare of their children; and identify conditions that contribute to the neglect, abuse, or dependency of children. Child Protective Services are both preventive and corrective in nature. The Department for Community Based Services (DCBS) is mandated to receive and investigate reports of the abuse or neglect of children.

Home Safety Services provide in-home support that prevents the disruption of a family unit or expedites the return of the child by helping parents with general homemaker skills, role modeling, parenting skills, assistance in daily living skills, and direction in utilizing community services.

Preventive Services to families who do not qualify for services under other program areas address a family's treatment needs before the situation has escalated to become abusive or neglectful.

Family Preservation provides crisis intervention and intensive (5-20 hours per week) in-home services to families who have children at imminent risk of removal from their home. Family Reunification Services, which follow the same basic model with less intensive in-home services over a longer duration (up to 6 months), facilitate the successful return of children to the home and decrease the likelihood of repeated child placements.

Self-Help Groups provide support and education for parents in crisis or at risk of further abuse or neglect of children.

Juvenile Services in the community provide an array of preventive and treatment services for children adjudicated as status offenders under KRS 630. Because status offender behaviors such as running away from home, being beyond parental control and truancy are most often indicative of prior abuse or neglect of the child, services are targeted at prevention of further abuse or neglect and interventions to curb the child's negative behaviors. Appropriate services may be provided directly by DCBS or arranged through local mental health centers, Family Resource and Youth Service Centers, community partnerships, private child care agencies, and other private providers in the community.

Child advocacy centers provide services to victims of child sexual abuse and their non-offending caregivers.

### **Adult Services**

Adult Services includes protection and self-support. Adult services are directed toward preserving the vulnerable individual's independence to the maximum degree possible and protecting him/her from abuse, neglect or exploitation pursuant to KRS Chapters 209 and 209A. The elements of adult services are:

- Adult protection,
- Domestic violence protection,
- Adult home safety services (which is the direct provision of home safety services to adults at risk or in need of protection),
- Alternate care (also called patient movement and placement) which involves assisting individuals with appropriate community and institutional placements,
- Preventive services for adults which entails assessment, planning, and guidance,
- Services provided by domestic violence shelters and crisis centers,
- Services provided by rape crisis centers, and
- Certification of batterer intervention program providers.

Services often involve finding food, shelter, clothing, and medical treatment. Adult Self-Support includes the Community Services Block Grant, which provides funding for emergency needs of economically disadvantaged citizens. This program helps to alleviate the stresses on the family unit resulting from poverty while promoting self-sufficiency.

Pursuant to KRS Chapters 209 and 209A, anyone who knows or suspects that an adult, who because of mental or physical dysfunction, or a spouse (without regard to age) is being abused, neglected or exploited must report this information to the Cabinet for Health and Family Services' Department for Community Based Services. The Department is required to investigate the report, notify local law enforcement officials, offer appropriate protection and support services, and maintain case records.

Homemaker Services are designed to enhance the adult's ability to remain at home in the least restrictive environment. Services may include meal preparation, budgeting, grocery shopping, menu planning, doing laundry, assisting with personal hygiene, changing beds, and sweeping floors. Homemaker services are a key element in enhancing the vulnerable adult's ability to remain at home and in assisting the family unit to remain intact.

DCBS is involved in placement and movement of individuals into, between, and out of facilities. Placement and Movement denotes assistance provided to Medicaid-eligible individuals. Alternate Care denotes assistance to non-Medicaid eligible individuals. Approximately 56,000 Kentuckians need alternate care or placement and movement services each year. The majority of these individuals have family or friends to assist them in finding alternate living arrangements. The Department assists those individuals who are not able to locate appropriate placements. Alternate Care Services help ensure that persons are not inappropriately placed in a level of care exceeding their need and thus promotes cost effectiveness. These services also help ensure that persons assisted receive the care they require.

As part of Alternate Care, the Department's family service workers make quarterly site visits to each freestanding personal care home and all family care homes to see residents and determine if their social and related needs are being met.

Domestic violence shelter services are available in each of the 15 Area Development Districts under a contract between the DCBS and the Kentucky Domestic Violence Association. Part of the funding for this element is provided by a portion of the marriage license fee as authorized by KRS 209.160.

Rape crisis centers provide services to victims of rape and sexual assault, their friends, and family members.

Batterer intervention program providers are mental health professionals meeting certification standards specified by DCBS who provide services to domestic violence batterers.

### **Alternatives for Children**

Alternatives for Children provides placement resources for children who have been or are at risk of being abused or neglected. The legal authority for Alternatives for Children includes KRS Chapters 199, 600 and 620, Titles IV-B and IV-E of the Social Security Act, and the Social Services Block Grant. Services are directed toward finding substitute care for children who must live apart from their family, working toward reuniting the child and family, and if that is not possible, securing an alternative living arrangement which will provide permanency for the child.

Family Foster Care takes place in the home of an agency-approved family. The development of alternative resources such as the Families and Children Together Services (FACTS), Family Preservation Program, Kinship Care or non-parental relative care, and Preventative Assistance has reduced the trend of more children placed in out-of-home care. Due to a projected budget shortfall in fiscal year 2014, a moratorium was implemented on the Kinship Care Program effective April 1, 2013. Relative caregivers and children in the program as of March 31, 2013 were not impacted.

Foster Parent Training, provided by DCBS staff and contractors, is required of all foster parents. Foster parents must complete 30 hours prior to approval and placement of a child and also are required to attend annual in-service training. Parents serving special needs or medically fragile children and those from family treatment homes are required to complete additional training. Care Plus Homes provide a setting where intensively trained foster parents furnish a viable alternative placement resource for children and youth who have serious emotional problems, are due to be released from treatment facilities, display aggressive or destructive behaviors or other disruptive behaviors, are at risk of being placed in more restrictive settings, are at risk of institutionalization, or have experienced numerous placement failures. Medically Fragile Foster Care serves children who need medical treatment and continuous monitoring but do not necessarily require the daily services of a nurse or doctor. Foster parents caring for these children are provided an increased reimbursement and must meet additional training and certification requirements.

Independent Living services are specialized services, including classroom and experiential training, designed to enhance the self-sufficiency skills of older children in foster care, private child care, and other state funded living arrangements. Services are provided both directly by staff and by contract agencies. As they complete each phase of the training, youth receive a stipend. In addition, youth ages 18-21 who were formerly in care may receive room and board assistance for a limited time.

Private Child Caring/Child Placing services and emergency shelter services are essential components of a protective service program that provides temporary placement services for children who are unable to remain in their own homes because of severe abuse, neglect, exploitation, abandonment, and/or because they have specialized treatment needs.

Adoption is the legal process by which a child becomes a legal child of a person or persons other than his/her biological parents. The department provides services prior to adoption in order to bring children and families together and services after adoption through after-placement supervisory services and adoption assistance.

Intensive Family Based Services are cost effective, home-based alternatives to institutionalization for children who are dually diagnosed. Services are provided through contracts with local comprehensive care centers or other appropriate contractor and may include in-home services, family therapy, respite care, behavior management and consultation, and individual counseling.

Psychiatric services provide 24-hour care to DCBS committed children and youth with behavioral health or mental health issues. Services are provided by various psychiatric hospitals and psychiatric residential treatment facilities throughout Kentucky.

The IMPACT Plus Program provides services for children who require treatment due to emotional diagnoses. Medicaid funds support these services through agreements with specific providers. This program seeks to divert services from inpatient settings to the community level. All children in the IMPACT Plus Program have a team of parents, educators, therapists, social services workers, and others who meet to identify services that will meet the children's unique treatment needs. A health benefits administrator, contracted by the Department for Medicaid Services, certifies children as IMPACT Plus eligible and approves payment for services.

### **Policy**

The Budget of the Commonwealth includes General Fund in the amount of \$250,000 in each fiscal year to supplement operating funds of domestic violence shelters and \$250,000 in each fiscal year to supplement operation funds of rape crisis centers.

The Budget of the Commonwealth includes General Fund in the amount of \$532,500 in each fiscal year for domestic violence shelters, \$104,700 in each fiscal year for rape crisis centers and \$199,700 in each fiscal year for child advocacy centers to fully fund

the increase in employer contribution rates for the Kentucky Employees Retirement system.

The Budget of the Commonwealth includes savings as a result of the expansion of the Medicaid program under the Affordable Care Act. As a result of expanded coverage General Fund savings of \$1,100,000 in fiscal year 2015 and \$1,100,000 in fiscal year 2016 are included.

The Budget of the Commonwealth includes General Fund in the amount of \$3,000,000 in each fiscal year to increase reimbursement rates to private child caring agencies for residential services provided to children leveled IV and leveled V, beginning July 1, 2014.

The Budget of the Commonwealth includes General Fund in the amount of \$5,000,000 in each fiscal year to increase reimbursement rates to private child caring agencies for therapeutic foster care services provided to children in the level of care system, beginning July 1, 2014.

**Health and Family Services  
Aging and Independent Living**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	41,803,700	43,658,200	43,755,700	44,702,900	45,252,100
State Salary and Compensation Allocation	158,500	10,100	20,200		
<b>Total General Fund</b>	<b>41,962,200</b>	<b>43,668,300</b>	<b>43,775,900</b>	<b>44,702,900</b>	<b>45,252,100</b>
<b>Restricted Funds</b>					
Balance Forward	577,333	1,199,895	687,200		
Current Receipts	1,188,649	1,350,085	902,100	1,307,200	1,307,200
Non-Revenue Receipts	1,923,326	1,171,237	1,655,000	1,562,100	1,182,100
Fund Transfers	-81,700				
<b>Total Restricted Funds</b>	<b>3,607,609</b>	<b>3,721,216</b>	<b>3,244,300</b>	<b>2,869,300</b>	<b>2,489,300</b>
<b>Federal Funds</b>					
Balance Forward		128,659			
Current Receipts	22,495,974	21,214,880	24,829,300	24,829,300	24,829,300
Non-Revenue Receipts	-62,524	992,240			
ARRA Receipts	366,676	39,413			
<b>Total Federal Funds</b>	<b>22,800,127</b>	<b>22,375,192</b>	<b>24,829,300</b>	<b>24,829,300</b>	<b>24,829,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>68,369,935</b>	<b>69,764,708</b>	<b>71,849,500</b>	<b>72,401,500</b>	<b>72,570,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,711,126	7,289,686	7,796,100	8,336,600	8,515,600
Operating Expenses	673,657	849,459	943,000	949,000	939,200
Grants Loans Benefits	58,555,099	60,938,376	63,110,400	63,115,900	63,115,900
<b>TOTAL EXPENDITURES</b>	<b>65,939,882</b>	<b>69,077,520</b>	<b>71,849,500</b>	<b>72,401,500</b>	<b>72,570,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	40,860,700	43,668,300	43,775,900	44,702,900	45,252,100
Restricted Funds	2,407,714	3,034,029	3,244,300	2,869,300	2,489,300
Federal Funds	22,671,468	22,375,192	24,829,300	24,829,300	24,829,300
<b>TOTAL EXPENDITURES</b>	<b>65,939,882</b>	<b>69,077,520</b>	<b>71,849,500</b>	<b>72,401,500</b>	<b>72,570,700</b>
<b>EXPENDITURES BY UNIT</b>					
Aging and Independent Living	60,563,073	62,841,113	64,746,000	64,961,100	65,016,600
Guardianship	5,376,809	6,236,407	7,103,500	7,440,400	7,554,100
<b>TOTAL EXPENDITURES</b>	<b>65,939,882</b>	<b>69,077,520</b>	<b>71,849,500</b>	<b>72,401,500</b>	<b>72,570,700</b>

The Department for Aging and Independent Living (DAIL) sets policies and oversees programs for Kentucky's elderly and physically disabled citizens. The programs administered by the Department benefit Kentuckians by contributing to building self-sustaining families and improving the quality of life through an array of community-based services designed to help older persons, individuals with physical disabilities, and wards of the state to be as independent as possible in the least restrictive environment. Department programs also provide counseling and support services to family caregivers to enable them to provide quality care to older persons while fulfilling other family and employment responsibilities. In carrying out its programs, DAIL emphasizes successful aging, independent living, planning for an aging society, and continued involvement of older persons, adult wards of the state and physically disabled individuals in every aspect of the community. There are two program budget units within DAIL: Aging and Independent Living Services and Guardianship Services.

**Health and Family Services  
Aging and Independent Living  
Aging and Independent Living**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	37,711,500	37,752,000	37,455,700	38,051,800	38,487,300
State Salary and Compensation Allocation			6,000		
Other	-470,300	375,000			
<b>Total General Fund</b>	<b>37,241,200</b>	<b>38,127,000</b>	<b>37,461,700</b>	<b>38,051,800</b>	<b>38,487,300</b>
<b>Restricted Funds</b>					
Balance Forward	577,251	1,121,526	326,900		
Current Receipts	584,954	659,667	759,700	804,500	804,500
Non-Revenue Receipts	1,636,726	884,637	1,368,400	1,275,500	895,500
Fund Transfers	-45,300				
<b>Total Restricted Funds</b>	<b>2,753,631</b>	<b>2,665,830</b>	<b>2,455,000</b>	<b>2,080,000</b>	<b>1,700,000</b>
<b>Federal Funds</b>					
Balance Forward		128,659			
Current Receipts	22,495,974	21,214,880	24,829,300	24,829,300	24,829,300
Non-Revenue Receipts	-62,524	992,240			
ARRA Receipts	366,676	39,413			
<b>Total Federal Funds</b>	<b>22,800,127</b>	<b>22,375,192</b>	<b>24,829,300</b>	<b>24,829,300</b>	<b>24,829,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>62,794,957</b>	<b>63,168,022</b>	<b>64,746,000</b>	<b>64,961,100</b>	<b>65,016,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,745,883	1,674,189	1,906,700	2,105,600	2,170,900
Operating Expenses	262,091	228,548	223,700	229,700	219,900
Grants Loans Benefits	58,555,099	60,938,376	62,615,600	62,625,800	62,625,800
<b>TOTAL EXPENDITURES</b>	<b>60,563,073</b>	<b>62,841,113</b>	<b>64,746,000</b>	<b>64,961,100</b>	<b>65,016,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	36,259,500	38,127,000	37,461,700	38,051,800	38,487,300
Restricted Funds	1,632,105	2,338,922	2,455,000	2,080,000	1,700,000
Federal Funds	22,671,468	22,375,192	24,829,300	24,829,300	24,829,300
<b>TOTAL EXPENDITURES</b>	<b>60,563,073</b>	<b>62,841,113</b>	<b>64,746,000</b>	<b>64,961,100</b>	<b>65,016,600</b>

The Department for Aging and Independent Living is designated as the State Unit on Aging by the Federal Administration on Aging. In accordance with the Older Americans Act Amendments of 1965 as amended through December 2006 and 45 CFR 1321. The Aging and Independent Living program is responsible for aging issues on behalf of all older persons in Kentucky. It is required to carry out a wide range of functions related to service delivery, advocacy, planning, coordination, interagency linkages, information-sharing, community preparedness, brokering, and evaluation. These functions are intended to focus on the development or enhancement of comprehensive and coordinated community-based service systems designed to help elderly and physically disabled adult Kentuckians maintain independence and dignity in their own homes and communities. This focus on community-based alternatives is consistent with Kentucky's plan developed in response to the Supreme Court's Olmstead decision and the State Plan on Aging.

The Aging and Independent Living program administers statewide services; develops the State Plan on Aging; allocates funds to the 15 Area Agencies on Aging and Independent Living (AAA) as well as 14 Community Mental Health Centers (CMHCs) for the Hart Supported Living Program; and approves AAA program plans, amendments, budgets, and contracts for local provision of aging and physical disabilities services. It provides education, training, benefits counseling, information and assistance to respond to the needs of senior citizens and those with physical disabilities.

The services administered to achieve these goals include:

- Nutritional Services provided through agreements with the AAA's include the Nutritional Services Incentive Program: For persons ages 60 and over, provides congregate meals at senior centers and home-delivered meals to the homebound elderly in each Kentucky county

- Senior Community Service Employment Program (Title V): Employs persons age 55 and older who have incomes at or below 125% of the poverty level in part-time non-profit community work, such as senior citizens centers, with the goals of training and eventual placement in unsubsidized employment.
- State Health Insurance Assistance Program (SHIP): (Section 4360 OBRA 1990, PL 101-508) provides benefits counseling and assistance to aged and disabled Medicare eligible persons through a federal Health Care Financing Administration Grant.
- Nursing Home Diversion: provides a consumer directed approach to community based care by incorporating a consumer directed model to the state funded Homecare Program.
- Long-Term Care Ombudsman Program: On behalf of long-term care residents and their families, this program receives and investigates all complaints and problems of residents of nursing homes and personal care homes in Kentucky. The program assists in protecting the health, safety, welfare and rights of elderly Kentuckians in long term facilities.
- Aging and Disability Resource Center (ADRC): (Sec 1110 SS Act and 42 USC 3031-3037B) provides a single point of entry to services and supports for individuals who require assistance due to need or disability, regardless of age.
- Homecare Program (KRS 205.445-465): A state-funded alternative in-home program for frail and vulnerable persons 60 years and older who have functional or physical limitations and are at risk of institutionalization. Homecare provides essential services designed to delay or prevent institutionalization, including homemaker/personal care, homemaker/home management, home health aide, home-delivered meals, home-repair, chore, respite, and escort services.
- Hart Supported Living (KRS 210.770-795): provides services which enable a person with disabilities to live in a home of the person's choice which is typical of those living arrangements in which persons without disabilities reside, encourages the individual's integrated participation in the community, promotes the individual's rights and autonomy, enhances the individual's skills and competencies in living in the community and enables the individual's acceptance in the community by promoting home ownership or leasing arrangements in the name of the individual or the individual's family or guardian.
- Personnel Care Attendant Program (PCAP) for Physically Disabled Adults (KRS 205.900): Provides personal care assistant services and case management services to severely physically disabled adults, age 18 and over, who have functional loss of two or more limbs and need the services to prevent institutionalization or to leave an institutional setting.
- Adult Day and Alzheimer's Respite (KRS 209): Provides programs for day-long care and supervision for persons 60 and over who, because of physical, mental, and/or psychological limitations, cannot remain in their own homes alone during the day.
- Kentucky Caregiver Program (910 KAR 1:260): provides assistance to Grandparents caring for grandchildren under the age of 18. The program provides information services, individual counseling, caregiver training, and funds (limited to not more than \$500 per grandchild and no more than \$1,500 per household per fiscal year) for defraying the costs of caring for the grandchild that could include purchase of clothing, educational supplies or assistance, certain legal services, medical services not related to co-pays and premiums, and other services as authorized by the Area Agency on Aging.
- Family Caregiver Support Program: a program serving family and informal caregivers who provide care to people over 60 or an individual of any age with Alzheimer or a related diagnosis, as well as grandparents and other relatives over 55 who provide care to children up to age 19.
- Traumatic Brain Injury Trust Fund Program (KRS 42.320): provides assistance to children and adults with brain injuries. The TBI Trust Fund Program is a funding source of last resort for Kentucky residents. The TBI Trust Fund is administered by a Board of Directors to assure that individuals with a brain injury and their families are provided services and supports to promote independence and personal productivity.
- Traumatic Brain Injury Behavioral Program (KRS 189A.050): serves persons affected by Traumatic Brain Injury who are in need of behavioral services. Services are provided through crisis intervention, residential treatment, targeted case management, and other wrap services.
- The Consumer Directed Option (CDO) program gives Medicaid waiver members more choices in the way some Medicaid services are provided. The client can choose who will provide services they need as well as how, when, and where these services will be provided
- Adult Day Certification (KRS 205.950): The Department for Aging and Independent Living certifies Adult Day Social Model programs to assure quality standards are met for the client.
- Assisted Living Certification (KRS 194A.707): The Department of Aging and Independent Living certifies Social Model Assisted Living Communities to assure compliance with state statutes and regulations.
- Alzheimer's disease and Related Advisory Council (KRS 194.600-609): oversees information and resources related to policy and services affecting the sixty thousand (60,000) residents of Kentucky with dementia, and the caregivers and families of the residents.
- Preventive Health: provides disease prevention, education and assistance in training and care of elderly Kentuckians on health related issues.
- Supportive Services: for persons over 60, these include: assessment/case management, transportation, escort to medical facilities, stores and other service delivery points: information, assistance and referral: homecare and other in-home services; health promotion; visiting and telephone reassurance; legal assistance, counseling; education; advocacy; respite; preventive health services; elder abuse prevention programs; supportive services for families of elderly victims of Alzheimer's and related disorders.

**Health and Family Services  
Aging and Independent Living  
Guardianship**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,092,200	5,906,200	6,300,000	6,651,100	6,764,800
State Salary and Compensation Allocation	158,500	10,100	14,200		
Other	470,300	-375,000			
<b>Total General Fund</b>	<b>4,721,000</b>	<b>5,541,300</b>	<b>6,314,200</b>	<b>6,651,100</b>	<b>6,764,800</b>
<b>Restricted Funds</b>					
Balance Forward	83	78,369	360,300		
Current Receipts	603,695	690,418	142,400	502,700	502,700
Non-Revenue Receipts	286,600	286,600	286,600	286,600	286,600
Fund Transfers	-36,400				
<b>Total Restricted Funds</b>	<b>853,978</b>	<b>1,055,386</b>	<b>789,300</b>	<b>789,300</b>	<b>789,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,574,978</b>	<b>6,596,686</b>	<b>7,103,500</b>	<b>7,440,400</b>	<b>7,554,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,965,244	5,615,496	5,889,400	6,231,000	6,344,700
Operating Expenses	411,566	620,911	719,300	719,300	719,300
Grants Loans Benefits			494,800	490,100	490,100
<b>TOTAL EXPENDITURES</b>	<b>5,376,809</b>	<b>6,236,407</b>	<b>7,103,500</b>	<b>7,440,400</b>	<b>7,554,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,601,200	5,541,300	6,314,200	6,651,100	6,764,800
Restricted Funds	775,609	695,107	789,300	789,300	789,300
<b>TOTAL EXPENDITURES</b>	<b>5,376,809</b>	<b>6,236,407</b>	<b>7,103,500</b>	<b>7,440,400</b>	<b>7,554,100</b>

Kentucky's Adult Guardianship Services Program is administered as authorized in KRS 210.290 and 387.500-387.900. Individuals are served by staff in both central office and nine regional offices. This Program provides a legal relationship between a court-appointed adult who assumes the responsibility of being the guardian for a ward. A ward is a person who has been declared "legally disabled" by the court and is no longer able to care for his or her personal and/or financial needs.

Appointed guardians may be a friend or family member who is willing to care for the disabled individual. If there is no one willing to care for the disabled person, the court will appoint the Cabinet for Health and Family Services as the state guardian. The duties of the state guardian include:

- Full Guardianship/Full Conservator - In this category the Cabinet will be responsible for both the personal and financial needs of the ward. In this case, the court will also decide which civil rights the person can retain and which are given to the guardian. These may include the right to vote, the right to drive a car, the right to make medical decisions, the right to determine where to live, the right to sell property, and the right to sign legal documents such as checks, marriage licenses or wills.
- Limited Guardian - A limited guardian may be appointed if the disabled person is declared partially disabled and can manage some personal needs but may need assistance with others.
- Conservator - A conservator may be appointed if the disabled person needs help only with managing financial or fiduciary affairs.
- Conservator/Guardian - This category allows for a combination of a conservator who manages financial and fiduciary affairs with a guardian who manages living and personal needs arrangements.

**Health and Family Services  
Health Benefit Exchange**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	16,581,400	14,867,200	14,657,300		
Budget Reduction-General Fund Tobacco	-149,617		-14,657,300		
Other		1,547,022			
<b>Total Tobacco Settlement - Phase I</b>	<b>16,431,783</b>	<b>16,414,222</b>			
<b>Restricted Funds</b>					
Balance Forward	240,432	130,889	13,100		
Non-Revenue Receipts	3,250,600	3,001,627	3,649,800	14,021,200	23,404,900
Fund Transfers	-14,500				
<b>Total Restricted Funds</b>	<b>3,476,532</b>	<b>3,132,516</b>	<b>3,662,900</b>	<b>14,021,200</b>	<b>23,404,900</b>
<b>Federal Funds</b>					
Balance Forward			61,600		
Current Receipts	1,581,283	9,403,080	40,911,100	19,916,200	3,483,400
<b>Total Federal Funds</b>	<b>1,581,283</b>	<b>9,403,080</b>	<b>40,972,700</b>	<b>19,916,200</b>	<b>3,483,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>21,489,598</b>	<b>28,949,819</b>	<b>44,635,600</b>	<b>33,937,400</b>	<b>26,888,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	20,297,558	22,323,944	36,994,100	30,898,800	23,949,700
Operating Expenses	20,617	617,361	6,842,800	2,938,600	2,938,600
Grants Loans Benefits	1,040,533	841,436	798,700	100,000	
Construction		5,092,355			
<b>TOTAL EXPENDITURES</b>	<b>21,358,709</b>	<b>28,875,097</b>	<b>44,635,600</b>	<b>33,937,400</b>	<b>26,888,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Tobacco Settlement - Phase I	16,431,783	16,414,222			
Restricted Funds	3,345,643	3,119,458	3,662,900	14,021,200	23,404,900
Federal Funds	1,581,283	9,341,416	40,972,700	19,916,200	3,483,400
<b>TOTAL EXPENDITURES</b>	<b>21,358,709</b>	<b>28,875,097</b>	<b>44,635,600</b>	<b>33,937,400</b>	<b>26,888,300</b>
<b>EXPENDITURES BY UNIT</b>					
Health Benefit Exchange	21,358,709	28,875,097	44,635,600	33,937,400	26,888,300
<b>TOTAL EXPENDITURES</b>	<b>21,358,709</b>	<b>28,875,097</b>	<b>44,635,600</b>	<b>33,937,400</b>	<b>26,888,300</b>

The Office of the Kentucky Health Benefit Exchange (OKHBE) and the Kentucky Health Benefit Exchange (KHBE) were established by Executive Order 2013-418. OKHBE is charged with developing and implementing the KHBE. The Affordable Care Act (Patient Protection and Affordable Care Act, P.L. 111-148, as amended by the Health Care and Education Reconciliation Act, P.L. 111-152), requires the establishment of an American Health Benefit Exchange in each state. The KHBE, known as kynect, serves as a marketplace to facilitate the purchase and sale of qualified health plans in the individual market; assists qualified small employers to enroll their employees in qualified health plans offered in the small group market; provides one-stop shopping by helping eligible individuals enroll in qualified health plans offered through the Exchange or coverage through other federal or state health care programs including Medicaid and CHIP; and enables eligible individuals to receive premium tax credits and cost sharing reductions and eligible small businesses to receive tax credits. Open enrollment for KHBE began October 1, 2013 and ends March 31, 2014 with coverage beginning as soon as January 1, 2014.

The Exchange has four functions: Health Care Policy Administration, Financial and Operations Administration, Education and Outreach, and Kentucky Access. The Kentucky Health Care Improvement Authority is also attached to the Office of the Kentucky Health Benefit Exchange.

Health Care Policy Administration includes certification of qualified health plans, overseeing legislative and regulatory efforts related to the Exchange, and appeals. Financial and Operations Administration is responsible for overseeing the budget and contracts and administering employer premium payments for the small employer program. Education and Outreach supports consumer assistance efforts related to the Exchange. Kentucky Access administers the state high risk pool which provides medical coverage to individuals who have difficulty in obtaining health insurance in the individual insurance market due to high cost conditions. The last day of coverage for Kentucky Access was December 31, 2013. Kentucky Access funds will continue to pay for claims incurred prior to January 1, 2014.

The Kentucky Health Care Improvement Authority is responsible for oversight of the expenditures of the tobacco settlement payments that are provided for public health initiatives. The Authority monitors four programs: Kentucky Access, Kentucky Lung Cancer Research Program, Tobacco Use Prevention and Cessation Program, Kentucky Agency for Substance Abuse Policy.

# Justice and Public Safety

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**Justice and Public Safety**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	629,988,000	649,764,300	651,738,400	679,564,200	692,339,200
State Salary and Compensation Allocation	17,247,700	913,700	1,836,900		
Special Appropriation	-1,200,000				
Current Year Appropriation			11,625,400		
Mandated Allotments	20,538,500	25,000,000	18,163,800		
<b>Total General Fund</b>	<b>666,574,200</b>	<b>675,678,000</b>	<b>683,364,500</b>	<b>679,564,200</b>	<b>692,339,200</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	1,923,400	1,724,500	1,700,200	1,700,200	1,241,100
Continuing Approp.-Tobacco Settlement			47,100		
Budget Reduction-General Fund Tobacco	-17,355		-851,900		
<b>Total Tobacco Settlement - Phase I</b>	<b>1,906,045</b>	<b>1,724,500</b>	<b>895,400</b>	<b>1,700,200</b>	<b>1,241,100</b>
<b>Restricted Funds</b>					
Balance Forward	21,158,915	33,997,406	30,157,500	10,485,900	5,621,200
Current Receipts	43,775,243	42,498,337	40,010,900	47,635,000	47,863,700
Non-Revenue Receipts	78,077,662	85,866,334	68,615,500	79,730,500	81,472,600
Fund Transfers	-3,757,980	-17,041,100	-17,488,800	-16,530,000	-11,000,000
<b>Total Restricted Funds</b>	<b>139,253,840</b>	<b>145,320,978</b>	<b>121,295,100</b>	<b>121,321,400</b>	<b>123,957,500</b>
<b>Federal Funds</b>					
Balance Forward	6,628,264	2,343,972	953,100	558,600	279,300
Current Receipts	33,773,018	39,943,763	46,493,800	38,705,700	36,545,600
Non-Revenue Receipts	3,638,435	-788,580	-6,098,400		
ARRA Receipts	1,959,330	893,695			
<b>Total Federal Funds</b>	<b>45,999,046</b>	<b>42,392,850</b>	<b>41,348,500</b>	<b>39,264,300</b>	<b>36,824,900</b>
<b>Road Fund</b>					
Regular Appropriation	83,251,500	89,475,900	91,898,200	95,745,500	96,845,800
<b>Total Road Fund</b>	<b>83,251,500</b>	<b>89,475,900</b>	<b>91,898,200</b>	<b>95,745,500</b>	<b>96,845,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>936,984,632</b>	<b>954,592,228</b>	<b>938,801,700</b>	<b>937,595,600</b>	<b>951,208,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	502,607,507	533,094,725	546,877,500	559,533,900	569,965,000
Operating Expenses	107,224,192	115,671,319	115,469,500	115,260,300	115,235,000
Grants Loans Benefits	259,176,947	263,307,948	258,184,600	250,450,200	250,737,300
Debt Service	5,188,322	2,376,324	2,135,900	2,510,400	3,003,000
Capital Outlay	5,182,960	6,382,247	5,089,400	3,940,000	3,550,000
Construction	23,024	13,946	300	300	300
<b>TOTAL EXPENDITURES</b>	<b>879,402,952</b>	<b>920,846,510</b>	<b>927,757,200</b>	<b>931,695,100</b>	<b>942,490,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	646,522,599	673,089,889	683,364,500	679,564,200	692,339,200
Tobacco Settlement - Phase I	1,906,045	1,677,390	895,400	1,700,200	1,241,100
Restricted Funds	105,256,434	115,163,548	110,809,200	115,700,200	115,239,600
Federal Funds	43,655,074	41,439,783	40,789,900	38,985,000	36,824,900
Road Fund	82,062,800	89,475,900	91,898,200	95,745,500	96,845,800
<b>TOTAL EXPENDITURES</b>	<b>879,402,952</b>	<b>920,846,510</b>	<b>927,757,200</b>	<b>931,695,100</b>	<b>942,490,600</b>
<b>EXPENDITURES BY UNIT</b>					
Justice Administration	28,586,328	26,851,251	28,350,500	27,825,000	27,401,600
Criminal Justice Training	47,431,666	48,799,186	49,497,200	52,240,000	52,040,000
Juvenile Justice	97,750,935	102,367,558	104,295,200	103,703,800	105,189,800
State Police	181,599,312	200,115,391	196,991,200	204,327,200	206,962,600
Corrections	480,429,295	495,994,743	499,299,400	492,786,800	499,067,400
Public Advocacy	43,605,416	46,718,380	49,323,700	50,812,300	51,829,200
<b>TOTAL EXPENDITURES</b>	<b>879,402,952</b>	<b>920,846,510</b>	<b>927,757,200</b>	<b>931,695,100</b>	<b>942,490,600</b>

The Kentucky Justice Cabinet was established in 1974. It was renamed the Justice and Public Safety Cabinet in 2007. In 2009 the Department of Vehicle Enforcement was brought under the Kentucky State Police.

The Cabinet is comprised of six departments:

- Department of Justice Administration
- Department for Public Advocacy
- Department of Kentucky State Police
- Department of Juvenile Justice
- Department of Criminal Justice Training
- Department of Corrections

**Justice and Public Safety  
Justice Administration**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,022,300	10,128,600	10,273,900	11,095,700	11,210,300
State Salary and Compensation Allocation	444,400	9,300	18,600		
<b>Total General Fund</b>	<b>10,466,700</b>	<b>10,137,900</b>	<b>10,292,500</b>	<b>11,095,700</b>	<b>11,210,300</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	1,923,400	1,724,500	1,700,200	1,700,200	1,241,100
Continuing Approp.-Tobacco Settlement			47,100		
Budget Reduction-General Fund Tobacco	-17,355		-851,900		
<b>Total Tobacco Settlement - Phase I</b>	<b>1,906,045</b>	<b>1,724,500</b>	<b>895,400</b>	<b>1,700,200</b>	<b>1,241,100</b>
<b>Restricted Funds</b>					
Balance Forward	2,631,089	1,690,237	1,666,400	1,201,900	853,200
Current Receipts	630,349	1,047,966	1,258,300	1,238,200	1,239,900
Non-Revenue Receipts	4,013,000	3,972,500	4,071,900	2,306,600	2,312,100
Fund Transfers	-109,900				
<b>Total Restricted Funds</b>	<b>7,164,538</b>	<b>6,710,703</b>	<b>6,996,600</b>	<b>4,746,700</b>	<b>4,405,200</b>
<b>Federal Funds</b>					
Balance Forward	5,618,996	1,387,492	144,800		
Current Receipts	5,655,610	10,299,101	11,223,100	11,135,600	11,135,600
Non-Revenue Receipts	1,431,867	-708,755			
ARRA Receipts	109,502	-841,537			
<b>Total Federal Funds</b>	<b>12,815,975</b>	<b>10,136,301</b>	<b>11,367,900</b>	<b>11,135,600</b>	<b>11,135,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>32,353,258</b>	<b>28,709,404</b>	<b>29,552,400</b>	<b>28,678,200</b>	<b>27,992,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	12,397,595	12,761,521	13,248,900	12,213,500	12,324,900
Operating Expenses	1,676,794	1,310,605	1,316,300	1,289,900	1,289,900
Grants Loans Benefits	14,448,346	12,731,537	13,734,400	14,295,100	13,760,300
Capital Outlay	63,593	46,148	50,900	26,500	26,500
Construction		1,440			
<b>TOTAL EXPENDITURES</b>	<b>28,586,328</b>	<b>26,851,251</b>	<b>28,350,500</b>	<b>27,825,000</b>	<b>27,401,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,777,500	10,137,900	10,292,500	11,095,700	11,210,300
Tobacco Settlement - Phase I	1,906,045	1,677,390	895,400	1,700,200	1,241,100
Restricted Funds	5,474,301	5,044,436	5,794,700	3,893,500	3,814,600
Federal Funds	11,428,483	9,991,524	11,367,900	11,135,600	11,135,600
<b>TOTAL EXPENDITURES</b>	<b>28,586,328</b>	<b>26,851,251</b>	<b>28,350,500</b>	<b>27,825,000</b>	<b>27,401,600</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	4,188,301	3,931,254	3,970,000	4,575,900	4,616,700
Office of Drug Control Policy	5,923,245	5,750,001	4,957,200	3,990,700	3,538,100
Medical Examiner Program	4,094,769	4,147,218	4,515,800	4,439,400	4,438,400
Parole Board	832,284	883,135	912,300	979,800	995,600
Grants	11,702,894	10,354,690	11,960,000	11,780,500	11,748,600
Criminal Justice Council	205,677	193,661	283,100	306,600	312,100
Motorcycle Training Program	889,158	841,293	1,002,100	1,002,100	1,002,100
Access to Justice	750,000	750,000	750,000	750,000	750,000
<b>TOTAL EXPENDITURES</b>	<b>28,586,328</b>	<b>26,851,251</b>	<b>28,350,500</b>	<b>27,825,000</b>	<b>27,401,600</b>

The Department is responsible for the overall administration of the Justice and Public Safety Cabinet, coordinating the activities of the various departments, boards, and branches. The Department of Justice Administration is comprised of the Office of the Secretary, Office of Management and Administrative Services, Office of Legal Services, Office of Legislative and Intergovernmental Services, Office of Drug Control Policy, Office of the Kentucky State Medical Examiner, and the Parole Board.

The Office of the Secretary is responsible for the administration of the Cabinet, provision of legal services, development of legislation, regulation, policy and coordination of activities within and among the Cabinet's departments and agencies.

The Office of Management and Administrative Services is responsible for communications, personnel, budget and fiscal policy, and information technology coordination. Attached to the Office of Management and Administrative Services is the Grants Management Branch. Duties of the Grants Management Branch include the receipt and distribution of Federal Funds throughout the Cabinet, such as the Justice Assistance Grants (JAG) program, the Victims of Crime Act (VOCA) and the Violence Against Women Act (VAWA) programs. The Branch also administers the state Law Enforcement DUI Service Fee program.

The Criminal Justice Council, established in KRS 15A.040, advises and recommends to the Governor and the General Assembly policies and direction for long-range planning regarding all elements of the criminal justice system. The Council has representatives from: law enforcement, the judiciary, corrections, prosecution bar, defense bar, legislature, professional associations, crime victims, victim advocates, and universities. The Secretary of the Justice and Public Safety Cabinet serves ex-officio as Chair of the Council.

The Office of Drug Control Policy is responsible for all matters relating to the research, coordination, and execution of drug control policy for the Commonwealth. The Office directs state and federally funded programs that focus on prevention/education, enforcement, and treatment to ensure a united effort among law enforcement initiatives to address drug abuse in Kentucky.

The Parole Board is an independent, autonomous agency attached to Justice Administration for administrative purposes. The nine member Board reviews and applies release review authority to all convicted felons per KRS 439. The Board notifies crime victims of pending parole decisions and, upon request, meets with the victims.

The Office of the Kentucky State Medical Examiner, in accordance with KRS 72.210-275, provides forensic specialists who assist the county coroners' offices and law enforcement officials in conducting medico-legal investigations. The Medical Examiner provides professional support for physicians, chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for facilities, equipment, histology services, radiology services, and medico-legal autopsy assistants. The staff also provides assistance to the Criminal Justice Training program with curriculum for coroners and law enforcement officers. Branch offices and autopsy facilities are operated in Frankfort, Louisville, Northern Kentucky, and Madisonville.

The External Child Fatality/Near Fatality Review Panel, established in KRS 620.055, is attached to the Justice and Public Safety Cabinet for staff and administrative purposes.

## **Policy**

The Budget of the Commonwealth includes Restricted Funds of \$2,000,000 in both years of the biennium for Operation UNITE, funded from the Local Government Economic Development Fund, Multi-county fund.

The Budget of the Commonwealth includes \$750,000 in each year of the biennium from the General Fund for civil legal services to indigents.

The Budget of the Commonwealth includes \$420,000 in each year of the biennium from the General Fund for the new External Child Fatality/Near Fatality Review Panel.

The Budget of the Commonwealth provides \$250,000 each year of the biennium from the General Fund to support the Kentucky Legal Education Opportunity Program and \$25,000 in fiscal year 2015 to support a Court Appointed Special Advocates in Hardin County.

**Justice and Public Safety  
Criminal Justice Training**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	4,078,000	13,493,682	9,045,600	4,715,900	3,561,500
Current Receipts	722,023	1,770,235	700,000	700,000	700,000
Non-Revenue Receipts	57,152,451	59,458,194	61,788,500	63,727,600	65,559,200
Fund Transfers	-1,105,800	-17,041,100	-17,488,800	-13,530,000	-11,000,000
<b>Total Restricted Funds</b>	<b>60,846,674</b>	<b>57,681,010</b>	<b>54,045,300</b>	<b>55,613,500</b>	<b>58,820,700</b>
<b>Federal Funds</b>					
Balance Forward	18,377	4,608			
Current Receipts	64,904	122,370	167,800	188,000	140,000
Non-Revenue Receipts		36,817			
<b>Total Federal Funds</b>	<b>83,281</b>	<b>163,795</b>	<b>167,800</b>	<b>188,000</b>	<b>140,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>60,929,955</b>	<b>57,844,805</b>	<b>54,213,100</b>	<b>55,801,500</b>	<b>58,960,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	16,923,289	17,669,674	18,618,100	19,702,500	19,911,500
Operating Expenses	2,444,077	2,616,491	2,946,200	2,951,900	2,928,400
Grants Loans Benefits	25,748,281	26,143,406	25,727,000	26,908,700	26,919,600
Debt Service	2,211,322	2,167,824	2,135,900	2,136,900	2,140,500
Capital Outlay	98,411	197,996	70,000	540,000	140,000
Construction	6,286	3,793			
<b>TOTAL EXPENDITURES</b>	<b>47,431,666</b>	<b>48,799,186</b>	<b>49,497,200</b>	<b>52,240,000</b>	<b>52,040,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	47,352,993	48,635,391	49,329,400	52,052,000	51,900,000
Federal Funds	78,673	163,795	167,800	188,000	140,000
<b>TOTAL EXPENDITURES</b>	<b>47,431,666</b>	<b>48,799,186</b>	<b>49,497,200</b>	<b>52,240,000</b>	<b>52,040,000</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Law Enforcement Program Fund	46,383,446	47,423,352	48,168,600	50,847,900	50,687,100
Peace Officer Professional Standards	524,700	591,965	680,900	704,400	709,800
Special Training Programs	523,520	783,869	647,700	687,700	643,100
<b>TOTAL EXPENDITURES</b>	<b>47,431,666</b>	<b>48,799,186</b>	<b>49,497,200</b>	<b>52,240,000</b>	<b>52,040,000</b>

The Department of Criminal Justice Training (DOCJT) is responsible for the training of law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 72, 95, and KRS 403.785(2), along with 500 KAR 8:010. Basic and specialized training courses are offered to police officers, dispatchers, sheriffs, deputies, coroners, certified court-security officers, school resource officers, and certain other agencies upon request. Course curriculum includes training in basic law enforcement, telecommunications, coroner training, AIDS, post-traumatic stress disorder (PTSD), pediatric- abuse head trauma, child sexual abuse, juvenile crime, domestic violence, bias-related crimes, penal code and constitutional law, tactical training in rapid response, crisis intervention, response to persons with special needs, professional development, executive and staff training, leadership development, internet crime, and breath testing. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs, in addition to the Peace Officers Professional Standards (POPS) program. The KLEFPF agency resources are derived from property and casualty insurance premium surcharge proceeds, which accrue pursuant to KRS 136.392, and are allocated by KRS 42.190 between the KLEFPF and the Kentucky Firefighters Foundation Program Fund. The Department provides entry-level and in-service training for approximately 22,000 seats each year, totaling approximately 617,000 hours of training.

**Policy**

The Budget of the Commonwealth includes Restricted Funds of \$5,629,000 in fiscal year 2015 and \$5,637,600 in fiscal year 2016 for a \$3,100 training incentive stipend for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, and Vehicle Enforcement officers within the Kentucky State Police. Each eligible must meet the requirements of Peace Officer Professional Standards Act training. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

The Budget of the Commonwealth provides funding for approximately 7,300 training incentive stipend recipients each year.

The Budget of the Commonwealth includes \$50,847,900 in fiscal year 2015 and \$50,687,100 in fiscal year 2016 for the Kentucky Law Enforcement Foundation Program Fund.

**Justice and Public Safety**  
**Juvenile Justice**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	76,467,900	79,405,400	80,848,700	81,507,800	83,322,700
State Salary and Compensation Allocation	3,328,100	177,900	355,800		
<b>Total General Fund</b>	<b>79,796,000</b>	<b>79,583,300</b>	<b>81,204,500</b>	<b>81,507,800</b>	<b>83,322,700</b>
<b>Restricted Funds</b>					
Balance Forward	5,535,476	8,580,144	6,334,100	3,328,900	
Current Receipts	1,765,153	1,337,695	1,385,600	1,385,600	1,385,600
Non-Revenue Receipts	10,159,482	8,616,121	6,275,700	8,775,700	8,775,700
Fund Transfers	-425,100			-3,000,000	
<b>Total Restricted Funds</b>	<b>17,035,010</b>	<b>18,533,961</b>	<b>13,995,400</b>	<b>10,490,200</b>	<b>10,161,300</b>
<b>Federal Funds</b>					
Balance Forward	928,578	951,873	808,300	558,600	279,300
Current Receipts	12,342,665	10,397,359	12,174,500	11,426,500	11,426,500
Non-Revenue Receipts	-12,509	-17,821			
ARRA Receipts	73,308	61,250			
<b>Total Federal Funds</b>	<b>13,332,041</b>	<b>11,392,660</b>	<b>12,982,800</b>	<b>11,985,100</b>	<b>11,705,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>110,163,052</b>	<b>109,509,920</b>	<b>108,182,700</b>	<b>103,983,100</b>	<b>105,189,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	74,678,088	76,677,761	77,762,100	83,138,200	85,086,200
Operating Expenses	9,506,755	9,477,960	9,913,800	9,666,800	9,498,000
Grants Loans Benefits	13,325,946	14,919,840	16,527,300	10,798,800	10,495,600
Capital Outlay	240,145	1,291,998	92,000	100,000	110,000
<b>TOTAL EXPENDITURES</b>	<b>97,750,935</b>	<b>102,367,558</b>	<b>104,295,200</b>	<b>103,703,800</b>	<b>105,189,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	76,915,900	79,583,300	81,204,500	81,507,800	83,322,700
Restricted Funds	8,454,866	12,199,890	10,666,500	10,490,200	10,161,300
Federal Funds	12,380,169	10,584,368	12,424,200	11,705,800	11,705,800
<b>TOTAL EXPENDITURES</b>	<b>97,750,935</b>	<b>102,367,558</b>	<b>104,295,200</b>	<b>103,703,800</b>	<b>105,189,800</b>
<b>EXPENDITURES BY UNIT</b>					
Program Management	1,063,900	1,251,200	1,295,700	1,391,100	1,413,200
Program Operations	89,779,335	94,191,658	95,830,600	95,114,600	96,450,500
Support Services	6,907,700	6,924,700	7,168,900	7,198,100	7,326,100
<b>TOTAL EXPENDITURES</b>	<b>97,750,935</b>	<b>102,367,558</b>	<b>104,295,200</b>	<b>103,703,800</b>	<b>105,189,800</b>

The Department of Juvenile Justice operates programs for juvenile crime prevention, detention, and community services, as well as residential facilities for post-adjudicated offenders. All programs are designed primarily for "public" and "youthful" offenders. The Department consists of three programmatic areas: Program Management, Program Operations, and Support Services.

Program Management is comprised of two organizational units which provide management and policy direction for the Department: Office of the Commissioner and Office of Ombudsman. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services. The Office of Ombudsman investigates and resolves grievances filed by those receiving services from the Department.

Program Operations consists of the direct services provided to both public and youthful offenders, through Day Treatment Services, Group Homes, Residential Facilities, Community Supervision, Private Child Care Facilities, Detention Facilities, and Alternatives to Detention. The programs are administered on a regional basis, divided into four separate regions.

Day Treatment Services is comprised of six state-owned and 20 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of the 26 centers is 919 youths.

<b>Group Home Facilities</b>	<b>County</b>	<b>Beds</b>
Ashland	Boyd	8
Bowling Green	Warren	8
Burnside	Pulaski	8
Frenchburg	Menifee	8
Hopkinsville	Christian	8
London	Laurel	8
Mayfield	Graves	8
Middlesboro	Bell	8
Frankfort	Franklin	8
Westport	Jefferson	8

Group Home Beds = 80

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths between 12-18 years of age who have been committed to the Department as "public" or "youthful" offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of ten group homes is 80 youths.

<b>Residential Facilities</b>	<b>City</b>	<b>County</b>	<b>Beds</b>
Northern Kentucky Youth Development Center	Crittenden	Grant	40
Morehead Youth Development Center	Morehead	Rowan	40
Green River Youth Development Center	Cromwell	Butler	40
Audubon Youth Development Center	Louisville	Jefferson	80
Mayfield Youth Development Center	Mayfield	Graves	30
Owensboro Treatment Center	Owensboro	Daviess	30
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Youth Development Center	West Liberty	Morgan	40
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	60

Residential Beds = 444

The 11 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These facilities serve youths who are in need of treatment that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the 11 facilities is 484 youths.

<b>State-operated Detention Centers</b>	<b>County</b>	<b>Beds</b>
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Development Center	Adair	20
Warren Regional Juvenile Detention Center	Warren	48
Boyd Regional Juvenile Detention Center	Boyd	36
Hardin Regional Juvenile Detention Center	Hardin	44
Fayette Regional Juvenile Detention Center	Fayette	60

Detention Beds = 356

Seven state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, Hardin, Fayette, and Boyd Counties, and twenty beds are available for detention at the youth development center in Adair County. The Laurel Detention Center is currently closed. Currently, the state provides detention services to 119 counties. Jefferson County continues to operate a local detention program, and it is approved to use these facilities and receive a subsidy payment from the state of \$94 per day for all public and youthful offenders.

Placements less restrictive than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. Ten departmental staff members are responsible for the assessment of juveniles in the facilities, and the determination of whether an alternative to detention is appropriate.

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 40-45 juveniles are in these programs on any given day.

Community Services provide services to juvenile offenders. Workers in the community offices develop service objectives and

comprehensive service plans for juvenile offenders and their families. These workers supervise over 3,000 juvenile offenders and recommend any necessary out-of-home placements.

The Division of Placement Services, included in the Program Operations area, determines appropriate out-of-home placements for youths committed to the Department of Juvenile Justice.

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, Division of Professional Development, and the Division of Medical Services. The Division of Administrative Services consists of four branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of the Quality Assurance Branch and grant management staff that report directly to the Division Director. The Division of Professional Development consists of the Training Branch. The Medical Division oversees the medical delivery system throughout the Department.

### **Policy**

The Budget of the Commonwealth shifts base funding in the amount of \$550,000 from the General Fund each fiscal year of the biennium from the Department of Juvenile Justice to the Department of Military Affairs for the Youth Challenge Program.

**Justice and Public Safety  
State Police**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	65,505,300	65,296,000	66,990,600	74,315,600	75,788,600
State Salary and Compensation Allocation	5,477,500	104,900	210,000		
Current Year Appropriation			7,225,400		
<b>Total General Fund</b>	<b>70,982,800</b>	<b>65,400,900</b>	<b>74,426,000</b>	<b>74,315,600</b>	<b>75,788,600</b>
<b>Restricted Funds</b>					
Balance Forward	5,825,452	6,917,688	5,271,800	1,206,500	1,206,500
Current Receipts	13,193,239	13,860,496	22,391,900	22,704,100	22,766,300
Non-Revenue Receipts	6,740,958	13,175,383	-7,352,200		
Fund Transfers	-946,900				
<b>Total Restricted Funds</b>	<b>24,812,750</b>	<b>33,953,568</b>	<b>20,311,500</b>	<b>23,910,600</b>	<b>23,972,800</b>
<b>Federal Funds</b>					
Balance Forward	62,313				
Current Receipts	11,567,363	15,111,520	17,660,400	11,562,000	11,562,000
Non-Revenue Receipts	2,272,354	-228,715	-6,098,400		
ARRA Receipts	1,776,521	1,673,983			
<b>Total Federal Funds</b>	<b>15,678,551</b>	<b>16,556,788</b>	<b>11,562,000</b>	<b>11,562,000</b>	<b>11,562,000</b>
<b>Road Fund</b>					
Regular Appropriation	83,251,500	89,475,900	91,898,200	95,745,500	96,845,800
<b>Total Road Fund</b>	<b>83,251,500</b>	<b>89,475,900</b>	<b>91,898,200</b>	<b>95,745,500</b>	<b>96,845,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>194,725,601</b>	<b>205,387,155</b>	<b>198,197,700</b>	<b>205,533,700</b>	<b>208,169,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	140,627,170	152,809,869	154,628,700	161,376,500	163,747,000
Operating Expenses	36,091,778	42,179,004	38,661,400	38,991,600	38,998,500
Grants Loans Benefits	1,123,818	773,383	700,800	700,800	700,800
Debt Service		88,000		258,000	516,000
Capital Outlay	3,739,984	4,259,135	3,000,000	3,000,000	3,000,000
Construction	16,563	6,001	300	300	300
<b>TOTAL EXPENDITURES</b>	<b>181,599,312</b>	<b>200,115,391</b>	<b>196,991,200</b>	<b>204,327,200</b>	<b>206,962,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	65,962,900	65,400,900	74,426,000	74,315,600	75,788,600
Restricted Funds	17,895,062	28,681,803	19,105,000	22,704,100	22,766,200
Federal Funds	15,678,551	16,556,788	11,562,000	11,562,000	11,562,000
Road Fund	82,062,800	89,475,900	91,898,200	95,745,500	96,845,800
<b>TOTAL EXPENDITURES</b>	<b>181,599,312</b>	<b>200,115,391</b>	<b>196,991,200</b>	<b>204,327,200</b>	<b>206,962,600</b>
<b>EXPENDITURES BY UNIT</b>					
Administration	20,901,966	25,367,186	27,819,800	29,164,600	29,624,900
Technical Services	32,443,537	38,914,387	37,490,000	37,580,600	37,925,900
Operations	108,359,098	118,628,090	115,465,900	121,338,000	122,977,600
Commercial Vehicle Enforcement	19,894,712	17,205,728	16,215,500	16,244,000	16,434,200
<b>TOTAL EXPENDITURES</b>	<b>181,599,312</b>	<b>200,115,391</b>	<b>196,991,200</b>	<b>204,327,200</b>	<b>206,962,600</b>

The Kentucky State Police is the statewide law enforcement agency of the Commonwealth. The State Police was established in 1948. State Troopers are assigned to 16 regional posts and Commercial Vehicle Enforcement officers are assigned to 6 regions. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The Kentucky State Police is comprised of four divisions: Administrative, Operations, Technical Services, and Commercial Vehicle Enforcement.

The Administrative Division, which includes the Office of the Commissioner, provides professional support services for the Department. These services include organizational policy, personnel, properties management and supplies, payroll, employee

assistance, fiscal, internal investigations, and inspections. Media relations, training, analysis, research, strategic planning, and information coordination are other functions performed in this division. The State Police Drivers Testing Stations, Facilities Security, and Legislative Detail are also part of this division and provide external support to citizens and other public officials of Kentucky.

The Operations Division includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this division include highway safety, drug enforcement, vehicle investigation, and special operations.

The Technical Services Division is responsible for providing technical assistance to all departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, records, communications (including headquarters dispatch), criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The Division also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is provided through the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

The Commercial Vehicle Enforcement Division is responsible for encouraging and promoting a safe driving environment through education and safety awareness while enforcing state and federal laws and regulations, placing special emphasis on commercial vehicles. This Division is staffed with sworn law enforcement officers, regulatory weight and safety inspectors, and civilian staff.

Kentucky State Police was transferred ownership of 362 acres and facilities from the Department of Corrections on July 1, 2011 to be used as the Kentucky State Police Training Academy. In 2013, a \$2 million bond funded project was authorized to demolish the administration building and construct a new building with office, conference room and replacement classroom.

### **Policy**

The Budget of the Commonwealth includes Restricted Funds of \$5,629,000 in fiscal year 2015 and \$5,637,600 in fiscal year 2016 for a \$3,100 training incentive stipend for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, and Vehicle Enforcement officers within the Kentucky State Police. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

The Budget of the Commonwealth provides General Fund debt service in the amount of \$258,000 in fiscal year 2015 and \$516,000 in fiscal year 2016 to support new bonds for capital projects.

The Budget of the Commonwealth includes General Fund resources in the amount of \$7,225,400 in fiscal year 2014 and \$5,000,000 (\$4,575,500 from the General Fund and \$424,500 from the Road Fund) each year of the biennium to cover the cumulative shortfall from prior fiscal years stemming from cost increases in the areas of motor fuels, health insurance, equipment replacement and retirement payouts.

The Budget of the Commonwealth provides additional Road Fund in the amount of \$884,400 each fiscal year for additional Trooper R Officers.

**Justice and Public Safety  
Corrections**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	440,797,000	454,960,300	452,946,600	466,330,800	474,544,700
State Salary and Compensation Allocation	6,017,700	551,400	1,102,800		
Special Appropriation	-1,200,000				
Mandated Allotments	20,538,500	25,000,000	18,163,800		
<b>Total General Fund</b>	<b>466,153,200</b>	<b>480,511,700</b>	<b>472,213,200</b>	<b>466,330,800</b>	<b>474,544,700</b>
<b>Restricted Funds</b>					
Balance Forward	3,081,780	3,235,441	7,782,400	32,700	
Current Receipts	23,823,053	20,973,525	13,169,200	20,550,100	20,761,600
Non-Revenue Receipts	-53,064	-567,943	2,800,000	2,800,000	2,800,000
Fund Transfers	-1,106,680				
<b>Total Restricted Funds</b>	<b>25,745,090</b>	<b>23,641,023</b>	<b>23,751,600</b>	<b>23,382,800</b>	<b>23,561,600</b>
<b>Federal Funds</b>					
Current Receipts	2,080,079	1,748,650	3,367,300	3,073,200	961,100
Non-Revenue Receipts	-259,833	463,971			
<b>Total Federal Funds</b>	<b>1,820,246</b>	<b>2,212,621</b>	<b>3,367,300</b>	<b>3,073,200</b>	<b>961,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>493,718,536</b>	<b>506,365,344</b>	<b>499,332,100</b>	<b>492,786,800</b>	<b>499,067,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	219,884,298	232,360,485	240,069,200	238,950,800	243,748,600
Operating Expenses	52,057,644	54,247,409	55,888,600	55,730,200	55,867,800
Grants Loans Benefits	204,497,131	208,713,917	201,465,100	197,716,800	198,831,000
Debt Service	2,977,000	120,500		115,500	346,500
Capital Outlay	1,013,045	552,241	1,876,500	273,500	273,500
Construction	176	190			
<b>TOTAL EXPENDITURES</b>	<b>480,429,295</b>	<b>495,994,743</b>	<b>499,299,400</b>	<b>492,786,800</b>	<b>499,067,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	456,099,400	477,923,589	472,213,200	466,330,800	474,544,700
Restricted Funds	22,509,649	15,858,533	23,718,900	23,382,800	23,561,600
Federal Funds	1,820,246	2,212,621	3,367,300	3,073,200	961,100
<b>TOTAL EXPENDITURES</b>	<b>480,429,295</b>	<b>495,994,743</b>	<b>499,299,400</b>	<b>492,786,800</b>	<b>499,067,400</b>
<b>EXPENDITURES BY UNIT</b>					
Corrections Management	12,258,938	9,614,513	10,099,000	10,064,100	10,009,800
Adult Correctional Institutions	282,562,641	286,967,035	278,554,800	263,914,100	265,819,600
Community Services and Local Facilities	171,501,316	182,449,295	191,608,600	200,645,500	204,872,900
Local Jail Support	14,106,400	16,963,900	19,037,000	18,163,100	18,365,100
<b>TOTAL EXPENDITURES</b>	<b>480,429,295</b>	<b>495,994,743</b>	<b>499,299,400</b>	<b>492,786,800</b>	<b>499,067,400</b>

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest department in the Justice and Public Safety Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The Department's core cost driver is the felon population. In the 2011 Regular Session, HB 463 was passed with the intent to decrease the state's prison population; reduce incarceration costs; and implement programs that will reduce crime and increase overall public safety. KRS 196.111 mandates the use of evidence-based practices in the sentencing process for convicted felons and in the decision making process for the supervision and treatment of felons in prison or on probation or parole. HB 463 modified KRS Chapter 218A controlled substance statutes and placed emphasis on probation, diversion, and treatment and diverts savings from the drug law changes to drug treatment programs. Other provisions in KRS 439.335, KRS 439.340, KRS 439.320, and KRS 197.045 emphasize the use of parole to effectuate accelerated parole hearings; to order mandatory reentry

supervision release; and to allow for good time credit that reduces the sentence while on parole.

**Policy**

The Budget of the Commonwealth incorporates the following array of institutional and community beds to accommodate the projected prison and community felon population under the custody of the Department of Corrections.

**2014 - 2016 Felon and Community Beds Forecast**

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Felons*	20,623	20,867	21,112
Other**	<u>2,060</u>	<u>2,110</u>	<u>2,110</u>
<b>Total</b>	<b>22,683</b>	<b>22,461</b>	<b>22,625</b>

\* The incarcerated felon forecast is a consensus estimating process involving a nationally-known Corrections consulting firm, the Department of Corrections, and the Office of the State Budget Director

\*\*The Other category is the remaining population under the custody of the Department of Corrections located in Halfway House and Recovery Kentucky beds for parolees and probationers, as well as others serving time in jails under an alternative sentence arrangement with the Courts.

The Budget of the Commonwealth includes additional General Fund in the amount of \$18,163,800 in fiscal year 2014 as a result of 1,662 more inmates than forecasted in the fiscal year 2014 budget.

**Justice and Public Safety  
Corrections  
Corrections Management**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	12,235,300	9,493,900	9,537,200	9,459,200	9,634,800
State Salary and Compensation Allocation	522,700	20,000	40,000		
<b>Total General Fund</b>	<b>12,758,000</b>	<b>9,513,900</b>	<b>9,577,200</b>	<b>9,459,200</b>	<b>9,634,800</b>
<b>Restricted Funds</b>					
Balance Forward	208,340	200,676	332,700	32,700	
Current Receipts	100,783	141,191		267,300	300,000
Fund Transfers	-4,700				
<b>Total Restricted Funds</b>	<b>304,422</b>	<b>341,867</b>	<b>332,700</b>	<b>300,000</b>	<b>300,000</b>
<b>Federal Funds</b>					
Current Receipts	352,985	138,598	221,800	304,900	75,000
Non-Revenue Receipts	-37,993	-47,123			
<b>Total Federal Funds</b>	<b>314,992</b>	<b>91,475</b>	<b>221,800</b>	<b>304,900</b>	<b>75,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,377,414</b>	<b>9,947,242</b>	<b>10,131,700</b>	<b>10,064,100</b>	<b>10,009,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,962,331	8,606,869	8,842,100	8,788,900	8,733,800
Operating Expenses	1,276,067	1,007,645	1,256,900	1,275,200	1,276,000
Debt Service	2,977,000				
Capital Outlay	43,540				
<b>TOTAL EXPENDITURES</b>	<b>12,258,938</b>	<b>9,614,513</b>	<b>10,099,000</b>	<b>10,064,100</b>	<b>10,009,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,840,200	9,513,900	9,577,200	9,459,200	9,634,800
Restricted Funds	103,746	9,138	300,000	300,000	300,000
Federal Funds	314,992	91,475	221,800	304,900	75,000
<b>TOTAL EXPENDITURES</b>	<b>12,258,938</b>	<b>9,614,513</b>	<b>10,099,000</b>	<b>10,064,100</b>	<b>10,009,800</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner	5,377,628	6,031,943	6,199,300	6,056,200	5,936,900
Corrections Training	1,592,894	1,640,792	1,739,000	1,723,500	1,747,300
Administrative Services	1,724,660	1,356,414	1,581,300	1,662,400	1,690,100
Division of Personnel	586,756	585,364	579,400	622,000	635,500
<b>TOTAL EXPENDITURES</b>	<b>9,281,938</b>	<b>9,614,513</b>	<b>10,099,000</b>	<b>10,064,100</b>	<b>10,009,800</b>

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through six program areas: Office of the Commissioner, Division of Personnel, Division of Corrections Training, Division of Administrative Services, and Debt Service.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Office conducts centralized personnel and budgeting functions. The Commission on Corrections/Community Services is administratively attached to the Office. Also attached to the Office of the Commissioner is the Office of the Deputy Commissioner for Support Services, responsible for the Division of Corrections Training and Division of Administrative Services. The Information Technology and Offender Records Branch as well as the Parole Board/Victims Services Branch are also under the Office of the Deputy Commissioner of Support Services.

The Division of Corrections Training, referenced in KRS 12.020, 16.090, 441.055, and 441.115, is responsible for developing curriculum and providing job training to corrections employees including staff in the county jails. Instruction is provided through the Basic Academy program, the Common Core/Officer In-service program, Jail Training programs, and various specialized programs.

The Division of Administrative Services, referenced in KRS 12.020, is comprised of two branches that provide support services to the entire Department in accounting and purchasing, property inventory, and budgeting. The Division of Administrative Services also includes the Contract Management Branch, which is charged with the responsibility for administering the contracts for the Commonwealth's privately operated correctional facilities. This branch oversees contracts with 25 halfway houses located

across the state which provide housing for approximately 2,094 community custody inmates and parolees, which includes community placements with the Recovery Kentucky substance abuse programs.

**Justice and Public Safety  
Corrections  
Adult Correctional Institutions**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	273,313,700	270,450,800	273,298,400	244,855,800	247,866,500
State Salary and Compensation Allocation	4,343,900	438,100	876,200		
Other	-4,283,700		-15,014,200		
<b>Total General Fund</b>	<b>273,373,900</b>	<b>270,888,900</b>	<b>259,160,400</b>	<b>244,855,800</b>	<b>247,866,500</b>
<b>Restricted Funds</b>					
Balance Forward	1,453,823	2,386,934	5,633,500		
Current Receipts	17,657,351	19,488,871	11,955,400	17,252,800	17,431,600
Non-Revenue Receipts	-53,073	-567,934			
Fund Transfers	-1,101,980				
<b>Total Restricted Funds</b>	<b>17,956,121</b>	<b>21,307,871</b>	<b>17,588,900</b>	<b>17,252,800</b>	<b>17,431,600</b>
<b>Federal Funds</b>					
Current Receipts	950,433	803,613	1,805,500	1,805,500	521,500
Non-Revenue Receipts	-113,779	277,151			
<b>Total Federal Funds</b>	<b>836,654</b>	<b>1,080,763</b>	<b>1,805,500</b>	<b>1,805,500</b>	<b>521,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>292,166,675</b>	<b>293,277,535</b>	<b>278,554,800</b>	<b>263,914,100</b>	<b>265,819,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	175,361,251	183,198,372	182,979,000	178,922,500	181,712,600
Operating Expenses	45,201,104	47,369,992	48,376,700	48,041,100	48,204,500
Grants Loans Benefits	61,305,405	55,725,740	45,322,600	36,561,500	35,282,500
Debt Service		120,500		115,500	346,500
Capital Outlay	694,706	552,241	1,876,500	273,500	273,500
Construction	176	190			
<b>TOTAL EXPENDITURES</b>	<b>282,562,641</b>	<b>286,967,035</b>	<b>278,554,800</b>	<b>263,914,100</b>	<b>265,819,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	266,156,800	270,211,949	259,160,400	244,855,800	247,866,500
Restricted Funds	15,569,187	15,674,323	17,588,900	17,252,800	17,431,600
Federal Funds	836,654	1,080,763	1,805,500	1,805,500	521,500
<b>TOTAL EXPENDITURES</b>	<b>282,562,641</b>	<b>286,967,035</b>	<b>278,554,800</b>	<b>263,914,100</b>	<b>265,819,600</b>
<b>EXPENDITURES BY UNIT</b>					
Institutions Operations	2,221,375	2,573,008	5,400,600	3,745,100	3,661,300
Medical Services	54,025,865	55,778,356	52,764,600	47,061,500	46,899,900
Education	5,776,145	6,061,739	5,783,700	6,399,400	6,059,400
Correctional Industries	11,195,787	11,592,301	12,354,800	12,466,800	12,645,600
Correctional Facilities	176,305,049	186,041,966	187,225,600	185,257,100	188,061,100
Mental Health	10,725,675	11,458,510	11,514,300	8,984,200	8,492,300
Private Prisons	22,312,746	13,461,155	3,511,200		
<b>TOTAL EXPENDITURES</b>	<b>282,562,641</b>	<b>286,967,035</b>	<b>278,554,800</b>	<b>263,914,100</b>	<b>265,819,600</b>

Adult Correctional Institutions is comprised of 12 state correctional facilities for adult felon offenders. Seven additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, the Division of Substance Abuse, Education programs, Inmate Medical Services, the Division of Adult Institutions and the Division of Correctional Industries.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following activities: classification and placement of inmates, coordination of academic and technical programs, coordination of dietary and health programs for state owned facilities, and coordination of security threat group information.

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of three units: sex offender treatment programs, the Sex Offender Risk Assessment Unit, and psychiatric and psychological out-patient services.

The Division of Substance Abuse is responsible for providing and overseeing alcohol and other substance abuse treatment programs in the state correctional facilities.

Inmate Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Inmate Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division. County jail inmates are now beneficiaries of the healthcare network in accordance with KRS 441.560.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods and services employing inmate labor. Kentucky Correctional Industries is a self-supporting operation, receiving only restricted funds for operations in nine of the Department's state-operated institutions. Twenty-one separate plants produce products and provide services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, vegetables, and freshwater shrimp. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

### **Correctional Institutions**

**Kentucky State Reformatory (KSR)** is a medium security institution with an operational capacity of 1,952 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

**Kentucky State Penitentiary (KSP)** is a maximum security institution with an operational capacity of 849 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

**Blackburn Correctional Complex (BCC)** is a minimum security institution with an operational capacity of 594 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

**Bell County Forestry Camp (BCFC)** is a minimum security institution with an operational capacity of 300 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

**Kentucky Correctional Institution for Women (KCIW)**, the only state institutional facility for women in the Commonwealth, is located in PeeWee Valley in Shelby County, and has an operational capacity of 691 inmates. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

**Eastern Kentucky Correctional Complex (EKCC)** is a medium security institution with an operational capacity of 1,674 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

**Western Kentucky Correctional Complex (WKCC)** is a medium security institution with an operational capacity of 670 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties.

**Roederer Correctional Complex (RCC)** is a medium security institution with an operational capacity of 1,002 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The institution also operates a full farm operation on approximately 2,800 acres.

**Luther Lockett Correctional Complex (LLCC)** is a medium security institution with an operational capacity of 1,073 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services' Kentucky Correctional Psychiatric Center (KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

**Green River Correctional Complex (GRCC)** is a medium security institution with an operational capacity of 947 inmates located near Central City in Muhlenberg County.

**Northpoint Training Center (NTC)** is a medium security institution with an operational capacity of 1,226 inmates located near

Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

**Little Sandy Correctional Complex (LSCC)** is located near Sandy Hook in Elliott County and has an operational capacity of 987 inmates. Programming at the new institution consists of basic educational and vocational training classes, as well as psychological services. Correctional industries programs are planned in the near future.

### **Policy**

The Budget of the Commonwealth includes an estimated savings of \$1,400,000 in fiscal year 2014, \$7,000,000 in fiscal year 2015, and \$7,200,000 in fiscal year 2016 as a result of implementing the Affordable Health Care Act which allows state inmates below 138% of the poverty level Medicaid coverage for hospital costs when outside the correctional facility 24 hours or more.

The Budget of the Commonwealth incorporates the savings due to closing the Marion Adjustment Complex in September 2013: \$2,868,600 in each year of the biennium. The shift of over 500 minimum-security inmates from the private prison to county jails represent about \$6,500,000 in payments to county fiscal courts for housing those inmates.

The Budget of the Commonwealth relocates \$7,600,000 in each fiscal year from Adult Institutions to the community Substance Abuse Program.

The Budget of the Commonwealth provides General Fund debt service in the amount of \$115,500 in fiscal year 2015 and \$346,500 in fiscal year 2016 to support new bonds for capital projects.

**Justice and Public Safety  
Corrections  
Community Services and Local Facilities**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	140,926,500	158,051,700	151,074,000	193,852,700	198,678,300
State Salary and Compensation Allocation	1,151,100	93,300	186,600		
Special Appropriation	-1,200,000				
Mandated Allotments	20,538,500	25,000,000	18,163,800		
Other	4,283,700		15,014,200		
<b>Total General Fund</b>	<b>165,699,800</b>	<b>183,145,000</b>	<b>184,438,600</b>	<b>193,852,700</b>	<b>198,678,300</b>
<b>Restricted Funds</b>					
Balance Forward	1,419,617	647,832	1,816,200		
Current Receipts	6,064,920	1,343,462	1,213,800	3,030,000	3,030,000
Non-Revenue Receipts	9	-9	2,800,000	2,800,000	2,800,000
<b>Total Restricted Funds</b>	<b>7,484,547</b>	<b>1,991,285</b>	<b>5,830,000</b>	<b>5,830,000</b>	<b>5,830,000</b>
<b>Federal Funds</b>					
Current Receipts	776,662	806,440	1,340,000	962,800	364,600
Non-Revenue Receipts	-108,061	233,943			
<b>Total Federal Funds</b>	<b>668,601</b>	<b>1,040,383</b>	<b>1,340,000</b>	<b>962,800</b>	<b>364,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>173,852,947</b>	<b>186,176,668</b>	<b>191,608,600</b>	<b>200,645,500</b>	<b>204,872,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	36,465,448	40,510,843	48,203,100	51,194,400	53,257,200
Operating Expenses	5,194,041	5,432,475	5,818,300	5,977,200	5,950,600
Grants Loans Benefits	129,567,026	136,505,977	137,587,200	143,473,900	145,665,100
Capital Outlay	274,800				
<b>TOTAL EXPENDITURES</b>	<b>171,501,316</b>	<b>182,449,295</b>	<b>191,608,600</b>	<b>200,645,500</b>	<b>204,872,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	163,996,000	181,233,840	184,438,600	193,852,700	198,678,300
Restricted Funds	6,836,715	175,071	5,830,000	5,830,000	5,830,000
Federal Funds	668,601	1,040,383	1,340,000	962,800	364,600
<b>TOTAL EXPENDITURES</b>	<b>171,501,316</b>	<b>182,449,295</b>	<b>191,608,600</b>	<b>200,645,500</b>	<b>204,872,900</b>
<b>EXPENDITURES BY UNIT</b>					
Probation and Parole Program	39,286,558	43,422,643	50,973,700	51,871,900	54,081,100
Local Facilities Operations	951,193	1,053,216	1,265,300	1,301,700	1,319,900
Local Facilities - Jail Program	103,907,804	107,449,803	101,038,000	107,126,100	109,598,300
Community Corrections Commission	987,894	980,361	1,058,800	1,058,800	1,058,800
Halfway Houses	24,328,002	26,751,083	27,000,000	27,000,000	27,000,000
Electronic Monitoring	2,039,864	2,792,189	2,672,800	2,466,500	1,923,300
Substance Abuse Programs			7,600,000	9,820,500	9,891,500
<b>TOTAL EXPENDITURES</b>	<b>171,501,316</b>	<b>182,449,295</b>	<b>191,608,600</b>	<b>200,645,500</b>	<b>204,872,900</b>

The Community Services and Local Facilities program is comprised of three units which provide the core system of community-based correctional programs to protect the Commonwealth. The three organizational units are the Division of Probation and Parole, the Division for Local Facilities, and Community Corrections.

The Division of Probation and Parole, pursuant to KRS 439.370 and 439.480, through the probation and parole officers in the 20 districts, provides supervision of approximately 45,519 probationers and parolees in the community, investigations of offenders for the courts and parole board, rehabilitative services to offenders, and assistance in employment and home placement.

The Division for Local Facilities, as mandated by KRS Chapter 441, is responsible for jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The Division administers the controlled intake of certain classes of C and D felons, per KRS Chapter 532.

This division is also responsible for payment of local jail per diems, medical per diems, excess medical costs, and inmate labor

for the state inmates housed in the Commonwealth's 74 full service jails and 4 regional jails.

The Community Corrections area is comprised of the Halfway House program, Kentucky Corrections Commissioner, and Electronic Monitoring program. Pursuant to KRS Chapter 439, the Halfway House program provides rehabilitation in community residential correctional centers throughout the Commonwealth where inmates are transitioned prior to their release. Pursuant to KRS Chapter 196, the Kentucky Corrections Commission grants funds for the purpose of assisting judges, throughout the Commonwealth, develop alternatives to incarceration. In accordance with KRS 532.260, the Department of Corrections has initiated the Home Incarceration program (HIP). The current average daily population of HIP participants is 172.

**Policy**

The Department of Corrections estimates a 6 percent growth in the number of probationers and parolees compared to fiscal year 2013. Much of this increase is due to accelerated parole hearings and mandatory reentry supervision release.

<b>Fiscal Year</b>	<b>Probation and Parole Population</b>
2013 Actual	45,248
2014 Estimated	45,519
2015 Estimated	46,878
2016 Estimated	48,304

Sufficient resources are provided for 42 additional Probation and Parole Officers over the biennium to accommodate the projected increase in caseload.

KRS196.286 directs that the estimated amount of savings shall be solely for expanding and enhancing treatment programs that employ evidence-based or promising practices designed to include the likelihood of future criminal behavior. Consistent with the statute, the estimated savings attributable to the fiscal year 2015 and 2016 are budgeted to expand treatment programs.

The Budget of the Commonwealth directs estimated savings in the amount of \$6,763,400 in each fiscal year to the Substance Abuse Treatment Program.

**Justice and Public Safety**

**Corrections**

**Local Jail Support**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	14,321,500	16,963,900	19,037,000	18,163,100	18,365,100
<b>Total General Fund</b>	<b>14,321,500</b>	<b>16,963,900</b>	<b>19,037,000</b>	<b>18,163,100</b>	<b>18,365,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>14,321,500</b>	<b>16,963,900</b>	<b>19,037,000</b>	<b>18,163,100</b>	<b>18,365,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	95,267	44,402	45,000	45,000	45,000
Operating Expenses	386,433	437,298	436,700	436,700	436,700
Grants Loans Benefits	13,624,700	16,482,200	18,555,300	17,681,400	17,883,400
<b>TOTAL EXPENDITURES</b>	<b>14,106,400</b>	<b>16,963,900</b>	<b>19,037,000</b>	<b>18,163,100</b>	<b>18,365,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	14,106,400	16,963,900	19,037,000	18,163,100	18,365,100
<b>TOTAL EXPENDITURES</b>	<b>14,106,400</b>	<b>16,963,900</b>	<b>19,037,000</b>	<b>18,163,100</b>	<b>18,365,100</b>
<b>EXPENDITURES BY UNIT</b>					
Local Jail Allotment	12,612,800	12,026,600	12,026,600	11,074,700	11,074,700
Restricted Medical	931,100	931,100	931,100	931,100	931,100
Jailers' Allowance	481,700	481,700	481,700	481,700	481,700
Catastrophic Medical	80,800	960,000	960,000	960,000	960,000
Local Corrections Assistance Fund		2,564,500	4,637,600	4,715,600	4,917,600
<b>TOTAL EXPENDITURES</b>	<b>14,106,400</b>	<b>16,963,900</b>	<b>19,037,000</b>	<b>18,163,100</b>	<b>18,365,100</b>

The Local Jail Support program consists of four funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment and Restricted Medical programs are distributed to each county based upon the formula in KRS 441.206.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$1,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

The Local Corrections Assistance Fund, pursuant to KRS 196.288 provides funding to counties based upon 25% of the estimated savings resulting from changes in HB463.

**Policy**

Pursuant to KRS 196.288, savings in the amount of \$5,594,800 in fiscal year 2015 and \$5,796,800 in fiscal year 2016 are allocated to the Local Corrections Assistance Fund. Of those amounts, \$879,200 each fiscal year is re-aligned to the Catastrophic Medical program as coordinated between the Department of Corrections and the Kentucky County Jailers Association. As a result, the net amount displayed for this program is \$4,715,600 in fiscal year 2015 and \$4,917,600 in fiscal year 2016.

**Justice and Public Safety  
Public Advocacy**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	37,195,500	39,974,000	40,678,600	46,314,300	47,472,900
State Salary and Compensation Allocation	1,980,000	70,200	149,700		
Current Year Appropriation			4,400,000		
<b>Total General Fund</b>	<b>39,175,500</b>	<b>40,044,200</b>	<b>45,228,300</b>	<b>46,314,300</b>	<b>47,472,900</b>
<b>Restricted Funds</b>					
Balance Forward	7,119	80,214	57,200		
Current Receipts	3,641,425	3,508,420	1,105,900	1,057,000	1,010,300
Non-Revenue Receipts	64,834	1,212,079	1,031,600	2,120,600	2,025,600
Fund Transfers	-63,600				
<b>Total Restricted Funds</b>	<b>3,649,778</b>	<b>4,800,713</b>	<b>2,194,700</b>	<b>3,177,600</b>	<b>3,035,900</b>
<b>Federal Funds</b>					
Current Receipts	2,062,397	2,264,762	1,900,700	1,320,400	1,320,400
Non-Revenue Receipts	206,556	-334,077			
<b>Total Federal Funds</b>	<b>2,268,953</b>	<b>1,930,685</b>	<b>1,900,700</b>	<b>1,320,400</b>	<b>1,320,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>45,094,231</b>	<b>46,775,598</b>	<b>49,323,700</b>	<b>50,812,300</b>	<b>51,829,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	38,097,067	40,815,415	42,550,500	44,152,400	45,146,800
Operating Expenses	5,447,143	5,839,849	6,743,200	6,629,900	6,652,400
Grants Loans Benefits	33,425	25,865	30,000	30,000	30,000
Capital Outlay	27,781	34,728			
Construction		2,522			
<b>TOTAL EXPENDITURES</b>	<b>43,605,416</b>	<b>46,718,380</b>	<b>49,323,700</b>	<b>50,812,300</b>	<b>51,829,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	37,766,899	40,044,200	45,228,300	46,314,300	47,472,900
Restricted Funds	3,569,564	4,743,495	2,194,700	3,177,600	3,035,900
Federal Funds	2,268,953	1,930,685	1,900,700	1,320,400	1,320,400
<b>TOTAL EXPENDITURES</b>	<b>43,605,416</b>	<b>46,718,380</b>	<b>49,323,700</b>	<b>50,812,300</b>	<b>51,829,200</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Public Advocate	1,310,626	1,342,259	1,448,600	1,416,300	1,435,200
Defense Services	38,900,086	41,566,474	44,179,600	46,010,400	46,982,000
Law Operations	1,305,411	1,490,731	1,484,600	1,562,000	1,585,900
Protection and Advocacy	2,089,294	2,318,916	2,210,900	1,823,600	1,826,100
<b>TOTAL EXPENDITURES</b>	<b>43,605,416</b>	<b>46,718,380</b>	<b>49,323,700</b>	<b>50,812,300</b>	<b>51,829,200</b>

The United States and Kentucky Constitutions provide to all Americans the right to the assistance of counsel when they are charged with a crime. Those same constitutional provisions mandate that all persons who cannot afford an attorney and are charged with a crime that carries a potential loss of liberty be provided with an attorney by the state. The Kentucky Department for Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders and private attorneys contracting with the Department to provide services primarily in situations involving conflicts of interest. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Public Advocacy Commission is a 12 person governing board consisting of the Dean or designee from each of the three Kentucky law schools, three members appointed by the Governor from recommendations of the Kentucky Bar Association, one member from recommendations by the Protection and Advocacy Advisory Boards, three members at-large. Two members are appointed by the Kentucky Supreme Court. The Commission insures the Department's ability to provide independent professional representation of individual clients according to the American Bar Association *Ten Principles of a Public Defense Delivery System* (2002).

The Office of the Public Advocate is responsible for the oversight of the agency and includes the Public Advocate, Deputy Public Advocate, General Counsel and all strategic planning and litigation education functions.

The Law Operations Division provides budget, personnel, administrative, technology, facility oversight, library services, research, archive services and management support for the Department and its offices across the state.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty, persons accused of juvenile delinquency and status offenses, and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, mental health, veterans and family court venues.

The Post-Trial Division provides mandated defender services for indigent persons after conviction. These services include providing counsel to indigent persons on appeal to the KY Supreme Court and Court of Appeals, to incarcerated persons on post-conviction actions in state and federal court, and to all juveniles in treatment facilities.

Kentucky Protection & Advocacy (P&A), a division within the Department of Public Advocacy attached to the Department for administrative purposes only, was established pursuant to Public Law 99-319 (42 USC 10805 *et seq.*), Public Law 106-402 (42 USC § 15042 *et seq.*), and KRS 31.010 (2). P&A seeks legal, administrative, and other appropriate remedies to protect and promote the rights of Kentuckians with disabilities. The majority of funds in this division's budget are federal funds that have strict non-supplanting requirements.

### **Policy**

The Budget of the Commonwealth includes General Fund resources in the amount of \$4,400,000 in fiscal year 2014 and \$2,160,000 in each year of the biennium to cover the cumulative shortfall from prior fiscal years created by declines in revenue and rising caseloads.

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# Labor

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	<b>Labor</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,829,700	4,649,500	4,744,100	5,101,500	5,183,400
State Salary and Compensation Allocation	327,600	8,500	17,000		
<b>Total General Fund</b>	<b>5,157,300</b>	<b>4,658,000</b>	<b>4,761,100</b>	<b>5,101,500</b>	<b>5,183,400</b>
<b>Restricted Funds</b>					
Balance Forward	14,402,683	17,328,470	19,995,700	10,126,400	678,900
Current Receipts	101,704,502	99,402,206	99,650,000	107,341,700	112,448,500
Non-Revenue Receipts	91,667,108	88,968,250	94,265,900	108,948,400	104,966,800
Fund Transfers	-69,100				
<b>Total Restricted Funds</b>	<b>207,705,193</b>	<b>205,698,927</b>	<b>213,911,600</b>	<b>226,416,500</b>	<b>218,094,200</b>
<b>Federal Funds</b>					
Balance Forward	2,642	138,935	137,400		
Current Receipts	4,001,204	4,051,856	4,078,700	4,130,800	4,145,400
Non-Revenue Receipts	-267,407	-248,133	-228,200	-25,200	-25,200
<b>Total Federal Funds</b>	<b>3,736,439</b>	<b>3,942,658</b>	<b>3,987,900</b>	<b>4,105,600</b>	<b>4,120,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>216,598,933</b>	<b>214,299,585</b>	<b>222,660,600</b>	<b>235,623,600</b>	<b>227,397,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	126,573,763	125,533,376	134,814,900	151,696,400	148,807,400
Operating Expenses	5,352,459	5,641,837	6,993,800	7,164,700	7,205,200
Grants Loans Benefits	66,538,131	62,783,233	70,347,600	71,857,600	71,347,600
Capital Outlay	218,974	208,089	377,900	4,226,000	
<b>TOTAL EXPENDITURES</b>	<b>198,683,327</b>	<b>194,166,534</b>	<b>212,534,200</b>	<b>234,944,700</b>	<b>227,360,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,709,100	4,658,000	4,761,100	5,101,500	5,183,400
Restricted Funds	190,376,723	185,703,314	203,785,200	225,737,600	218,056,600
Federal Funds	3,597,504	3,805,220	3,987,900	4,105,600	4,120,200
<b>TOTAL EXPENDITURES</b>	<b>198,683,327</b>	<b>194,166,534</b>	<b>212,534,200</b>	<b>234,944,700</b>	<b>227,360,200</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	3,510,021	3,693,629	4,847,000	4,541,200	4,603,600
General Administration and Program Support	5,281,162	5,484,297	6,072,400	6,440,000	6,733,300
Workplace Standards	77,015,248	74,219,399	82,851,000	84,658,200	84,379,900
Workers' Claims	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100
Occupational Safety and Health Review Commission	478,585	594,653	711,200	757,200	770,900
Workers' Compensation Funding Commission	97,834,501	95,051,784	101,525,400	116,760,100	112,833,400
<b>TOTAL EXPENDITURES</b>	<b>198,683,327</b>	<b>194,166,534</b>	<b>212,534,200</b>	<b>234,944,700</b>	<b>227,360,200</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 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	256,580	477,380	337,900		
Current Receipts	14,089	3,647	2,000	2,000	2,000
Non-Revenue Receipts	3,563,837	3,347,433	4,337,100	4,354,400	4,413,000
<b>Total Restricted Funds</b>	<b>3,834,507</b>	<b>3,828,460</b>	<b>4,677,000</b>	<b>4,356,400</b>	<b>4,415,000</b>
<b>Federal Funds</b>					
Balance Forward		6,870			
Current Receipts	182,886	222,591	170,000	184,800	188,600
Non-Revenue Receipts	-23,122	-26,433			
<b>Total Federal Funds</b>	<b>159,764</b>	<b>203,028</b>	<b>170,000</b>	<b>184,800</b>	<b>188,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,994,271</b>	<b>4,031,488</b>	<b>4,847,000</b>	<b>4,541,200</b>	<b>4,603,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,010,258	3,242,995	3,909,700	3,683,100	3,745,500
Operating Expenses	465,276	450,634	937,300	858,100	858,100
Capital Outlay	34,487				
<b>TOTAL EXPENDITURES</b>	<b>3,510,021</b>	<b>3,693,629</b>	<b>4,847,000</b>	<b>4,541,200</b>	<b>4,603,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	3,357,127	3,490,601	4,677,000	4,356,400	4,415,000
Federal Funds	152,894	203,028	170,000	184,800	188,600
<b>TOTAL EXPENDITURES</b>	<b>3,510,021</b>	<b>3,693,629</b>	<b>4,847,000</b>	<b>4,541,200</b>	<b>4,603,600</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	3,510,021	3,693,629	4,847,000	4,541,200	4,603,600
<b>TOTAL EXPENDITURES</b>	<b>3,510,021</b>	<b>3,693,629</b>	<b>4,847,000</b>	<b>4,541,200</b>	<b>4,603,600</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 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,034,700	2,931,800	2,993,600	3,312,200	3,358,900
State Salary and Compensation Allocation	221,100	5,200	10,400		
<b>Total General Fund</b>	<b>3,255,800</b>	<b>2,937,000</b>	<b>3,004,000</b>	<b>3,312,200</b>	<b>3,358,900</b>
<b>Restricted Funds</b>					
Balance Forward	707,926	1,160,070	1,358,900	1,073,600	678,900
Current Receipts	2,127	35	50,100	100	100
Non-Revenue Receipts	2,773,728	2,691,552	2,685,500	2,685,500	2,685,500
Fund Transfers	-69,100				
<b>Total Restricted Funds</b>	<b>3,414,681</b>	<b>3,851,657</b>	<b>4,094,500</b>	<b>3,759,200</b>	<b>3,364,500</b>
<b>Federal Funds</b>					
Balance Forward		2,591	1,600		
Current Receipts	75,245	54,791	47,100	48,700	48,700
Non-Revenue Receipts	-7,604	-1,382	-1,200	-1,200	-1,200
<b>Total Federal Funds</b>	<b>67,641</b>	<b>56,000</b>	<b>47,500</b>	<b>47,500</b>	<b>47,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,738,123</b>	<b>6,844,657</b>	<b>7,146,000</b>	<b>7,118,900</b>	<b>6,770,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,718,016	5,007,352	5,402,600	5,477,300	5,770,200
Operating Expenses	563,146	447,583	669,800	962,700	963,100
Capital Outlay		29,362			
<b>TOTAL EXPENDITURES</b>	<b>5,281,162</b>	<b>5,484,297</b>	<b>6,072,400</b>	<b>6,440,000</b>	<b>6,733,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,961,500	2,937,000	3,004,000	3,312,200	3,358,900
Restricted Funds	2,254,611	2,492,892	3,020,900	3,080,300	3,326,900
Federal Funds	65,051	54,405	47,500	47,500	47,500
<b>TOTAL EXPENDITURES</b>	<b>5,281,162</b>	<b>5,484,297</b>	<b>6,072,400</b>	<b>6,440,000</b>	<b>6,733,300</b>
<b>EXPENDITURES BY UNIT</b>					
Office of General Admin & Program Support Shared Services	4,586,097	4,843,744	5,336,600	5,602,700	5,850,500
Inspector General Shared Services	695,065	640,553	735,800	837,300	882,800
<b>TOTAL EXPENDITURES</b>	<b>5,281,162</b>	<b>5,484,297</b>	<b>6,072,400</b>	<b>6,440,000</b>	<b>6,733,300</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 Cabinets. 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 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,795,000	1,717,700	1,750,500	1,789,300	1,824,500
State Salary and Compensation Allocation	106,500	3,300	6,600		
<b>Total General Fund</b>	<b>1,901,500</b>	<b>1,721,000</b>	<b>1,757,100</b>	<b>1,789,300</b>	<b>1,824,500</b>
<b>Restricted Funds</b>					
Balance Forward	4,526,923	4,229,630	4,388,100		
Current Receipts	1,550,802	1,643,985	1,524,900	1,256,500	1,264,800
Non-Revenue Receipts	70,039,993	67,465,119	71,410,500	77,739,100	77,406,500
<b>Total Restricted Funds</b>	<b>76,117,718</b>	<b>73,338,734</b>	<b>77,323,500</b>	<b>78,995,600</b>	<b>78,671,300</b>
<b>Federal Funds</b>					
Balance Forward	2,642	129,474	135,800		
Current Receipts	3,743,074	3,774,474	3,861,600	3,897,300	3,908,100
Non-Revenue Receipts	-236,682	-220,319	-227,000	-24,000	-24,000
<b>Total Federal Funds</b>	<b>3,509,034</b>	<b>3,683,630</b>	<b>3,770,400</b>	<b>3,873,300</b>	<b>3,884,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>81,528,252</b>	<b>78,743,364</b>	<b>82,851,000</b>	<b>84,658,200</b>	<b>84,379,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	8,595,956	9,259,829	10,045,800	10,784,700	11,033,000
Operating Expenses	1,696,674	2,176,337	2,155,800	2,015,900	1,999,300
Grants Loans Benefits	66,538,131	62,783,233	70,347,600	71,857,600	71,347,600
Capital Outlay	184,487		301,800		
<b>TOTAL EXPENDITURES</b>	<b>77,015,248</b>	<b>74,219,399</b>	<b>82,851,000</b>	<b>84,658,200</b>	<b>84,379,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,747,600	1,721,000	1,757,100	1,789,300	1,824,500
Restricted Funds	71,888,088	68,950,612	77,323,500	78,995,600	78,671,300
Federal Funds	3,379,560	3,547,787	3,770,400	3,873,300	3,884,100
<b>TOTAL EXPENDITURES</b>	<b>77,015,248</b>	<b>74,219,399</b>	<b>82,851,000</b>	<b>84,658,200</b>	<b>84,379,900</b>
<b>EXPENDITURES BY UNIT</b>					
Employment Standards	1,827,499	1,721,000	1,757,100	1,789,300	1,824,500
Workers' Compensation Funds	66,946,734	63,268,889	70,928,700	72,530,900	72,037,900
Occupational Safety and Health	7,843,808	8,881,878	9,758,900	9,896,800	10,068,600
Commissioner's Office	397,207	347,632	406,300	441,200	448,900
<b>TOTAL EXPENDITURES</b>	<b>77,015,248</b>	<b>74,219,399</b>	<b>82,851,000</b>	<b>84,658,200</b>	<b>84,379,900</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.

	<b>Labor Workers' Claims</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	620,758	1,169,926	1,213,600		
Current Receipts	123,977	171,456	150,000	150,000	150,000
Non-Revenue Receipts	14,989,000	14,995,000	15,163,600	21,638,000	17,889,100
<b>Total Restricted Funds</b>	<b>15,733,736</b>	<b>16,336,381</b>	<b>16,527,200</b>	<b>21,788,000</b>	<b>18,039,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>15,733,736</b>	<b>16,336,381</b>	<b>16,527,200</b>	<b>21,788,000</b>	<b>18,039,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	12,144,675	12,613,273	13,597,900	14,622,100	15,042,500
Operating Expenses	2,419,135	2,330,771	2,874,300	2,939,900	2,996,600
Capital Outlay		178,727	55,000	4,226,000	
<b>TOTAL EXPENDITURES</b>	<b>14,563,810</b>	<b>15,122,771</b>	<b>16,527,200</b>	<b>21,788,000</b>	<b>18,039,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100
<b>TOTAL EXPENDITURES</b>	<b>14,563,810</b>	<b>15,122,771</b>	<b>16,527,200</b>	<b>21,788,000</b>	<b>18,039,100</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Claims	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100
<b>TOTAL EXPENDITURES</b>	<b>14,563,810</b>	<b>15,122,771</b>	<b>16,527,200</b>	<b>21,788,000</b>	<b>18,039,100</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.

### Policy

The Budget of the Commonwealth provides \$4,226,000 in Restricted Funds for an online filing system that is part of the capital budget recommendation.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	115,335	167,566	42,000		
Current Receipts	17				
Non-Revenue Receipts	530,800	469,125	669,200	757,200	770,900
<b>Total Restricted Funds</b>	646,151	636,691	711,200	757,200	770,900
<b>TOTAL SOURCE OF FUNDS</b>	646,151	636,691	711,200	757,200	770,900
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	433,923	547,432	660,100	706,300	720,000
Operating Expenses	44,662	47,222	51,100	50,900	50,900
<b>TOTAL EXPENDITURES</b>	478,585	594,653	711,200	757,200	770,900
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	478,585	594,653	711,200	757,200	770,900
<b>TOTAL EXPENDITURES</b>	478,585	594,653	711,200	757,200	770,900
<b>EXPENDITURES BY UNIT</b>					
Occupational Safety and Health Review Commission	478,585	594,653	711,200	757,200	770,900
<b>TOTAL EXPENDITURES</b>	478,585	594,653	711,200	757,200	770,900

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**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	8,175,161	10,123,899	12,655,200	9,052,800	
Current Receipts	100,013,489	97,583,083	97,923,000	105,933,100	111,031,600
Non-Revenue Receipts	-230,250	21		1,774,200	1,801,800
<b>Total Restricted Funds</b>	<b>107,958,400</b>	<b>107,707,004</b>	<b>110,578,200</b>	<b>116,760,100</b>	<b>112,833,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>107,958,400</b>	<b>107,707,004</b>	<b>110,578,200</b>	<b>116,760,100</b>	<b>112,833,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	97,670,936	94,862,495	101,198,800	116,422,900	112,496,200
Operating Expenses	163,565	189,289	305,500	337,200	337,200
Capital Outlay			21,100		
<b>TOTAL EXPENDITURES</b>	<b>97,834,501</b>	<b>95,051,784</b>	<b>101,525,400</b>	<b>116,760,100</b>	<b>112,833,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	97,834,501	95,051,784	101,525,400	116,760,100	112,833,400
<b>TOTAL EXPENDITURES</b>	<b>97,834,501</b>	<b>95,051,784</b>	<b>101,525,400</b>	<b>116,760,100</b>	<b>112,833,400</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Compensation Funding Commission	1,493,749	1,503,345	1,825,400	1,937,200	1,964,800
Benefit Reserve	95,326,752	92,274,439	98,387,600	111,393,600	107,942,100
KCWP Fund	1,014,000	1,274,000	1,312,400	3,429,300	2,926,500
<b>TOTAL EXPENDITURES</b>	<b>97,834,501</b>	<b>95,051,784</b>	<b>101,525,400</b>	<b>116,760,100</b>	<b>112,833,400</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 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	62,619,900	3,457,800	5,557,800	959,600	959,600
State Salary and Compensation Allocation	-47,959,200	-2,200,000	-4,500,000		
<b>Total General Fund</b>	<b>14,660,700</b>	<b>1,257,800</b>	<b>1,057,800</b>	<b>959,600</b>	<b>959,600</b>
<b>Restricted Funds</b>					
Balance Forward	16,683,809	21,422,701	18,878,900	16,824,200	12,510,500
Current Receipts	49,540,591	49,609,770	53,032,800	54,053,200	54,755,400
Non-Revenue Receipts	9,318,551	9,257,511	7,889,800	8,839,200	8,921,100
Fund Transfers	-2,526,400	-6,990,100	-2,691,600	-4,692,400	-2,688,900
<b>Total Restricted Funds</b>	<b>73,016,552</b>	<b>73,299,882</b>	<b>77,109,900</b>	<b>75,024,200</b>	<b>73,498,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>87,677,252</b>	<b>74,557,682</b>	<b>78,167,700</b>	<b>75,983,800</b>	<b>74,457,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	51,283,187	48,607,646	54,172,600	55,990,400	57,366,700
Operating Expenses	6,040,962	5,797,524	6,112,800	6,523,000	6,474,100
Grants Loans Benefits	1,459,150	1,258,100	1,058,100	959,900	959,900
Debt Service	2,879,000				
Capital Outlay	69,702	15,596			
<b>TOTAL EXPENDITURES</b>	<b>61,732,001</b>	<b>55,678,866</b>	<b>61,343,500</b>	<b>63,473,300</b>	<b>64,800,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	10,138,150	1,257,800	1,057,800	959,600	959,600
Restricted Funds	51,593,851	54,421,066	60,285,700	62,513,700	63,841,100
<b>TOTAL EXPENDITURES</b>	<b>61,732,001</b>	<b>55,678,866</b>	<b>61,343,500</b>	<b>63,473,300</b>	<b>64,800,700</b>
<b>EXPENDITURES BY UNIT</b>					
General Operations	32,391,623	27,053,801	26,818,800	27,764,400	28,028,200
Public Employees Deferred Compensation Authority	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500
Workers' Compensation Benefits and Reserve	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400
State Group Health Insurance Fund	1,459,150	1,257,800	1,057,800	959,600	959,600
<b>TOTAL EXPENDITURES</b>	<b>61,732,001</b>	<b>55,678,866</b>	<b>61,343,500</b>	<b>63,473,300</b>	<b>64,800,700</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.

**Personnel  
General Operations**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,879,000				
Other	5,800,000				
<b>Total General Fund</b>	8,679,000				
<b>Restricted Funds</b>					
Balance Forward	94,133	1,612,644	2,187,400	423,600	519,200
Current Receipts	18,227,083	18,241,051	19,721,800	21,573,200	21,640,400
Non-Revenue Receipts	9,443,551	9,387,511	8,024,800	8,979,200	9,066,100
Fund Transfers	-2,439,500		-2,691,600	-2,692,400	-2,688,900
<b>Total Restricted Funds</b>	25,325,267	29,241,206	27,242,400	28,283,600	28,536,800
<b>TOTAL SOURCE OF FUNDS</b>	34,004,267	29,241,206	27,242,400	28,283,600	28,536,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	23,856,559	21,655,371	21,236,600	21,771,900	22,084,600
Operating Expenses	5,597,926	5,382,534	5,581,900	5,992,200	5,943,300
Grants Loans Benefits		300	300	300	300
Debt Service	2,879,000				
Capital Outlay	58,138	15,596			
<b>TOTAL EXPENDITURES</b>	32,391,623	27,053,801	26,818,800	27,764,400	28,028,200
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,679,000				
Restricted Funds	23,712,623	27,053,801	26,818,800	27,764,400	28,028,200
<b>TOTAL EXPENDITURES</b>	32,391,623	27,053,801	26,818,800	27,764,400	28,028,200
<b>EXPENDITURES BY UNIT</b>					
General Administration	5,515,350	2,535,055	2,598,200	2,788,400	2,833,800
Governmental Service Center	860,630	922,662	973,100	1,058,000	1,072,600
Employee Relations	1,509,820	1,504,458	1,566,800	1,660,200	1,685,600
Employee Insurance	8,400,498	7,603,090	8,536,500	8,839,200	8,921,100
Personnel Administration	16,105,325	14,488,536	13,144,200	13,418,600	13,515,100
<b>TOTAL EXPENDITURES</b>	32,391,623	27,053,801	26,818,800	27,764,400	28,028,200

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

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

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

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

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

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

The Governmental Services Center is responsible for government-wide training, consultation, and organizational development,

including the coordination of the Commonwealth's strategic planning and performance measurement processes. It also has the responsibility of maintaining the employee performance management system.

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

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

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

### **Policy**

Included in the above Restricted Fund appropriation is \$2,692,300 in fiscal year 2015 and \$2,689,400 in fiscal year 2016 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 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	5,177,887	7,085,238	7,836,800	7,592,100	7,840,000
Current Receipts	8,312,501	7,319,332	8,700,000	9,430,000	10,065,000
Non-Revenue Receipts	-62,500	-65,000	-67,500	-70,000	-72,500
<b>Total Restricted Funds</b>	<b>13,427,888</b>	<b>14,339,570</b>	<b>16,469,300</b>	<b>16,952,100</b>	<b>17,832,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,427,888</b>	<b>14,339,570</b>	<b>16,469,300</b>	<b>16,952,100</b>	<b>17,832,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,958,989	6,137,723	8,420,000	8,655,000	8,704,400
Operating Expenses	374,600	365,094	457,200	457,100	457,100
Capital Outlay	9,061				
<b>TOTAL EXPENDITURES</b>	<b>6,342,651</b>	<b>6,502,817</b>	<b>8,877,200</b>	<b>9,112,100</b>	<b>9,161,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500
<b>TOTAL EXPENDITURES</b>	<b>6,342,651</b>	<b>6,502,817</b>	<b>8,877,200</b>	<b>9,112,100</b>	<b>9,161,500</b>
<b>EXPENDITURES BY UNIT</b>					
Public Employees Deferred Compensation Authority	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500
<b>TOTAL EXPENDITURES</b>	<b>6,342,651</b>	<b>6,502,817</b>	<b>8,877,200</b>	<b>9,112,100</b>	<b>9,161,500</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**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	11,411,790	12,724,819	8,854,700	8,808,500	4,151,300
Current Receipts	23,001,007	24,049,387	24,611,000	23,050,000	23,050,000
Non-Revenue Receipts	-62,500	-65,000	-67,500	-70,000	-72,500
Fund Transfers	-86,900	-6,990,100		-2,000,000	
<b>Total Restricted Funds</b>	<b>34,263,396</b>	<b>29,719,106</b>	<b>33,398,200</b>	<b>29,788,500</b>	<b>27,128,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>34,263,396</b>	<b>29,719,106</b>	<b>33,398,200</b>	<b>29,788,500</b>	<b>27,128,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	21,467,639	20,814,552	24,516,000	25,563,500	26,577,700
Operating Expenses	68,436	49,897	73,700	73,700	73,700
Capital Outlay	2,502				
<b>TOTAL EXPENDITURES</b>	<b>21,538,578</b>	<b>20,864,449</b>	<b>24,589,700</b>	<b>25,637,200</b>	<b>26,651,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400
<b>TOTAL EXPENDITURES</b>	<b>21,538,578</b>	<b>20,864,449</b>	<b>24,589,700</b>	<b>25,637,200</b>	<b>26,651,400</b>
<b>EXPENDITURES BY UNIT</b>					
Workers' Compensation Benefits and Reserve	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400
<b>TOTAL EXPENDITURES</b>	<b>21,538,578</b>	<b>20,864,449</b>	<b>24,589,700</b>	<b>25,637,200</b>	<b>26,651,400</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.

	<b>Personnel</b>				
	<b>State Salary and Compensation Fund</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	58,000,000	2,200,000	4,500,000		
State Salary and Compensation Allocation	-47,959,200	-2,200,000	-4,500,000		
Other	-5,800,000				
<b>Total General Fund</b>	<b>4,240,800</b>				
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,240,800</b>				

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.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,740,900	1,257,800	1,057,800	959,600	959,600
<b>Total General Fund</b>	<b>1,740,900</b>	<b>1,257,800</b>	<b>1,057,800</b>	<b>959,600</b>	<b>959,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,740,900</b>	<b>1,257,800</b>	<b>1,057,800</b>	<b>959,600</b>	<b>959,600</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	1,459,150	1,257,800	1,057,800	959,600	959,600
<b>TOTAL EXPENDITURES</b>	<b>1,459,150</b>	<b>1,257,800</b>	<b>1,057,800</b>	<b>959,600</b>	<b>959,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,459,150	1,257,800	1,057,800	959,600	959,600
<b>TOTAL EXPENDITURES</b>	<b>1,459,150</b>	<b>1,257,800</b>	<b>1,057,800</b>	<b>959,600</b>	<b>959,600</b>
<b>EXPENDITURES BY UNIT</b>					
State Group Health Insurance Fund	1,459,150	1,257,800	1,057,800	959,600	959,600
<b>TOTAL EXPENDITURES</b>	<b>1,459,150</b>	<b>1,257,800</b>	<b>1,057,800</b>	<b>959,600</b>	<b>959,600</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.

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# Postsecondary Education

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**Postsecondary Education**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,226,931,800	1,171,620,700	1,175,796,000	1,157,896,600	1,192,911,900
State Salary and Compensation Allocation	215,200	9,700	19,400		
Current Year Appropriation			1,800,000		
Continuing Approp.-General Fund	7,841,157	7,887,773	10,097,900		
<b>Total General Fund</b>	<b>1,234,988,157</b>	<b>1,179,518,173</b>	<b>1,187,713,300</b>	<b>1,157,896,600</b>	<b>1,192,911,900</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	5,987,600	5,047,800	4,887,800	6,072,500	4,707,500
Continuing Approp.-Tobacco Settlement	240	390	743,000		
Budget Reduction-General Fund Tobacco	-42,748		-2,399,200		
Other		742,006			
<b>Total Tobacco Settlement - Phase I</b>	<b>5,945,092</b>	<b>5,790,196</b>	<b>3,231,600</b>	<b>6,072,500</b>	<b>4,707,500</b>
<b>Restricted Funds</b>					
Balance Forward	8,732,876	5,903,858	7,512,900	1,470,800	1,078,400
Current Receipts	3,480,740,503	3,647,959,038	4,546,665,400	4,720,095,600	4,891,526,500
Non-Revenue Receipts	13,078,965	16,801,184	14,459,100	14,783,600	14,780,000
Fund Transfers	-396,000			-10,500,000	-5,000,000
<b>Total Restricted Funds</b>	<b>3,502,156,345</b>	<b>3,670,664,080</b>	<b>4,568,637,400</b>	<b>4,725,850,000</b>	<b>4,902,384,900</b>
<b>Federal Funds</b>					
Balance Forward				222,500	222,500
Current Receipts	867,168,156	833,206,259	889,312,800	907,149,800	938,190,700
Non-Revenue Receipts	714,015	-524,074			
ARRA Receipts	5,100				
<b>Total Federal Funds</b>	<b>867,887,271</b>	<b>832,682,185</b>	<b>889,312,800</b>	<b>907,372,300</b>	<b>938,413,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,610,976,864</b>	<b>5,688,654,634</b>	<b>6,648,895,100</b>	<b>6,797,191,400</b>	<b>7,038,417,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,064,336,363	3,101,530,914	3,195,755,500	3,261,620,700	3,360,347,800
Operating Expenses	1,335,354,009	1,328,383,986	2,058,741,500	2,126,315,100	2,207,324,000
Grants Loans Benefits	819,387,460	820,472,491	1,129,306,100	1,145,607,600	1,173,828,000
Debt Service	121,532,905	123,080,905	133,890,900	130,925,900	160,492,800
Capital Outlay	232,086,603	168,145,725	126,573,800	131,421,200	135,021,600
<b>TOTAL EXPENDITURES</b>	<b>5,572,697,340</b>	<b>5,541,614,021</b>	<b>6,644,267,800</b>	<b>6,795,890,500</b>	<b>7,037,014,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,224,981,080	1,166,542,220	1,184,779,300	1,157,896,600	1,192,911,900
Tobacco Settlement - Phase I	5,944,702	5,047,186	3,231,600	6,072,500	4,707,500
Restricted Funds	3,473,882,787	3,537,363,030	4,567,166,600	4,724,771,600	4,901,204,100
Federal Funds	867,888,771	832,661,585	889,090,300	907,149,800	938,190,700
<b>TOTAL EXPENDITURES</b>	<b>5,572,697,340</b>	<b>5,541,614,021</b>	<b>6,644,267,800</b>	<b>6,795,890,500</b>	<b>7,037,014,200</b>
<b>EXPENDITURES BY UNIT</b>					
Council on Postsecondary Education	73,243,748	71,416,067	72,534,200	74,558,600	99,142,600
Kentucky Higher Education Assistance Authority	215,487,096	218,132,759	232,445,200	231,395,900	234,918,200
Postsecondary Education Institutions	5,283,966,496	5,252,065,195	6,339,288,400	6,489,936,000	6,702,953,400
<b>TOTAL EXPENDITURES</b>	<b>5,572,697,340</b>	<b>5,541,614,021</b>	<b>6,644,267,800</b>	<b>6,795,890,500</b>	<b>7,037,014,200</b>

**Postsecondary Education  
Council on Postsecondary Education**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	48,627,700	43,710,600	43,933,000	45,489,900	71,405,000
State Salary and Compensation Allocation	215,200	9,700	19,400		
Continuing Approp.-General Fund	3,772,387	2,454,498	1,643,600		
<b>Total General Fund</b>	<b>52,615,287</b>	<b>46,174,798</b>	<b>45,596,000</b>	<b>45,489,900</b>	<b>71,405,000</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	4,737,600	4,247,800	4,187,800	4,972,500	3,607,500
Continuing Approp.-Tobacco Settlement			442,000		
Budget Reduction-General Fund Tobacco	-42,748		-2,098,200		
Other		442,006			
<b>Total Tobacco Settlement - Phase I</b>	<b>4,694,852</b>	<b>4,689,806</b>	<b>2,531,600</b>	<b>4,972,500</b>	<b>3,607,500</b>
<b>Restricted Funds</b>					
Balance Forward	886,233	1,413,176	2,866,200	1,470,800	1,078,400
Current Receipts	3,100,450	2,636,074	2,020,000	2,020,000	2,020,000
Non-Revenue Receipts	4,338,900	4,100,485	2,997,400	4,110,000	4,110,000
Fund Transfers	-249,000			-500,000	
<b>Total Restricted Funds</b>	<b>8,076,583</b>	<b>8,149,735</b>	<b>7,883,600</b>	<b>7,100,800</b>	<b>7,208,400</b>
<b>Federal Funds</b>					
Balance Forward				222,500	222,500
Current Receipts	13,867,438	17,368,407	18,216,300	18,073,800	18,102,500
Non-Revenue Receipts	-23,435	17,212			
<b>Total Federal Funds</b>	<b>13,844,003</b>	<b>17,385,619</b>	<b>18,216,300</b>	<b>18,296,300</b>	<b>18,325,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>79,230,725</b>	<b>76,399,959</b>	<b>74,227,500</b>	<b>75,859,500</b>	<b>100,545,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	10,911,016	11,093,857	11,020,300	11,047,200	11,185,000
Operating Expenses	2,741,601	2,877,617	3,033,500	2,660,200	2,659,300
Grants Loans Benefits	59,555,749	57,342,608	58,362,400	57,792,700	56,688,800
Debt Service				2,940,500	28,491,500
Capital Outlay	35,381	101,985	118,000	118,000	118,000
<b>TOTAL EXPENDITURES</b>	<b>73,243,748</b>	<b>71,416,067</b>	<b>72,534,200</b>	<b>74,558,600</b>	<b>99,142,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	48,041,486	44,499,103	45,596,000	45,489,900	71,405,000
Tobacco Settlement - Phase I	4,694,852	4,247,800	2,531,600	4,972,500	3,607,500
Restricted Funds	6,663,406	5,283,545	6,412,800	6,022,400	6,027,600
Federal Funds	13,844,003	17,385,619	17,993,800	18,073,800	18,102,500
<b>TOTAL EXPENDITURES</b>	<b>73,243,748</b>	<b>71,416,067</b>	<b>72,534,200</b>	<b>74,558,600</b>	<b>99,142,600</b>
<b>EXPENDITURES BY UNIT</b>					
Agency Operations	7,956,704	7,338,849	7,723,400	7,297,000	7,405,200
Pass Through Programs	9,840,612	9,786,347	10,041,900	10,223,000	10,484,100
Federal Programs	3,310,682	6,760,759	5,671,800	5,751,800	5,780,500
Strategic Investment and Incentive Funding Program	52,135,750	47,530,112	49,097,100	51,286,800	75,472,800
<b>TOTAL EXPENDITURES</b>	<b>73,243,748</b>	<b>71,416,067</b>	<b>72,534,200</b>	<b>74,558,600</b>	<b>99,142,600</b>

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.

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**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,664,300	6,830,800	6,901,200	6,884,600	6,987,600
State Salary and Compensation Allocation	215,200	9,700	19,400		
<b>Total General Fund</b>	<b>7,879,500</b>	<b>6,840,500</b>	<b>6,920,600</b>	<b>6,884,600</b>	<b>6,987,600</b>
<b>Restricted Funds</b>					
Balance Forward	488,574	859,484	1,262,300	979,500	587,100
Current Receipts	1,240,613	901,161	520,000	520,000	520,000
Non-Revenue Receipts	43,900				
Fund Transfers	-140,600			-500,000	
<b>Total Restricted Funds</b>	<b>1,632,487</b>	<b>1,760,645</b>	<b>1,782,300</b>	<b>999,500</b>	<b>1,107,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>9,511,987</b>	<b>8,601,145</b>	<b>8,702,900</b>	<b>7,884,100</b>	<b>8,094,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,063,257	6,120,902	6,075,000	6,021,900	6,131,000
Operating Expenses	1,748,809	1,217,947	1,618,400	1,245,100	1,244,200
Grants Loans Benefits	144,638		30,000	30,000	30,000
<b>TOTAL EXPENDITURES</b>	<b>7,956,704</b>	<b>7,338,849</b>	<b>7,723,400</b>	<b>7,297,000</b>	<b>7,405,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,183,700	6,840,500	6,920,600	6,884,600	6,987,600
Restricted Funds	773,004	498,349	802,800	412,400	417,600
<b>TOTAL EXPENDITURES</b>	<b>7,956,704</b>	<b>7,338,849</b>	<b>7,723,400</b>	<b>7,297,000</b>	<b>7,405,200</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.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,718,400	5,779,900	5,931,900	6,113,000	6,374,100
Other	-308,000	-63,156			
<b>Total General Fund</b>	<b>5,410,400</b>	<b>5,716,744</b>	<b>5,931,900</b>	<b>6,113,000</b>	<b>6,374,100</b>
<b>Restricted Funds</b>					
Balance Forward	197,174				
Current Receipts	14,336	1,218			
Non-Revenue Receipts	4,338,900	4,100,485	4,110,000	4,110,000	4,110,000
Fund Transfers	-87,200				
<b>Total Restricted Funds</b>	<b>4,463,210</b>	<b>4,101,703</b>	<b>4,110,000</b>	<b>4,110,000</b>	<b>4,110,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>9,873,610</b>	<b>9,818,447</b>	<b>10,041,900</b>	<b>10,223,000</b>	<b>10,484,100</b>
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	6,145	3,001	5,000	5,000	5,000
Grants Loans Benefits	9,834,468	9,783,346	10,036,900	10,218,000	10,479,100
<b>TOTAL EXPENDITURES</b>	<b>9,840,612</b>	<b>9,786,347</b>	<b>10,041,900</b>	<b>10,223,000</b>	<b>10,484,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,377,402	5,684,644	5,931,900	6,113,000	6,374,100
Restricted Funds	4,463,210	4,101,703	4,110,000	4,110,000	4,110,000
<b>TOTAL EXPENDITURES</b>	<b>9,840,612</b>	<b>9,786,347</b>	<b>10,041,900</b>	<b>10,223,000</b>	<b>10,484,100</b>
<b>EXPENDITURES BY UNIT</b>					
Contract Spaces	4,578,602	4,986,444	5,201,600	5,419,000	5,680,100
Professional Education Preparation Program	290,300	265,100	265,100	251,900	251,900
Minority Student College Prep Program	202,700	185,200	185,200	176,000	176,000
State Autism Training Center	144,900	132,400	132,400	125,800	125,800
SREB Doctoral Scholars Program	78,300	71,500	71,500	67,900	67,900
Pass Through - Other	82,600	44,000	76,100	72,400	72,400
Cancer Research Insts Mtchg Fd	4,463,210	4,101,703	4,110,000	4,110,000	4,110,000
<b>TOTAL EXPENDITURES</b>	<b>9,840,612</b>	<b>9,786,347</b>	<b>10,041,900</b>	<b>10,223,000</b>	<b>10,484,100</b>

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 \$5,419,000 in fiscal year 2015 and \$5,680,100 in fiscal year 2016 for the Contract Spaces program. This provides 164 veterinary slots and 44 optometry slots for Kentuckians at out-of-state institutions.

The Council on Postsecondary Education is directed to study the effect on the contract spaces optometry program of licensure and accreditation of a school of optometry in the Commonwealth and report its findings to the Interim Joint Committee on Appropriations and Revenue by December 1, 2015.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Federal Funds</b>					
Balance Forward		-122,606		222,500	222,500
Current Receipts	3,188,076	6,772,102	5,894,300	5,751,800	5,780,500
<b>Total Federal Funds</b>	3,188,076	6,649,496	5,894,300	5,974,300	6,003,000
<b>TOTAL SOURCE OF FUNDS</b>	3,188,076	6,649,496	5,894,300	5,974,300	6,003,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	828,479	1,949,272	1,674,300	1,754,300	1,783,000
Operating Expenses	381,730	571,474	399,000	399,000	399,000
Grants Loans Benefits	2,081,631	4,239,978	3,598,500	3,598,500	3,598,500
Capital Outlay	18,843	35			
<b>TOTAL EXPENDITURES</b>	3,310,682	6,760,759	5,671,800	5,751,800	5,780,500
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Funds	3,310,682	6,760,759	5,671,800	5,751,800	5,780,500
<b>TOTAL EXPENDITURES</b>	3,310,682	6,760,759	5,671,800	5,751,800	5,780,500

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 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	35,245,000	31,099,900	31,099,900	32,492,300	58,043,300
Continuing Approp.-General Fund	3,772,387	2,454,498	1,643,600		
Other	308,000	63,156			
<b>Total General Fund</b>	<b>39,325,387</b>	<b>33,617,554</b>	<b>32,743,500</b>	<b>32,492,300</b>	<b>58,043,300</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	4,737,600	4,247,800	4,187,800	4,972,500	3,607,500
Continuing Approp.-Tobacco Settlement			442,000		
Budget Reduction-General Fund Tobacco	-42,748		-2,098,200		
Other		442,006			
<b>Total Tobacco Settlement - Phase I</b>	<b>4,694,852</b>	<b>4,689,806</b>	<b>2,531,600</b>	<b>4,972,500</b>	<b>3,607,500</b>
<b>Restricted Funds</b>					
Balance Forward	200,485	553,693	1,603,900	491,300	491,300
Current Receipts	1,845,500	1,733,695	1,500,000	1,500,000	1,500,000
Non-Revenue Receipts	-43,900		-1,112,600		
Fund Transfers	-21,200				
<b>Total Restricted Funds</b>	<b>1,980,885</b>	<b>2,287,388</b>	<b>1,991,300</b>	<b>1,991,300</b>	<b>1,991,300</b>
<b>Federal Funds</b>					
Balance Forward		122,606			
Current Receipts	10,679,362	10,596,306	12,322,000	12,322,000	12,322,000
Non-Revenue Receipts	-23,435	17,212			
<b>Total Federal Funds</b>	<b>10,655,927</b>	<b>10,736,123</b>	<b>12,322,000</b>	<b>12,322,000</b>	<b>12,322,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>56,657,051</b>	<b>51,330,871</b>	<b>49,588,400</b>	<b>51,778,100</b>	<b>75,964,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,019,280	3,023,683	3,271,000	3,271,000	3,271,000
Operating Expenses	604,917	1,085,195	1,011,100	1,011,100	1,011,100
Grants Loans Benefits	47,495,014	43,319,284	44,697,000	43,946,200	42,581,200
Debt Service				2,940,500	28,491,500
Capital Outlay	16,538	101,950	118,000	118,000	118,000
<b>TOTAL EXPENDITURES</b>	<b>52,135,750</b>	<b>47,530,112</b>	<b>49,097,100</b>	<b>51,286,800</b>	<b>75,472,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	35,480,384	31,973,959	32,743,500	32,492,300	58,043,300
Tobacco Settlement - Phase I	4,694,852	4,247,800	2,531,600	4,972,500	3,607,500
Restricted Funds	1,427,193	683,493	1,500,000	1,500,000	1,500,000
Federal Funds	10,533,321	10,624,860	12,322,000	12,322,000	12,322,000
<b>TOTAL EXPENDITURES</b>	<b>52,135,750</b>	<b>47,530,112</b>	<b>49,097,100</b>	<b>51,286,800</b>	<b>75,472,800</b>
<b>EXPENDITURES BY UNIT</b>					
Research Challenge Trust Fund	4,694,852	4,247,800	2,531,600	4,972,500	3,607,500
Regional University Excellence Trust Fund					
Technology Initiative Trust Fund	6,431,493	5,035,449	5,788,800	5,575,300	5,575,300
Physical Facilities Trust Fund				2,940,500	28,491,500
Adult Education and Literacy Funding Program	33,057,289	30,984,284	33,514,200	30,897,500	30,897,500
Science and Technology Funding Program	6,260,920	5,717,979	5,717,900	5,433,300	5,433,300
Special Initiatives Funding Program	1,691,196	1,544,600	1,544,600	1,467,700	1,467,700
<b>TOTAL EXPENDITURES</b>	<b>52,135,750</b>	<b>47,530,112</b>	<b>49,097,100</b>	<b>51,286,800</b>	<b>75,472,800</b>

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 **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**

Included in the above General Fund appropriation is \$2,940,500 in fiscal year 2015 and \$28,491,500 in fiscal year 2016 for debt service on \$475,337,000 in new bonds for capital projects at the postsecondary education institutions.

Notwithstanding KRS 45.229, unexpended General Funds for the Adult Education and Literacy and the Science and Technology funding programs do not lapse but instead are carried forward to the next fiscal year.

Notwithstanding KRS 164.476(1), \$775,000 in each fiscal year from Tobacco Settlement funds is 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 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	190,517,100	189,494,000	190,288,300	201,841,200	205,302,000
Current Year Appropriation			1,800,000		
Continuing Approp.-General Fund	4,068,770	5,433,275	8,454,300		
<b>Total General Fund</b>	<b>194,585,870</b>	<b>194,927,275</b>	<b>200,542,600</b>	<b>201,841,200</b>	<b>205,302,000</b>
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	1,000,000	800,000	700,000	1,100,000	1,100,000
Continuing Approp.-Tobacco Settlement	240	390	301,000		
Budget Reduction-General Fund Tobacco			-301,000		
Other		300,000			
<b>Total Tobacco Settlement - Phase I</b>	<b>1,000,240</b>	<b>1,100,390</b>	<b>700,000</b>	<b>1,100,000</b>	<b>1,100,000</b>
<b>Restricted Funds</b>					
Balance Forward	7,846,643	4,490,682	4,646,700		
Current Receipts	10,844,357	16,365,043	14,701,300	17,721,800	17,786,900
Non-Revenue Receipts	8,740,066	12,700,699	11,461,700	10,673,600	10,670,000
Fund Transfers	-147,000				
<b>Total Restricted Funds</b>	<b>27,284,066</b>	<b>33,556,424</b>	<b>30,809,700</b>	<b>28,395,400</b>	<b>28,456,900</b>
<b>Federal Funds</b>					
Current Receipts	1,803,818	2,491,878	392,900	59,300	59,300
Non-Revenue Receipts	737,449	-541,286			
<b>Total Federal Funds</b>	<b>2,541,267</b>	<b>1,950,592</b>	<b>392,900</b>	<b>59,300</b>	<b>59,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>225,411,443</b>	<b>231,534,681</b>	<b>232,445,200</b>	<b>231,395,900</b>	<b>234,918,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	12,448,399	13,437,740	13,487,800	13,410,200	13,475,300
Operating Expenses	3,060,942	3,084,142	3,084,800	2,846,000	2,846,000
Grants Loans Benefits	198,970,471	200,428,739	214,690,500	213,957,600	217,414,800
Debt Service	744,105	744,905	744,900	744,900	744,900
Capital Outlay	263,179	437,233	437,200	437,200	437,200
<b>TOTAL EXPENDITURES</b>	<b>215,487,096</b>	<b>218,132,759</b>	<b>232,445,200</b>	<b>231,395,900</b>	<b>234,918,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	189,152,594	186,473,017	200,542,600	201,841,200	205,302,000
Tobacco Settlement - Phase I	999,850	799,386	700,000	1,100,000	1,100,000
Restricted Funds	22,793,385	28,909,764	30,809,700	28,395,400	28,456,900
Federal Funds	2,541,267	1,950,592	392,900	59,300	59,300
<b>TOTAL EXPENDITURES</b>	<b>215,487,096</b>	<b>218,132,759</b>	<b>232,445,200</b>	<b>231,395,900</b>	<b>234,918,200</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	16,166,916	17,356,527	17,272,700	16,988,300	17,053,400
College Access Program	58,675,586	57,182,311	65,276,100	59,611,500	59,611,500
Kentucky Coal County Completion Scholarship		1,115,471	1,200,000	2,000,000	2,000,000
Work Study Program	507,200	401,282	601,200	400,000	400,000
Kentucky Tuition Grant	31,045,124	29,820,457	32,816,200	32,502,100	32,502,100
Teacher Scholarships	2,082,686	1,812,275	1,940,900	1,802,800	1,802,800
Ky National Guard Tuition	4,660,447	4,618,029	4,961,300	4,948,100	4,948,100
Osteopathic Medicine Scholarship	872,500	872,500	872,500	872,500	872,500
Ky Educational Excellence Scholarships	98,616,514	102,273,471	104,203,700	109,636,400	113,093,600
Early Childhood Development Scholarships	1,167,128	853,505	809,100	1,153,400	1,153,400
Kentucky's Affordable Prepaid Tuition (KAPT)	366,334	394,993	482,000	450,000	450,000

Pharmacy Scholarship Program	159,800	253,800	602,800	800,000	800,000
Other Programs	1,166,861	1,178,138	1,406,700	230,800	230,800
<b>TOTAL EXPENDITURES</b>	<b>215,487,096</b>	<b>218,132,759</b>	<b>232,445,200</b>	<b>231,395,900</b>	<b>234,918,200</b>

The mission of the Kentucky Higher Education Assistance Authority (KHEAA) is to increase educational attainment by providing student financial aid and other assistance to Kentuckians preparing for and attending college. 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 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 Go Higher Grant program provides a financial incentive for non-traditional students who are enrolled on a less than full time basis and are therefore ineligible for most aid programs.

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**

Notwithstanding KRS 154A.130(4), the Budget of the Commonwealth provides General Fund of \$101,032,800 in fiscal year 2015 and \$104,493,600 in fiscal year 2016 for the Kentucky Educational Excellence Scholarships (KEES). Included in the Restricted Funds appropriation is \$8,603,600 in fiscal year 2015 and \$8,600,000 in fiscal year 2016 for KEES.

A current year appropriation from the General Fund in the amount of \$1,800,000 in fiscal year 2014 is provided to ensure payment of all KEES awards earned by eligible students.

The Budget of the Commonwealth provides Restricted Funds of \$2,000,000 each year from the Local Government Economic Development Fund, Multi-County Fund for the Kentucky Coal County College Completion Scholarship program. The program awards financial aid to students from coal-producing counties who are enrolled in bachelor's degree programs at postsecondary institutions located in coal-producing counties. Students must have already completed at least 60 credit hours and be enrolled in at least six credit hours.

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	987,787,000	938,416,100	941,574,700	910,565,500	916,204,900
<b>Total General Fund</b>	987,787,000	938,416,100	941,574,700	910,565,500	916,204,900
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	250,000				
<b>Total Tobacco Settlement - Phase I</b>	250,000				
<b>Restricted Funds</b>					
Current Receipts	3,466,795,696	3,628,957,921	4,529,944,100	4,700,353,800	4,871,719,600
Fund Transfers				-10,000,000	-5,000,000
<b>Total Restricted Funds</b>	3,466,795,696	3,628,957,921	4,529,944,100	4,690,353,800	4,866,719,600
<b>Federal Funds</b>					
Current Receipts	851,496,900	813,345,974	870,703,600	889,016,700	920,028,900
ARRA Receipts	5,100				
<b>Total Federal Funds</b>	851,502,000	813,345,974	870,703,600	889,016,700	920,028,900
<b>TOTAL SOURCE OF FUNDS</b>	5,306,334,696	5,380,719,995	6,342,222,400	6,489,936,000	6,702,953,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,040,976,947	3,076,999,317	3,171,247,400	3,237,163,300	3,335,687,500
Operating Expenses	1,329,551,466	1,322,422,227	2,052,623,200	2,120,808,900	2,201,818,700
Grants Loans Benefits	560,861,239	562,701,144	856,253,200	873,857,300	899,724,400
Debt Service	120,788,800	122,336,000	133,146,000	127,240,500	131,256,400
Capital Outlay	231,788,044	167,606,507	126,018,600	130,866,000	134,466,400
<b>TOTAL EXPENDITURES</b>	5,283,966,496	5,252,065,195	6,339,288,400	6,489,936,000	6,702,953,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	987,787,000	935,570,100	938,640,700	910,565,500	916,204,900
Tobacco Settlement - Phase I	250,000				
Restricted Funds	3,444,425,996	3,503,169,721	4,529,944,100	4,690,353,800	4,866,719,600
Federal Funds	851,503,500	813,325,374	870,703,600	889,016,700	920,028,900
<b>TOTAL EXPENDITURES</b>	5,283,966,496	5,252,065,195	6,339,288,400	6,489,936,000	6,702,953,400
<b>EXPENDITURES BY UNIT</b>					
Eastern Kentucky University	334,181,000	341,354,700	334,292,000	343,802,200	353,315,400
Kentucky State University	76,121,496	71,487,395	76,209,000	76,750,800	77,419,700
Morehead State University	213,983,000	219,827,400	240,645,200	245,015,100	253,852,400
Murray State University	170,141,200	171,104,600	176,973,800	180,145,800	185,910,700
Northern Kentucky University	219,139,800	218,365,600	245,746,400	258,043,000	267,494,600
University of Kentucky	2,311,415,400	2,240,991,000	2,709,205,300	2,806,171,000	2,913,452,000
University of Louisville	952,134,700	999,109,000	1,233,553,700	1,227,285,500	1,249,400,800
Western Kentucky University	323,987,200	322,450,600	393,959,000	399,645,200	407,108,200
Kentucky Community and Technical College System	682,862,700	667,374,900	928,704,000	953,077,400	994,999,600
<b>TOTAL EXPENDITURES</b>	5,283,966,496	5,252,065,195	6,339,288,400	6,489,936,000	6,702,953,400

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	70,823,000	67,673,700	67,673,700	68,033,800	68,033,800
<b>Total General Fund</b>	<b>70,823,000</b>	<b>67,673,700</b>	<b>67,673,700</b>	<b>68,033,800</b>	<b>68,033,800</b>
<b>Restricted Funds</b>					
Current Receipts	173,281,800	184,722,000	176,294,300	180,928,200	185,699,400
<b>Total Restricted Funds</b>	<b>173,281,800</b>	<b>184,722,000</b>	<b>176,294,300</b>	<b>180,928,200</b>	<b>185,699,400</b>
<b>Federal Funds</b>					
Current Receipts	90,076,200	88,959,000	90,324,000	94,840,200	99,582,200
<b>Total Federal Funds</b>	<b>90,076,200</b>	<b>88,959,000</b>	<b>90,324,000</b>	<b>94,840,200</b>	<b>99,582,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>334,181,000</b>	<b>341,354,700</b>	<b>334,292,000</b>	<b>343,802,200</b>	<b>353,315,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	163,164,600	166,667,300	163,218,800	168,046,500	172,691,300
Operating Expenses	73,272,100	74,844,700	73,296,400	75,302,600	77,388,500
Grants Loans Benefits	91,824,400	93,795,800	91,855,000	94,369,200	96,983,200
Debt Service	4,357,200	4,450,700	4,358,600	4,477,900	4,601,900
Capital Outlay	1,562,700	1,596,200	1,563,200	1,606,000	1,650,500
<b>TOTAL EXPENDITURES</b>	<b>334,181,000</b>	<b>341,354,700</b>	<b>334,292,000</b>	<b>343,802,200</b>	<b>353,315,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	70,823,000	67,673,700	67,673,700	68,033,800	68,033,800
Restricted Funds	173,281,800	184,722,000	176,294,300	180,928,200	185,699,400
Federal Funds	90,076,200	88,959,000	90,324,000	94,840,200	99,582,200
<b>TOTAL EXPENDITURES</b>	<b>334,181,000</b>	<b>341,354,700</b>	<b>334,292,000</b>	<b>343,802,200</b>	<b>353,315,400</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	99,043,700	97,367,600	96,144,800	97,305,500	98,132,200
Research	2,577,300	1,939,000	1,953,900	2,046,000	2,142,700
Public Service	46,746,100	45,976,100	46,317,900	48,498,700	50,785,500
Libraries	3,203,600	3,465,300	3,310,700	3,399,100	3,490,200
Academic Support	17,257,300	18,381,500	17,543,200	18,004,400	18,479,300
Student Services	18,272,600	19,321,700	18,459,200	18,951,900	19,459,600
Institutional Support	35,096,700	36,638,200	34,987,800	35,915,900	36,871,800
Operation and Maintenance of Plant	18,914,600	20,145,700	19,226,600	19,732,000	20,252,300
Scholarships and Fellowships	69,238,400	72,935,800	72,313,100	75,282,100	78,384,800
Mandatory Transfers	4,284,100	4,567,000	4,358,600	4,473,200	4,591,100
Non-Mandatory Transfers	3,144,500	3,131,800	2,988,900	3,067,500	3,148,400
Auxilliary Enterprises	16,402,100	17,485,000	16,687,300	17,125,900	17,577,500
<b>TOTAL EXPENDITURES</b>	<b>334,181,000</b>	<b>341,354,700</b>	<b>334,292,000</b>	<b>343,802,200</b>	<b>353,315,400</b>

Eastern Kentucky University, originally founded as a training school for teachers, has grown into a comprehensive postsecondary institution with approximately 16,000 students. In addition to the main campus in Richmond, ECU operates regional campuses at Corbin, Danville, Manchester and Somerset.

Baccalaureate degree programs are offered in liberal arts and sciences, business and technology, education, health sciences, and the university's program of distinction, justice and public safety. Each academic program requires students to demonstrate effective communication, creativity and critical thinking skills.

Advanced degrees are offered in education, psychology and technology, and doctoral programs in educational leadership, nursing practice and occupational therapy.

Prior to the arrival of ECU's new president, Dr. Michael T. Benson, the University engaged in a realignment process to make available 10% of the institution's operating budget – about \$23 million – to support strategic initiatives.

ECU enrolls students concurrently with the Kentucky Community and Technical College System to provide for seamless transfer

after a student completes two years. Dual enrollment and the Middle College provide opportunities for high schools students to begin earning college credit. The Office of Military and Veterans Affairs has been nationally recognized for advising and providing other student support and financial services to military veterans and their families.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	24,660,000	23,537,400	23,537,400	23,429,600	23,429,600
<b>Total General Fund</b>	24,660,000	23,537,400	23,537,400	23,429,600	23,429,600
<b>Restricted Funds</b>					
Current Receipts	28,890,996	28,365,021	32,826,900	33,476,500	34,145,400
<b>Total Restricted Funds</b>	28,890,996	28,365,021	32,826,900	33,476,500	34,145,400
<b>Federal Funds</b>					
Current Receipts	22,570,500	19,584,974	19,844,700	19,844,700	19,844,700
<b>Total Federal Funds</b>	22,570,500	19,584,974	19,844,700	19,844,700	19,844,700
<b>TOTAL SOURCE OF FUNDS</b>	76,121,496	71,487,395	76,209,000	76,750,800	77,419,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	41,167,347	41,290,017	44,143,100	44,231,700	44,430,500
Operating Expenses	19,425,066	17,010,727	16,975,000	17,238,100	17,502,600
Grants Loans Benefits	9,218,639	8,254,844	8,920,600	8,964,500	9,023,200
Capital Outlay	6,310,444	4,931,807	6,170,300	6,316,500	6,463,400
<b>TOTAL EXPENDITURES</b>	76,121,496	71,487,395	76,209,000	76,750,800	77,419,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	24,660,000	23,537,400	23,537,400	23,429,600	23,429,600
Restricted Funds	28,890,996	28,365,021	32,826,900	33,476,500	34,145,400
Federal Funds	22,570,500	19,584,974	19,844,700	19,844,700	19,844,700
<b>TOTAL EXPENDITURES</b>	76,121,496	71,487,395	76,209,000	76,750,800	77,419,700
<b>EXPENDITURES BY UNIT</b>					
Instruction	15,025,596	14,350,837	14,204,200	14,295,600	14,500,800
Research	8,349,992	6,581,590	4,868,800	4,897,900	4,927,900
Public Service	6,194,395	5,707,320	6,383,200	6,421,700	6,461,300
Academic Support	4,689,621	3,647,494	4,204,600	4,236,500	4,269,400
Student Services	7,954,496	8,190,416	7,916,600	8,012,500	8,111,300
Institutional Support	13,647,691	10,939,790	12,601,000	12,771,700	12,947,200
Operation and Maintenance of Plant	3,939,109	6,846,094	6,541,200	6,625,500	6,712,400
Scholarships and Fellowships	10,112,229	9,180,930	13,079,500	13,079,500	13,079,500
Auxilliary Enterprises	6,208,367	6,042,924	6,409,900	6,409,900	6,409,900
<b>TOTAL EXPENDITURES</b>	76,121,496	71,487,395	76,209,000	76,750,800	77,419,700

Like other comprehensive universities, Kentucky State University was founded as a training school for teachers. An historically black university, it is also a land grant institution charged with educating and improving the lives of Kentucky's rural residents.

KSU's program of distinction is aquaculture; the university recently launched the Kentucky River Thorobred, an aquatic research laboratory which will also be used to teach schoolchildren about the history and ecology of the Kentucky River.

In addition to its teaching and agriculture departments, KSU offers traditional liberal arts courses, business, computer science, public administration, nursing and pre-professional education for medicine, dentistry, law, engineering and other fields. Kentucky State provides an opportunity for students, including non-traditional students, who otherwise would not have access to college education.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	43,514,800	41,564,500	41,560,200	41,039,500	43,339,500
<b>Total General Fund</b>	43,514,800	41,564,500	41,560,200	41,039,500	43,339,500
<b>Restricted Funds</b>					
Current Receipts	88,564,400	95,921,000	102,386,800	108,154,500	113,707,200
<b>Total Restricted Funds</b>	88,564,400	95,921,000	102,386,800	108,154,500	113,707,200
<b>Federal Funds</b>					
Current Receipts	84,168,800	89,457,000	96,698,200	95,821,100	96,805,700
ARRA Receipts	5,100				
<b>Total Federal Funds</b>	84,173,900	89,457,000	96,698,200	95,821,100	96,805,700
<b>TOTAL SOURCE OF FUNDS</b>	216,253,100	226,942,500	240,645,200	245,015,100	253,852,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	85,064,600	84,185,500	94,177,000	97,251,400	101,585,400
Operating Expenses	29,423,000	28,626,300	33,495,600	33,242,100	36,069,600
Grants Loans Benefits	86,436,100	95,218,000	97,836,300	99,927,500	101,501,800
Debt Service	6,701,800	6,082,300	7,044,100	6,500,300	6,500,300
Capital Outlay	6,357,500	5,715,300	8,092,200	8,093,800	8,195,300
<b>TOTAL EXPENDITURES</b>	213,983,000	219,827,400	240,645,200	245,015,100	253,852,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	43,514,800	41,564,500	41,560,200	41,039,500	43,339,500
Restricted Funds	86,292,800	88,826,500	102,386,800	108,154,500	113,707,200
Federal Funds	84,175,400	89,436,400	96,698,200	95,821,100	96,805,700
<b>TOTAL EXPENDITURES</b>	213,983,000	219,827,400	240,645,200	245,015,100	253,852,400
<b>EXPENDITURES BY UNIT</b>					
Instruction	45,591,600	44,203,100	46,635,700	47,875,000	49,735,400
Research	2,033,000	2,241,300	3,318,400	2,336,700	2,275,900
Public Service	6,138,700	5,623,100	7,761,900	7,861,600	7,525,200
Libraries	3,350,300	3,311,900	3,216,700	3,359,700	3,504,500
Academic Support	11,857,700	12,001,100	15,063,600	14,675,500	17,518,700
Student Services	16,704,500	15,973,500	16,678,000	16,992,100	17,573,800
Institutional Support	13,599,200	13,767,500	14,150,500	14,679,300	15,303,500
Operation and Maintenance of Plant	8,813,000	8,642,700	10,438,200	10,902,400	11,372,000
Scholarships and Fellowships	86,436,700	95,218,000	98,100,400	99,927,500	101,501,800
Mandatory Transfers	4,022,000	3,031,600	4,084,600	4,266,200	4,450,000
Non-Mandatory Transfers	2,039,400	661,800	4,241,500	4,430,100	4,620,900
Auxilliary Enterprises	13,396,900	15,151,800	16,955,700	17,709,000	18,470,700
<b>TOTAL EXPENDITURES</b>	213,983,000	219,827,400	240,645,200	245,015,100	253,852,400

Morehead State University enrolled 10,900 students for the fall semester of 2013. There was a record enrollment in Morehead's Early College where students can begin to earn college credit before high school graduation. There were 2,100 of these dually-enrolled students from 35 high schools. In addition to the Rowan County campus, Morehead has five regional campuses in Ashland, West Liberty, Mount Sterling, Prestonsburg, and Jackson.

Morehead's in-state undergraduate tuition is low compared to state peer institutions, and it enrolls the largest percentage of Pell-eligible students. The University strives to provide high quality education while increasing efficiency and productivity. Morehead was the first Kentucky institution to offer a complete degree program on-line.

Kentucky residents make up 87% of Morehead's undergraduate enrollment, with 61% coming from the University's 27-county service region in Eastern Kentucky. Sixty-eight percent of Morehead's alumni reside in Kentucky.

Morehead's program of distinction is space science. Morehead faculty and undergraduate students have collaborated with students and scientists from around the world to build and launch satellites to explore and carry on important investigations in

space. A 21-meter tracking antenna is located on the campus.

**Policy**

Included in the above General Fund appropriation is \$2,300,000 in fiscal year 2016 for a dual-credit program.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	50,295,400	48,005,800	48,005,800	48,025,100	48,025,100
<b>Total General Fund</b>	50,295,400	48,005,800	48,005,800	48,025,100	48,025,100
<b>Restricted Funds</b>					
Current Receipts	99,468,100	104,446,400	110,212,500	113,365,200	119,130,100
<b>Total Restricted Funds</b>	99,468,100	104,446,400	110,212,500	113,365,200	119,130,100
<b>Federal Funds</b>					
Current Receipts	20,377,700	18,652,400	18,755,500	18,755,500	18,755,500
<b>Total Federal Funds</b>	20,377,700	18,652,400	18,755,500	18,755,500	18,755,500
<b>TOTAL SOURCE OF FUNDS</b>	170,141,200	171,104,600	176,973,800	180,145,800	185,910,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	103,906,300	105,984,700	111,163,200	112,531,500	116,101,800
Operating Expenses	48,174,000	47,724,500	47,826,100	48,478,300	49,557,900
Grants Loans Benefits	12,965,800	11,563,000	11,674,000	11,674,000	11,674,000
Debt Service	3,649,400	4,047,300	4,034,300	5,072,000	6,072,000
Capital Outlay	1,445,700	1,785,100	2,276,200	2,390,000	2,505,000
<b>TOTAL EXPENDITURES</b>	170,141,200	171,104,600	176,973,800	180,145,800	185,910,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	50,295,400	48,005,800	48,005,800	48,025,100	48,025,100
Restricted Funds	99,468,100	104,446,400	110,212,500	113,365,200	119,130,100
Federal Funds	20,377,700	18,652,400	18,755,500	18,755,500	18,755,500
<b>TOTAL EXPENDITURES</b>	170,141,200	171,104,600	176,973,800	180,145,800	185,910,700
<b>EXPENDITURES BY UNIT</b>					
Instruction	57,431,000	58,527,500	61,555,400	62,521,200	64,585,400
Research	2,592,800	1,649,900	3,089,300	3,128,500	3,214,000
Public Service	8,409,300	8,342,600	8,014,800	8,111,700	8,323,100
Libraries	3,132,600	3,216,700	3,932,200	3,994,600	4,130,800
Academic Support	6,976,500	7,249,700	7,759,500	7,874,500	8,125,300
Student Services	14,791,300	14,623,200	15,196,800	15,441,200	15,974,200
Institutional Support	18,782,700	18,888,700	19,710,400	20,027,500	20,719,000
Operation and Maintenance of Plant	20,532,200	21,802,400	19,003,400	19,235,400	19,841,500
Scholarships and Fellowships	12,665,300	11,280,900	11,674,000	11,674,000	11,674,000
Mandatory Transfers	3,649,400	4,047,300	4,034,300	4,034,300	4,034,300
Non-Mandatory Transfers	2,900,100	2,781,000	1,090,600	1,090,600	1,090,600
Auxilliary Enterprises	18,278,000	18,694,700	21,913,100	23,012,300	24,198,500
<b>TOTAL EXPENDITURES</b>	170,141,200	171,104,600	176,973,800	180,145,800	185,910,700

Murray State University's 53.9% graduation rate is the best among Kentucky's comprehensive universities, second in the state only to the University of Kentucky. In addition to the main campus in Calloway County, Murray operates regional campuses at Paducah, Madisonville, Hopkinsville, Henderson and Fort Campbell. Cooperation agreements with local community and technical colleges make it possible for students in those locations to earn a four-year degree in education, business, social work or nursing. MSU faculty also provide instructional support for the University of Kentucky's engineering program in Paducah.

In addition to teacher education programs, Murray State University also offers baccalaureate and masters degrees in business, health sciences, agriculture, liberal arts, sciences, engineering and technology. The program of distinction is telecommunications systems management (TSM) and is available at the main campus as well as on-line. About 60% of the students in the TSM Masters degree program are studying on-line. Students from Tennessee and South Carolina can enroll in the program at in-state tuition rates through the Southern Regional Education Board's Academic Common Market. MSU operates several centers for applied research including the Watershed Studies Institute, the Mid-America Remote Sensing Center and the Purchase Area Health Education Center.

Murray State University's Honors Program pushes qualified students to meet their maximum potential in analysis, argumentation,

world awareness and research. Honors students participate in rigorous seminars in place of general education requirements. They study a foreign language, study abroad, and write, present and defend a senior thesis. The Commonwealth Honors Academy brings high school juniors to MSU's campus for three weeks of classes, lectures, performances and seminars. The students earn three college credit hours in an interdisciplinary humanities and fine arts course and three hours in an elective.

As MSU faculty explore new pedagogical technologies, the Center for Teaching, Learning and Technology supports them with workshops, seminars and technical support. Stipends and grants are available to faculty who work with the Center to redesign courses for on-line and other remote learning environments.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	49,744,400	46,835,100	46,835,100	48,537,600	48,537,600
<b>Total General Fund</b>	49,744,400	46,835,100	46,835,100	48,537,600	48,537,600
<b>Restricted Funds</b>					
Current Receipts	153,703,600	155,637,200	183,739,700	194,333,800	203,785,400
<b>Total Restricted Funds</b>	153,703,600	155,637,200	183,739,700	194,333,800	203,785,400
<b>Federal Funds</b>					
Current Receipts	15,691,800	15,893,300	15,171,600	15,171,600	15,171,600
<b>Total Federal Funds</b>	15,691,800	15,893,300	15,171,600	15,171,600	15,171,600
<b>TOTAL SOURCE OF FUNDS</b>	219,139,800	218,365,600	245,746,400	258,043,000	267,494,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	137,324,800	143,476,500	145,370,000	152,237,600	158,048,100
Operating Expenses	32,983,300	36,760,700	48,368,900	50,403,300	51,168,200
Grants Loans Benefits	22,853,400	24,274,900	29,997,100	31,806,300	33,806,300
Debt Service	9,323,500	11,701,300	9,131,900	9,131,900	9,131,900
Capital Outlay	16,654,800	2,152,200	12,878,500	14,463,900	15,340,100
<b>TOTAL EXPENDITURES</b>	219,139,800	218,365,600	245,746,400	258,043,000	267,494,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	49,744,400	46,835,100	46,835,100	48,537,600	48,537,600
Restricted Funds	153,703,600	155,637,200	183,739,700	194,333,800	203,785,400
Federal Funds	15,691,800	15,893,300	15,171,600	15,171,600	15,171,600
<b>TOTAL EXPENDITURES</b>	219,139,800	218,365,600	245,746,400	258,043,000	267,494,600
<b>EXPENDITURES BY UNIT</b>					
Instruction	73,096,200	76,573,400	82,827,500	87,548,600	90,661,800
Research	1,681,100	1,452,600	1,514,000	1,617,700	1,631,600
Public Service	12,111,100	13,045,600	11,493,100	11,743,700	11,911,200
Libraries	4,465,700	4,910,300	6,858,100	7,251,400	7,507,200
Academic Support	16,289,400	17,581,900	20,096,000	21,028,000	21,769,500
Student Services	20,350,500	21,879,900	19,500,100	20,456,200	21,177,700
Institutional Support	22,434,200	21,685,500	28,879,600	29,872,600	30,688,300
Operation and Maintenance of Plant	15,497,200	16,409,300	24,447,900	25,147,500	25,522,700
Scholarships and Fellowships	22,600,700	23,586,200	29,547,100	31,356,300	33,356,300
Mandatory Transfers	3,221,500	2,623,700	3,180,800	3,180,800	3,180,800
Non-Mandatory Transfers	16,054,200	5,188,600	3,165,600	3,891,800	4,391,800
Auxilliary Enterprises	11,338,000	13,428,600	14,236,600	14,948,400	15,695,700
<b>TOTAL EXPENDITURES</b>	219,139,800	218,365,600	245,746,400	258,043,000	267,494,600

Northern Kentucky University is the only one of Kentucky's comprehensive universities that did not start as an institution for training teachers. NKU began as a community college under the University of Kentucky. Upper division courses were offered beginning in 1971, the same year that Salmon P. Chase College of Law merged with what was then known as Northern Kentucky State College. Today there are over 15,000 students enrolled. Although about one-third are non-residents, the Kentuckians among them come from 107 of the state's 120 counties. Boone, Kenton and Campbell counties in northern Kentucky account for 7,557 students. Due to limited dormitory space, 86% of undergraduates commute.

NKU's program of distinction is the Center for Integrative Natural Science and Mathematics. The Center's mission is to improve education at all levels by integrating teaching, learning and scholarship in STEM disciplines. NKU's College of Informatics integrates communications studies with computer science to prepare students for work in the information age. UPTECH, a business accelerator, provides local start-ups with physical facilities, technology resources and assistance from faculty and students. All of NKU's academic departments participate in the quality enhancement program SEAL: Student Engagement in Active Learning.

Between 45% and 50% of NKU's first time, full-time students are first generation college-goers. The university seeks to provide

support services that make it possible for all members of its diverse student body to succeed. Particular focus is on transfer students, reflecting NKU's continuing connection with Gateway Community and Technical College. The university awards a \$2,500 scholarship to each KCTCS transfer student with at least a 3.0 GPA.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	297,330,100	283,869,300	283,869,300	279,611,300	279,611,300
<b>Total General Fund</b>	297,330,100	283,869,300	283,869,300	279,611,300	279,611,300
<b>Tobacco Settlement - Phase I</b>					
Tobacco Settlement - Phase I	250,000				
<b>Total Tobacco Settlement - Phase I</b>	250,000				
<b>Restricted Funds</b>					
Current Receipts	1,814,274,300	1,870,009,600	2,219,357,900	2,309,116,700	2,404,130,300
<b>Total Restricted Funds</b>	1,814,274,300	1,870,009,600	2,219,357,900	2,309,116,700	2,404,130,300
<b>Federal Funds</b>					
Current Receipts	219,659,100	205,805,800	205,978,100	217,443,000	229,710,400
<b>Total Federal Funds</b>	219,659,100	205,805,800	205,978,100	217,443,000	229,710,400
<b>TOTAL SOURCE OF FUNDS</b>	2,331,513,500	2,359,684,700	2,709,205,300	2,806,171,000	2,913,452,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,397,604,900	1,406,664,300	1,300,078,200	1,339,401,600	1,392,873,500
Operating Expenses	686,688,400	652,803,500	1,145,657,700	1,195,281,200	1,246,964,300
Grants Loans Benefits	29,469,000	30,260,600	135,573,500	147,068,400	154,039,700
Debt Service	61,177,900	58,918,500	70,983,300	65,624,900	59,568,500
Capital Outlay	136,475,200	92,344,100	56,912,600	58,794,900	60,006,000
<b>TOTAL EXPENDITURES</b>	2,311,415,400	2,240,991,000	2,709,205,300	2,806,171,000	2,913,452,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	297,330,100	283,869,300	283,869,300	279,611,300	279,611,300
Tobacco Settlement - Phase I	250,000				
Restricted Funds	1,794,176,200	1,751,315,900	2,219,357,900	2,309,116,700	2,404,130,300
Federal Funds	219,659,100	205,805,800	205,978,100	217,443,000	229,710,400
<b>TOTAL EXPENDITURES</b>	2,311,415,400	2,240,991,000	2,709,205,300	2,806,171,000	2,913,452,000
<b>EXPENDITURES BY UNIT</b>					
Instruction	273,046,700	258,751,000	373,968,700	373,450,300	380,339,500
Research	269,566,100	253,323,200	271,875,100	281,315,300	291,927,800
Public Service	364,602,300	336,986,800	339,719,100	348,347,000	358,995,100
Libraries	23,364,600	22,041,300	25,535,200	25,779,900	26,172,500
Academic Support	86,953,300	84,963,000	106,379,600	115,914,800	126,541,800
Student Services	34,438,200	33,906,100	36,053,800	36,666,900	37,538,400
Institutional Support	62,802,500	58,668,600	155,300,800	158,097,900	160,525,900
Operation and Maintenance of Plant	58,365,900	56,820,600	74,451,600	77,185,300	79,734,500
Scholarships and Fellowships	29,469,000	30,260,600	135,573,500	147,068,400	154,039,700
Mandatory Transfers	21,382,300	18,604,100	11,567,300	6,208,900	152,500
Non-Mandatory Transfers	72,348,800	52,822,800	1,913,000	1,913,000	1,913,000
Auxilliary Enterprises	155,799,300	157,665,900	191,516,700	206,339,400	223,335,000
Hospitals	859,276,400	876,177,000	985,350,900	1,027,883,900	1,072,236,300
<b>TOTAL EXPENDITURES</b>	2,311,415,400	2,240,991,000	2,709,205,300	2,806,171,000	2,913,452,000

The University of Kentucky is Kentucky's flagship institution of higher education. It is one of the nation's top research universities and also has an important land grant mission for a state where agriculture is a major economic sector. UK is one of only seven universities in the United States with schools of agriculture, engineering, law, medicine and pharmacy on a single campus. It also maintains professional programs in dentistry, architecture, business, economics, education and social professions.

In fall 2013 UK enrolled 29,400 students, a record, including nearly 4,700 freshmen and 105 National Merit Scholars. Almost 60% of them can be expected to earn their bachelor's degrees by spring of 2019, the best completion rate of any of Kentucky's public institutions. Graduate and professional time-to-degree completion rates have also risen and are now above the national average.

UK HealthCare (UKHC) was named the top hospital in Kentucky by US News and World Report. The Markey Cancer Center has been designated as a National Cancer Institute – the only one in Kentucky and one of 68 in the nation. UKHC is also an Alzheimer's Disease Center and holds the Clinical and Translational Science Award.

The University is in the process of implementing a new financial model of accountability. The goal of the decentralized funding system is to encourage smart enrollment growth and robust, relevant research efforts. UK's colleges and units are empowered to act entrepreneurially to yield greater dividends for the Commonwealth.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	174,795,600	163,049,400	166,212,300	139,076,900	140,416,300
<b>Total General Fund</b>	<b>174,795,600</b>	<b>163,049,400</b>	<b>166,212,300</b>	<b>139,076,900</b>	<b>140,416,300</b>
<b>Restricted Funds</b>					
Current Receipts	671,537,400	745,503,800	962,023,800	990,331,600	1,012,352,500
<b>Total Restricted Funds</b>	<b>671,537,400</b>	<b>745,503,800</b>	<b>962,023,800</b>	<b>990,331,600</b>	<b>1,012,352,500</b>
<b>Federal Funds</b>					
Current Receipts	105,801,700	93,401,800	108,251,600	97,877,000	96,632,000
<b>Total Federal Funds</b>	<b>105,801,700</b>	<b>93,401,800</b>	<b>108,251,600</b>	<b>97,877,000</b>	<b>96,632,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>952,134,700</b>	<b>1,001,955,000</b>	<b>1,236,487,700</b>	<b>1,227,285,500</b>	<b>1,249,400,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	603,021,700	620,433,300	666,119,400	673,844,700	685,248,400
Operating Expenses	260,916,000	287,288,600	399,472,800	407,878,200	417,571,900
Grants Loans Benefits	42,678,900	42,528,800	118,288,500	103,745,400	102,084,500
Debt Service	23,720,900	23,595,800	22,901,000	15,045,200	17,724,000
Capital Outlay	21,797,200	25,262,500	26,772,000	26,772,000	26,772,000
<b>TOTAL EXPENDITURES</b>	<b>952,134,700</b>	<b>999,109,000</b>	<b>1,233,553,700</b>	<b>1,227,285,500</b>	<b>1,249,400,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	174,795,600	160,203,400	163,278,300	139,076,900	140,416,300
Restricted Funds	671,537,400	745,503,800	962,023,800	990,331,600	1,012,352,500
Federal Funds	105,801,700	93,401,800	108,251,600	97,877,000	96,632,000
<b>TOTAL EXPENDITURES</b>	<b>952,134,700</b>	<b>999,109,000</b>	<b>1,233,553,700</b>	<b>1,227,285,500</b>	<b>1,249,400,800</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	280,310,900	296,758,700	351,727,000	358,943,100	363,910,600
Research	158,625,800	157,593,800	162,974,400	165,615,400	168,674,900
Public Service	100,920,400	92,246,500	143,373,100	145,696,400	148,388,000
Libraries	9,824,000	10,122,200	20,548,500	20,881,500	21,267,200
Academic Support	87,891,200	106,333,700	158,722,800	161,294,800	164,274,700
Student Services	28,811,200	30,039,000	30,150,500	30,639,100	31,205,100
Institutional Support	64,461,100	66,683,000	74,760,200	75,971,600	77,375,100
Operation and Maintenance of Plant	57,649,100	63,370,200	52,281,900	53,129,100	54,110,700
Scholarships and Fellowships	42,595,800	42,413,800	110,781,400	112,576,600	114,656,300
Mandatory Transfers	22,092,400	14,659,300	22,901,000	15,045,200	17,724,000
Auxilliary Enterprises	79,234,000	101,300,400	84,243,300	66,087,700	66,087,700
Hospitals	19,718,900	17,588,400	21,089,600	21,405,000	21,726,500
<b>TOTAL EXPENDITURES</b>	<b>952,134,800</b>	<b>999,109,000</b>	<b>1,233,553,700</b>	<b>1,227,285,500</b>	<b>1,249,400,800</b>

The University of Louisville is Kentucky's metropolitan research university, with missions of teaching, research and service. Located in the state's largest city, U of L operates on three campuses: the historic Belknap Campus, the Health Sciences Campus in downtown Louisville's medical complex, and the Shelby Campus in suburban Jefferson County.

U of L is proud of the diversity and quality of its 22,000 students. The 2013 incoming freshman class of just over 2,800 students arrived with a 25.2 average ACT score. The six-year graduation rate for the 2007 cohort was 53.5 percent. U of L ranked in the top 15% of universities nationally for the number of students awarded the prestigious Fulbright Scholarship, including 36 in the last three years.

U of L researchers received more than \$115 million in grant funding in 2012. The University focuses on translational research, new knowledge and discoveries that can improve people's lives now. The Nucleus facility downtown was developed with innovative tax-increment financing to incubate and accelerate business entities that provide the bridges from the academy into the larger world.

The University serves the employers of Louisville through the Metropolitan College program, a tuition-free education for students who are also part-time employees at UPS's Next Day Air Operation. Class schedules and housing options are tailored to the student's overnight work schedule. The U of L Hospital, in addition to its teaching function, serves as the city's safety net healthcare provider. The Cardinal Covenant covers the cost of tuition, books, room and board for qualified Jefferson County students whose family income is less than 150% of the Federal poverty level. A campus-wide sustainability plan and strong commitment to environmentally responsible operations has earned the University a Silver rating from the Association for the Advancement of Sustainability in Higher Education.

**Policy**

Included in the above General Fund appropriation is \$1,339,400 in fiscal year 2016 for debt service on previously issued bonds.

No sum-specific General Fund appropriations were made to the University for the Quality and Charity Care Trust. The University is authorized to submit written documentation demonstrating financial need for reimbursement related to providing hospital care services to indigent and medically needy patients through the Quality and Charity Care Trust. Upon certification of such need by the Secretary of the Finance and Administration Cabinet, reimbursement of up to \$6,000,000 in fiscal year 2015 and up to \$4,000,000 in fiscal year 2016 may be paid as a necessary government expense from the General Fund Surplus Account or the Budget Reserve Trust Fund.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	75,879,500	72,425,200	72,425,200	72,649,400	74,649,400
<b>Total General Fund</b>	<b>75,879,500</b>	<b>72,425,200</b>	<b>72,425,200</b>	<b>72,649,400</b>	<b>74,649,400</b>
<b>Restricted Funds</b>					
Current Receipts	200,889,900	207,710,300	276,934,800	282,396,800	287,859,800
<b>Total Restricted Funds</b>	<b>200,889,900</b>	<b>207,710,300</b>	<b>276,934,800</b>	<b>282,396,800</b>	<b>287,859,800</b>
<b>Federal Funds</b>					
Current Receipts	47,217,800	42,315,100	44,599,000	44,599,000	44,599,000
<b>Total Federal Funds</b>	<b>47,217,800</b>	<b>42,315,100</b>	<b>44,599,000</b>	<b>44,599,000</b>	<b>44,599,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>323,987,200</b>	<b>322,450,600</b>	<b>393,959,000</b>	<b>399,645,200</b>	<b>407,108,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	189,560,300	195,098,100	184,723,100	187,961,000	193,510,000
Operating Expenses	57,211,200	58,474,300	111,817,800	112,234,900	113,006,900
Grants Loans Benefits	27,388,100	24,666,600	75,987,500	77,553,500	78,671,500
Debt Service	11,858,100	13,540,100	14,692,800	15,121,800	15,124,800
Capital Outlay	37,969,500	30,671,500	6,737,800	6,774,000	6,795,000
<b>TOTAL EXPENDITURES</b>	<b>323,987,200</b>	<b>322,450,600</b>	<b>393,959,000</b>	<b>399,645,200</b>	<b>407,108,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	75,879,500	72,425,200	72,425,200	72,649,400	74,649,400
Restricted Funds	200,889,900	207,710,300	276,934,800	282,396,800	287,859,800
Federal Funds	47,217,800	42,315,100	44,599,000	44,599,000	44,599,000
<b>TOTAL EXPENDITURES</b>	<b>323,987,200</b>	<b>322,450,600</b>	<b>393,959,000</b>	<b>399,645,200</b>	<b>407,108,200</b>
<b>EXPENDITURES BY UNIT</b>					
Instruction	102,637,700	105,761,000	121,442,400	123,898,200	128,197,800
Research	10,312,800	8,759,000	5,403,100	5,415,800	5,437,900
Public Service	15,401,000	15,550,600	14,638,600	14,664,100	14,708,300
Libraries	6,024,000	5,636,000	8,297,100	8,480,200	8,691,600
Academic Support	19,950,000	19,178,500	16,116,700	16,308,400	16,575,400
Student Services	29,692,400	32,524,700	35,344,200	36,157,100	37,445,400
Institutional Support	29,706,600	32,385,000	52,059,300	52,815,100	53,282,500
Operation and Maintenance of Plant	24,613,900	27,015,100	37,005,400	37,107,100	37,284,100
Scholarships and Fellowships	27,955,000	25,219,800	67,124,400	68,271,400	68,957,400
Non-Mandatory Transfers	32,932,500	25,686,600	10,929,800	10,929,800	10,929,800
Auxilliary Enterprises	24,208,200	24,734,300	25,598,000	25,598,000	25,598,000
<b>TOTAL EXPENDITURES</b>	<b>323,434,100</b>	<b>322,450,600</b>	<b>393,959,000</b>	<b>399,645,200</b>	<b>407,108,200</b>

Western Kentucky University is the largest of Kentucky's six comprehensive postsecondary institutions with over 20,000 students on the main campus in Bowling Green and at regional campuses in Glasgow, Owensboro and Elizabethtown. In addition to its traditional mission to train teachers and education leaders for the schools in its service area, WKU provides academic programs in liberal arts and sciences, business, engineering, health sciences and agriculture.

WKU's distinguished journalism and broadcasting program prepares students for challenging careers in an ever-changing media environment. Imagewest, a full-service, revenue generating, student-run advertising and public relations agency provides students with a unique opportunity to gain real-world experience, while giving them a competitive edge as they enter the workforce.

WKU is the home of the Gatton Academy of Mathematics and Science for exceptional Kentucky high school juniors and seniors. The Academy was named the number one high school in the United States in 2012 and 2013 by *Newsweek*.

In addition to a variety of opportunities to study abroad, WKU students enjoy a global experience through the presence of faculty and fellow students recruited from around the world. The Confucius Institute expands knowledge and strengthens ties with China through language education and arts and cultural programming.

**Policy**

The Budget of the Commonwealth includes an additional \$2,000,000 in General Fund in fiscal year 2016 to expand enrollment at the Gatton Academy of Mathematics and Science.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	200,744,200	191,455,700	191,455,700	190,162,300	190,162,300
<b>Total General Fund</b>	200,744,200	191,455,700	191,455,700	190,162,300	190,162,300
<b>Restricted Funds</b>					
Current Receipts	236,185,200	236,642,600	466,167,400	488,250,500	510,909,500
Fund Transfers				-10,000,000	-5,000,000
<b>Total Restricted Funds</b>	236,185,200	236,642,600	466,167,400	478,250,500	505,909,500
<b>Federal Funds</b>					
Current Receipts	245,933,300	239,276,600	271,080,900	284,664,600	298,927,800
<b>Total Federal Funds</b>	245,933,300	239,276,600	271,080,900	284,664,600	298,927,800
<b>TOTAL SOURCE OF FUNDS</b>	682,862,700	667,374,900	928,704,000	953,077,400	994,999,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	320,162,400	313,199,600	462,254,600	461,657,300	471,198,500
Operating Expenses	121,458,400	118,888,900	175,712,900	180,750,200	192,588,800
Grants Loans Benefits	238,026,900	232,138,600	286,120,700	298,748,500	311,940,200
Debt Service				6,266,500	12,533,000
Capital Outlay	3,215,000	3,147,800	4,615,800	5,654,900	6,739,100
<b>TOTAL EXPENDITURES</b>	682,862,700	667,374,900	928,704,000	953,077,400	994,999,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	200,744,200	191,455,700	191,455,700	190,162,300	190,162,300
Restricted Funds	236,185,200	236,642,600	466,167,400	478,250,500	505,909,500
Federal Funds	245,933,300	239,276,600	271,080,900	284,664,600	298,927,800
<b>TOTAL EXPENDITURES</b>	682,862,700	667,374,900	928,704,000	953,077,400	994,999,600
<b>EXPENDITURES BY UNIT</b>					
Instruction	201,787,400	197,587,500	293,095,000	291,423,400	306,443,900
Public Service	30,892,300	30,254,200	45,739,100	46,763,900	47,829,800
Libraries	6,931,300	28,487,800	10,408,700	10,543,200	10,682,800
Academic Support	29,113,600	6,790,200	41,585,700	42,894,300	44,257,700
Student Services	49,710,300	48,602,300	68,868,700	71,081,400	73,389,400
Institutional Support	60,944,900	59,396,200	84,873,800	86,022,900	87,220,000
Operation and Maintenance of Plant	64,927,600	63,603,900	97,430,000	105,042,000	112,704,200
Scholarships and Fellowships	238,555,300	232,652,800	286,703,000	299,306,300	312,471,800
<b>TOTAL EXPENDITURES</b>	682,862,700	667,374,900	928,704,000	953,077,400	994,999,600

The Kentucky Community and Technical College System was created in 1997 by the merger of the technical college system in the Cabinet for Workforce Development and the community college system then under the direction of the University of Kentucky. There are 16 community and technical colleges operating at more than 70 locations across the state, with more than 92,000 students enrolled.

The mission of KCTCS is to be a gateway to affordable, high quality postsecondary education. The system maintains an open admissions policy and a robust menu of developmental courses. In addition to industry-specific training leading to portable credentials, the colleges offer a two year academic curriculum designed to transfer to all of Kentucky's four-year institutions.

KCTCS operates an on-line program leading to an associate degree called Learn on Demand, with on-line advising, registration, payment, student financial aid, student support services and tech support. The instruction is self-contained – there are no textbooks to buy. It is competency based and self-paced. Students can enroll at any time and proceed at their own pace. Each course is presented in three to five week modules with pre-tests and post-tests. If a student demonstrates competency during a pre-test, he or she can move on to the next module.

KCTCS administers the Kentucky Board of Emergency Medical Services and the Kentucky Fire Commission.

**Policy**

Restricted funds in the amount of \$40,164,500 in fiscal year 2015 and \$40,751,100 in fiscal year 2016 are provided for the Firefighters Foundation Program Fund. Notwithstanding KRS 95A.262(3), restricted funds of \$500,000 in each year are provided for the Firefighters Training Center Fund.

The Kentucky Community and Technical College System may establish a mandatory student fee, not to exceed \$4 per credit hour in fiscal year 2015 and \$8 per credit hour thereafter, to be used exclusively for debt service on \$145,500,000 in agency bond projects authorized in the budget. The fee shall be used only to pay debt service and shall cease to be assessed when the bonds used to finance the projects are retired.

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# Public Protection

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	<b>Public Protection</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,181,900	6,688,000	6,814,300	5,200,400	7,322,000
State Salary and Compensation Allocation	263,000	12,600	25,300		
<b>Total General Fund</b>	<b>7,444,900</b>	<b>6,700,600</b>	<b>6,839,600</b>	<b>5,200,400</b>	<b>7,322,000</b>
<b>Restricted Funds</b>					
Balance Forward	55,950,428	62,689,902	64,678,800	60,296,200	39,028,200
Current Receipts	82,553,115	81,083,775	81,293,000	81,838,900	81,761,500
Non-Revenue Receipts	15,134,346	17,782,560	20,836,300	19,360,400	19,653,200
Fund Transfers	-22,859,956	-25,000,000	-22,155,100	-31,450,000	-28,450,000
<b>Total Restricted Funds</b>	<b>130,777,933</b>	<b>136,556,237</b>	<b>144,653,000</b>	<b>130,045,500</b>	<b>111,992,900</b>
<b>Federal Funds</b>					
Balance Forward	5	10,345	8,600		
Current Receipts	1,022,072	1,498,853	1,462,600	1,515,700	1,498,700
Non-Revenue Receipts	-108,561	-31,697	-8,600		
ARRA Receipts	639,976	31,697			
<b>Total Federal Funds</b>	<b>1,553,493</b>	<b>1,509,198</b>	<b>1,462,600</b>	<b>1,515,700</b>	<b>1,498,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>139,776,326</b>	<b>144,766,035</b>	<b>152,955,200</b>	<b>136,761,600</b>	<b>120,813,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	47,537,542	49,952,507	57,548,200	62,013,500	63,267,200
Operating Expenses	9,668,935	9,738,289	11,260,200	11,860,600	11,818,400
Grants Loans Benefits	19,097,086	19,490,978	22,971,100	22,972,100	23,066,900
Capital Outlay	248,727	896,945	879,500	887,200	770,400
Construction	190				
<b>TOTAL EXPENDITURES</b>	<b>76,552,479</b>	<b>80,078,719</b>	<b>92,659,000</b>	<b>97,733,400</b>	<b>98,922,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,921,300	6,700,600	6,839,600	5,200,400	7,322,000
Restricted Funds	68,088,031	71,877,461	84,356,800	91,017,300	90,102,200
Federal Funds	1,543,148	1,500,657	1,462,600	1,515,700	1,498,700
<b>TOTAL EXPENDITURES</b>	<b>76,552,479</b>	<b>80,078,719</b>	<b>92,659,000</b>	<b>97,733,400</b>	<b>98,922,900</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	4,620,994	4,823,552	5,606,100	6,108,400	6,213,900
Boxing and Wrestling Authority	119,012	116,013	150,700	167,100	169,100
Alcoholic Beverage Control	4,909,568	5,052,706	5,894,600	6,428,300	6,388,500
Charitable Gaming	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300
Board of Claims/Crime Victims' Compensation	2,401,200	2,486,961	2,137,600	2,173,700	2,150,600
Financial Institutions	8,695,310	8,948,239	10,449,800	10,612,100	10,984,400
Horse Racing Commission	22,996,829	23,699,790	29,246,600	29,055,900	29,217,100
Housing, Buildings and Construction	16,735,692	17,451,038	19,273,700	20,579,400	20,979,700
Insurance	13,034,130	14,025,424	16,003,200	18,670,200	18,858,500
Tax Appeals	410,500	413,300	422,300	464,300	471,800
<b>TOTAL EXPENDITURES</b>	<b>76,552,479</b>	<b>80,078,719</b>	<b>92,659,000</b>	<b>97,733,400</b>	<b>98,922,900</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 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	262,500	261,700	267,400	277,900	283,100
State Salary and Compensation Allocation	16,800				
<b>Total General Fund</b>	<b>279,300</b>	<b>261,700</b>	<b>267,400</b>	<b>277,900</b>	<b>283,100</b>
<b>Restricted Funds</b>					
Balance Forward	481,932	476,122	1,331,100	1,576,400	968,400
Current Receipts	1,023,975	1,270,435	1,242,600	1,269,900	1,269,900
Non-Revenue Receipts	3,613,208	4,146,358	4,341,400	3,952,600	3,815,200
Fund Transfers	-287,100				
<b>Total Restricted Funds</b>	<b>4,832,016</b>	<b>5,892,916</b>	<b>6,915,100</b>	<b>6,798,900</b>	<b>6,053,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,111,316</b>	<b>6,154,616</b>	<b>7,182,500</b>	<b>7,076,800</b>	<b>6,336,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,209,862	4,408,504	4,921,400	5,417,100	5,521,600
Operating Expenses	411,132	415,049	684,700	691,300	692,300
<b>TOTAL EXPENDITURES</b>	<b>4,620,994</b>	<b>4,823,552</b>	<b>5,606,100</b>	<b>6,108,400</b>	<b>6,213,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	265,100	261,700	267,400	277,900	283,100
Restricted Funds	4,355,894	4,561,852	5,338,700	5,830,500	5,930,800
<b>TOTAL EXPENDITURES</b>	<b>4,620,994</b>	<b>4,823,552</b>	<b>5,606,100</b>	<b>6,108,400</b>	<b>6,213,900</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Secretary - Comm - Legal	3,641,218	3,756,744	4,302,600	4,726,500	4,806,900
Occupations and Professions	979,776	1,066,808	1,303,500	1,381,900	1,407,000
<b>TOTAL EXPENDITURES</b>	<b>4,620,994</b>	<b>4,823,552</b>	<b>5,606,100</b>	<b>6,108,400</b>	<b>6,213,900</b>

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

**Public Protection  
Boxing and Wrestling Authority**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	226,581	240,720	252,100	216,900	165,300
Current Receipts	137,451	127,401	115,500	115,500	115,500
Fund Transfers	-4,300				
<b>Total Restricted Funds</b>	<b>359,732</b>	<b>368,121</b>	<b>367,600</b>	<b>332,400</b>	<b>280,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>359,732</b>	<b>368,121</b>	<b>367,600</b>	<b>332,400</b>	<b>280,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	95,171	95,288	117,600	132,800	134,600
Operating Expenses	23,842	20,724	33,100	34,300	34,500
<b>TOTAL EXPENDITURES</b>	<b>119,012</b>	<b>116,013</b>	<b>150,700</b>	<b>167,100</b>	<b>169,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	119,012	116,013	150,700	167,100	169,100
<b>TOTAL EXPENDITURES</b>	<b>119,012</b>	<b>116,013</b>	<b>150,700</b>	<b>167,100</b>	<b>169,100</b>
<b>EXPENDITURES BY UNIT</b>					
Boxing and Wrestling Authority	119,012	116,013	150,700	167,100	169,100
<b>TOTAL EXPENDITURES</b>	<b>119,012</b>	<b>116,013</b>	<b>150,700</b>	<b>167,100</b>	<b>169,100</b>

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

**Public Protection  
Alcoholic Beverage Control**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	795,000	684,600	698,300	607,800	618,100
State Salary and Compensation Allocation	46,800				
<b>Total General Fund</b>	<b>841,800</b>	<b>684,600</b>	<b>698,300</b>	<b>607,800</b>	<b>618,100</b>
<b>Restricted Funds</b>					
Balance Forward	1,939,555	2,343,362	2,778,400	2,660,200	1,468,300
Current Receipts	5,742,175	5,981,589	5,930,000	6,063,000	6,063,000
Non-Revenue Receipts	-678,500	-678,500	-696,800	-734,400	-382,200
Fund Transfers	-434,500	-500,000	-155,100	-700,000	-700,000
<b>Total Restricted Funds</b>	<b>6,568,730</b>	<b>7,146,451</b>	<b>7,856,500</b>	<b>7,288,800</b>	<b>6,449,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,410,530</b>	<b>7,831,051</b>	<b>8,554,800</b>	<b>7,896,600</b>	<b>7,067,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,236,071	4,345,190	4,795,300	5,124,300	5,215,400
Operating Expenses	673,497	707,478	1,099,300	1,187,200	1,173,100
Grants Loans Benefits		38			
Capital Outlay				116,800	
<b>TOTAL EXPENDITURES</b>	<b>4,909,568</b>	<b>5,052,706</b>	<b>5,894,600</b>	<b>6,428,300</b>	<b>6,388,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	684,200	684,600	698,300	607,800	618,100
Restricted Funds	4,225,368	4,368,106	5,196,300	5,820,500	5,770,400
<b>TOTAL EXPENDITURES</b>	<b>4,909,568</b>	<b>5,052,706</b>	<b>5,894,600</b>	<b>6,428,300</b>	<b>6,388,500</b>
<b>EXPENDITURES BY UNIT</b>					
Administration, Enforcement and License	4,515,232	4,712,983	5,459,100	6,003,200	5,958,100
Tobacco Enforcement	394,336	339,722	435,500	425,100	430,400
<b>TOTAL EXPENDITURES</b>	<b>4,909,568</b>	<b>5,052,706</b>	<b>5,894,600</b>	<b>6,428,300</b>	<b>6,388,500</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**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	507,071	352,516	485,900	240,900	83,300
Current Receipts	3,128,989	3,195,117	3,229,400	3,316,400	3,406,000
Non-Revenue Receipts	-299,400				
Fund Transfers	-354,900				
<b>Total Restricted Funds</b>	<b>2,981,760</b>	<b>3,547,633</b>	<b>3,715,300</b>	<b>3,557,300</b>	<b>3,489,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,981,760</b>	<b>3,547,633</b>	<b>3,715,300</b>	<b>3,557,300</b>	<b>3,489,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,233,668	2,668,162	2,937,600	2,926,100	2,940,600
Operating Expenses	395,386	391,035	534,300	545,400	546,200
Grants Loans Benefits		2,500	2,500	2,500	2,500
Construction	190				
<b>TOTAL EXPENDITURES</b>	<b>2,629,244</b>	<b>3,061,696</b>	<b>3,474,400</b>	<b>3,474,000</b>	<b>3,489,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300
<b>TOTAL EXPENDITURES</b>	<b>2,629,244</b>	<b>3,061,696</b>	<b>3,474,400</b>	<b>3,474,000</b>	<b>3,489,300</b>
<b>EXPENDITURES BY UNIT</b>					
Charitable Gaming	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300
<b>TOTAL EXPENDITURES</b>	<b>2,629,244</b>	<b>3,061,696</b>	<b>3,474,400</b>	<b>3,474,000</b>	<b>3,489,300</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 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	614,600	594,200	600,000	696,400	708,900
State Salary and Compensation Allocation	27,500		11,800		
<b>Total General Fund</b>	642,100	594,200	611,800	696,400	708,900
<b>Restricted Funds</b>					
Balance Forward	246,563	151,829	233,800	309,400	332,300
Current Receipts	1,177,203	1,131,580	1,087,000	1,050,200	1,012,900
Fund Transfers	-23,500				
<b>Total Restricted Funds</b>	1,400,265	1,283,409	1,320,800	1,359,600	1,345,200
<b>Federal Funds</b>					
Current Receipts	533,764	843,160	514,400	450,000	400,000
<b>Total Federal Funds</b>	533,764	843,160	514,400	450,000	400,000
<b>TOTAL SOURCE OF FUNDS</b>	2,576,129	2,720,769	2,447,000	2,506,000	2,454,100
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,178,731	1,140,080	1,211,500	1,299,100	1,326,000
Operating Expenses	925,335	1,057,154	656,900	642,600	602,800
Grants Loans Benefits	297,134	289,727	269,200	232,000	221,800
<b>TOTAL EXPENDITURES</b>	2,401,200	2,486,961	2,137,600	2,173,700	2,150,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	619,000	594,200	611,800	696,400	708,900
Restricted Funds	1,248,436	1,049,601	1,011,400	1,027,300	1,041,700
Federal Funds	533,764	843,160	514,400	450,000	400,000
<b>TOTAL EXPENDITURES</b>	2,401,200	2,486,961	2,137,600	2,173,700	2,150,600
<b>EXPENDITURES BY UNIT</b>					
Board of Claims	517,649	500,008	584,900	625,300	637,500
Crime Victims' Board	1,883,551	1,986,953	1,552,700	1,548,400	1,513,100
<b>TOTAL EXPENDITURES</b>	2,401,200	2,486,961	2,137,600	2,173,700	2,150,600

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 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	6,822,901	10,192,938	9,143,000	6,373,000	3,373,300
Current Receipts	18,475,525	16,052,402	15,353,300	15,195,900	15,145,900
Non-Revenue Receipts	-1,795,600	-1,154,100	-673,500	-1,083,500	-1,166,100
Fund Transfers	-4,614,578	-7,000,000	-7,000,000	-6,500,000	-6,000,000
<b>Total Restricted Funds</b>	<b>18,888,248</b>	<b>18,091,240</b>	<b>16,822,800</b>	<b>13,985,400</b>	<b>11,353,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>18,888,248</b>	<b>18,091,240</b>	<b>16,822,800</b>	<b>13,985,400</b>	<b>11,353,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,275,947	7,311,123	8,588,900	8,713,400	9,092,400
Operating Expenses	1,377,108	1,605,079	1,795,900	1,893,700	1,887,000
Grants Loans Benefits			5,000	5,000	5,000
Capital Outlay	42,255	32,036	60,000		
<b>TOTAL EXPENDITURES</b>	<b>8,695,310</b>	<b>8,948,239</b>	<b>10,449,800</b>	<b>10,612,100</b>	<b>10,984,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	8,695,310	8,948,239	10,449,800	10,612,100	10,984,400
<b>TOTAL EXPENDITURES</b>	<b>8,695,310</b>	<b>8,948,239</b>	<b>10,449,800</b>	<b>10,612,100</b>	<b>10,984,400</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	1,451,449	1,510,729	1,800,700	1,563,800	1,578,200
Securities	1,712,769	1,638,682	2,038,000	2,067,900	2,095,200
Depository Institutions	3,427,027	3,636,050	4,232,800	4,425,900	4,494,100
Non-Depository Institutions	2,104,065	2,162,778	2,378,300	2,554,500	2,816,900
<b>TOTAL EXPENDITURES</b>	<b>8,695,310</b>	<b>8,948,239</b>	<b>10,449,800</b>	<b>10,612,100</b>	<b>10,984,400</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. The Public Information Officer is 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**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,969,000	2,609,800	2,660,000	698,700	2,738,600
<b>Total General Fund</b>	<b>2,969,000</b>	<b>2,609,800</b>	<b>2,660,000</b>	<b>698,700</b>	<b>2,738,600</b>
<b>Restricted Funds</b>					
Balance Forward	29,109,787	29,646,487	27,575,900	24,157,000	17,581,000
Current Receipts	3,672,979	3,523,617	3,646,200	3,636,700	3,627,800
Non-Revenue Receipts	17,336,951	17,995,822	19,521,500	19,144,500	19,454,500
Fund Transfers	-242,100	-2,500,000		-1,000,000	
<b>Total Restricted Funds</b>	<b>49,877,616</b>	<b>48,665,926</b>	<b>50,743,600</b>	<b>45,938,200</b>	<b>40,663,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>52,846,616</b>	<b>51,275,726</b>	<b>53,403,600</b>	<b>46,636,900</b>	<b>43,401,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,428,893	3,527,882	5,603,500	5,361,600	5,424,300
Operating Expenses	750,861	836,260	948,700	961,700	955,200
Grants Loans Benefits	18,800,537	19,198,713	22,694,400	22,732,600	22,837,600
Capital Outlay	16,539	136,935			
<b>TOTAL EXPENDITURES</b>	<b>22,996,829</b>	<b>23,699,790</b>	<b>29,246,600</b>	<b>29,055,900</b>	<b>29,217,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,765,700	2,609,800	2,660,000	698,700	2,738,600
Restricted Funds	20,231,129	21,089,990	26,586,600	28,357,200	26,478,500
<b>TOTAL EXPENDITURES</b>	<b>22,996,829</b>	<b>23,699,790</b>	<b>29,246,600</b>	<b>29,055,900</b>	<b>29,217,100</b>
<b>EXPENDITURES BY UNIT</b>					
Administration and Regulation of Racing	3,142,362	3,598,126	3,992,100	4,610,700	4,664,600
Equine Drug Research Fund	478,314	316,323	1,875,000	1,000,000	1,000,000
Thoroughbred Development Fund	4,630,350	5,518,738	6,522,800	7,000,000	7,151,900
Standardbred Development Fund	185,598	215,628	220,000	250,000	250,000
Standardbred Horsemen Fees	243,500		400,000	400,000	400,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund			20,000	20,000	20,000
County Fair Purse Fund	127,179	95,875	127,500	112,500	89,300
Thoroughbred Owners and Breeders	109,423	90,342	82,200	75,000	70,000
Backside Improvement Commission	406,746	236,784	500,000	300,400	300,400
Ky Thoroughbred Breeder Incentive Fund	10,846,726	10,297,543	11,858,000	12,211,300	12,285,900
Ky Standardbred Breeder Incentive Fund	1,939,000	2,188,110	2,480,000	1,806,000	1,715,000
Ky Horse Breeders Incentive Fund	887,631	1,142,321	1,149,000	1,250,000	1,250,000
KY Quarter Horse, Appaloosa & Arabian Purse Fund			20,000	20,000	20,000
<b>TOTAL EXPENDITURES</b>	<b>22,996,829</b>	<b>23,699,790</b>	<b>29,246,600</b>	<b>29,055,900</b>	<b>29,217,100</b>

The Kentucky Horse Racing Commission, pursuant to KRS 230.225, is responsible for the regulation of horse racing, pari-mutuel wagering on horse racing and related activities in the Commonwealth. The Commission is also charged with fostering and encouraging the equine breeding industry within the Commonwealth. The Commission prescribes the rules, regulations, and conditions under which all Thoroughbred, Standardbred, Quarter Horse, Appaloosa, and Arabian racing and pari-mutuel wagering thereon 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 equine 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 programs and procedures which will aggressively fulfill its oversight on such matters as race day medications and other medication issues;
- Develop and implement programs designed to ensure the safety of all participants in horse racing including jockeys, drivers and horses; and
- Develop and implement programs and procedures that protect the integrity of pari-mutuel horse racing.

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 horse racing. The Division of Incentives and Development 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 and on the regulation of therapeutic medications and prohibited substances. 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-fourth of one percent of the total pari-mutuel handle and the funds are distributed as purse supplements to the owner of the horse.

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 and the funds are distributed as purses for the Kentucky Sire Stakes.

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.

The County Fair Purse Fund, KRS 230.398, receives funding from pari-mutuel standardbred 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 standardbred racing events to county fairs.

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

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

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

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,160,600	2,137,000	2,179,800	2,455,300	2,501,500
State Salary and Compensation Allocation	124,000				
<b>Total General Fund</b>	<b>2,284,600</b>	<b>2,137,000</b>	<b>2,179,800</b>	<b>2,455,300</b>	<b>2,501,500</b>
<b>Restricted Funds</b>					
Balance Forward	3,601,329	5,146,705	6,717,000	6,685,300	6,223,900
Current Receipts	16,366,677	16,861,795	17,062,200	17,662,700	17,662,700
Non-Revenue Receipts	-59,773	-80,056			-21,900
Fund Transfers	-750,200				
<b>Total Restricted Funds</b>	<b>19,158,032</b>	<b>21,928,444</b>	<b>23,779,200</b>	<b>24,348,000</b>	<b>23,864,700</b>
<b>Federal Funds</b>					
Current Receipts	16,149	102,490			
Non-Revenue Receipts	-108,561	-31,697			
ARRA Receipts	639,976	31,697			
<b>Total Federal Funds</b>	<b>547,565</b>	<b>102,490</b>			
<b>TOTAL SOURCE OF FUNDS</b>	<b>21,990,197</b>	<b>24,167,934</b>	<b>25,959,000</b>	<b>26,803,300</b>	<b>26,366,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	13,139,882	13,688,394	14,971,600	16,165,600	16,537,200
Operating Expenses	3,442,793	3,074,314	3,522,600	3,683,400	3,712,100
Capital Outlay	153,017	688,330	779,500	730,400	730,400
<b>TOTAL EXPENDITURES</b>	<b>16,735,692</b>	<b>17,451,038</b>	<b>19,273,700</b>	<b>20,579,400</b>	<b>20,979,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,176,800	2,137,000	2,179,800	2,455,300	2,501,500
Restricted Funds	14,011,327	15,211,547	17,093,900	18,124,100	18,478,200
Federal Funds	547,565	102,490			
<b>TOTAL EXPENDITURES</b>	<b>16,735,692</b>	<b>17,451,038</b>	<b>19,273,700</b>	<b>20,579,400</b>	<b>20,979,700</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Management	928,565	1,077,253	1,212,900	1,251,900	1,272,300
Fire Prevention	1,018,397	1,110,430	1,162,800	1,240,900	1,259,100
Boiler Inspections	646,148	699,305	901,900	930,800	946,000
Hazardous Materials Inspections	601,827	608,149	712,500	755,300	776,300
Manufactured Housing Inspections	592,476	601,732	665,600	709,100	723,100
General Inspections	1,503,700	1,543,100	1,524,500	1,742,100	1,773,300
Sprinkler/Alarm Inspections	73,142	75,941	85,800	90,800	92,400
Elevator Inspections	915,379	1,009,581	1,262,300	1,231,400	1,254,300
Plumbing	4,776,103	4,907,171	5,153,400	5,511,800	5,629,900
Safe Cigarette Program	419		6,000	6,000	6,000
HVAC	2,396,283	2,162,779	2,173,800	2,368,200	2,423,100
Building Codes Enforcement	2,154,458	2,526,484	2,630,900	2,804,000	2,854,300
Electrical	1,128,794	1,129,113	1,781,300	1,937,100	1,969,600
<b>TOTAL EXPENDITURES</b>	<b>16,735,692</b>	<b>17,451,038</b>	<b>19,273,700</b>	<b>20,579,400</b>	<b>20,979,700</b>

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. The State Fire Marshal's Office implements a Sprinkler Inspection Program for all state owned properties under a memorandum of agreement. The Administrative Section of the Fire Prevention Division supports the activities

of the General Inspection Section, the Hazardous Materials Section, the Sprinklers and Alarms Certification Section, the Safe Cigarette Program and expanded Fireworks Program.

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 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. On January 1, 2011, the Division began the Statewide Permitting and Inspection Program under the provisions of KRS 198B.6678 and 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 plan review and field inspection and manufactured housing sections. 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.

The Division of Electrical was created by Executive Order on December 16, 2013 and is composed of the Electrical Licensing and Electrical Inspection Sections. The Electrical Division enforces the mandates contained within KRS Chapter 227A and KRS 224.450-89 to protect the public through regulation, licensure and inspection of the electrical industry.

	<b>Public Protection Insurance</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	13,014,710	14,139,223	16,161,600	18,077,100	8,832,400
Current Receipts	32,828,141	32,939,840	33,626,800	33,528,600	33,457,800
Non-Revenue Receipts	-2,982,540	-2,446,965	-1,656,300	-1,918,800	-2,046,300
Fund Transfers	-16,148,778	-15,000,000	-15,000,000	-23,250,000	-21,750,000
<b>Total Restricted Funds</b>	<b>26,711,534</b>	<b>29,632,098</b>	<b>33,132,100</b>	<b>26,436,900</b>	<b>18,493,900</b>
<b>Federal Funds</b>					
Balance Forward	5	10,345	8,600		
Current Receipts	472,159	553,203	948,200	1,065,700	1,098,700
Non-Revenue Receipts			-8,600		
<b>Total Federal Funds</b>	<b>472,164</b>	<b>563,548</b>	<b>948,200</b>	<b>1,065,700</b>	<b>1,098,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>27,183,698</b>	<b>30,195,646</b>	<b>34,080,300</b>	<b>27,502,600</b>	<b>19,592,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	11,375,517	12,394,385	14,016,500	16,450,900	16,644,000
Operating Expenses	1,622,283	1,591,396	1,946,700	2,179,300	2,174,500
Grants Loans Benefits	-585				
Capital Outlay	36,916	39,644	40,000	40,000	40,000
<b>TOTAL EXPENDITURES</b>	<b>13,034,130</b>	<b>14,025,424</b>	<b>16,003,200</b>	<b>18,670,200</b>	<b>18,858,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	12,572,311	13,470,418	15,055,000	17,604,500	17,759,800
Federal Funds	461,820	555,007	948,200	1,065,700	1,098,700
<b>TOTAL EXPENDITURES</b>	<b>13,034,130</b>	<b>14,025,424</b>	<b>16,003,200</b>	<b>18,670,200</b>	<b>18,858,500</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Director and Administration	2,714,641	2,912,068	3,174,800	3,459,700	3,512,500
Small Business Insurance Subsidy	9,951	197	2,000	11,900	11,900
Property and Casualty	777,081	838,035	935,900	1,142,000	1,159,800
Financial Standards and Examination	2,078,832	2,227,091	2,401,300	3,065,100	3,080,700
Agent Licensing	1,365,159	1,317,494	1,370,800	1,783,800	1,810,600
Consumer Protection	2,027,959	2,277,763	2,414,600	2,847,000	2,870,600
Insurance Fraud Investigation	1,353,186	1,238,080	1,338,700	1,562,300	1,578,500
Medicaid Prompt Payment Compliance		47,795	800,000	800,000	800,000
Health and Life	2,605,294	3,037,539	3,381,900	3,808,100	3,842,100
Mine Subsidence Program	102,027	129,363	183,200	190,300	191,800
<b>TOTAL EXPENDITURES</b>	<b>13,034,130</b>	<b>14,025,424</b>	<b>16,003,200</b>	<b>18,670,200</b>	<b>18,858,500</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. Established in 2013, the Medicaid Prompt Payment Claims (MPPC) Branch was created to process grievance/complaints from health care providers or individual claimants. The MPPC Branch was tasked to review and resolve open complaints transferred from the Department for Medicaid Services and investigate all subsequent MCO complaints from health care providers.

**Public Protection  
Tax Appeals**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	380,200	400,700	408,800	464,300	471,800
State Salary and Compensation Allocation	47,900	12,600	13,500		
<b>Total General Fund</b>	<b>428,100</b>	<b>413,300</b>	<b>422,300</b>	<b>464,300</b>	<b>471,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>428,100</b>	<b>413,300</b>	<b>422,300</b>	<b>464,300</b>	<b>471,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	363,800	373,500	384,300	422,600	431,100
Operating Expenses	46,700	39,800	38,000	41,700	40,700
<b>TOTAL EXPENDITURES</b>	<b>410,500</b>	<b>413,300</b>	<b>422,300</b>	<b>464,300</b>	<b>471,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	410,500	413,300	422,300	464,300	471,800
<b>TOTAL EXPENDITURES</b>	<b>410,500</b>	<b>413,300</b>	<b>422,300</b>	<b>464,300</b>	<b>471,800</b>
<b>EXPENDITURES BY UNIT</b>					
Tax Appeals	410,500	413,300	422,300	464,300	471,800
<b>TOTAL EXPENDITURES</b>	<b>410,500</b>	<b>413,300</b>	<b>422,300</b>	<b>464,300</b>	<b>471,800</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.

# Tourism, Arts and Heritage

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**Tourism, Arts and Heritage**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	49,521,700	46,308,500	46,723,200	56,539,600	57,967,800
State Salary and Compensation Allocation	1,167,400	89,700	269,600		
Current Year Appropriation	9,000,000		18,716,900		
<b>Total General Fund</b>	<b>59,689,100</b>	<b>46,398,200</b>	<b>65,709,700</b>	<b>56,539,600</b>	<b>57,967,800</b>
<b>Restricted Funds</b>					
Balance Forward	66,176,171	75,629,716	90,546,900	91,220,800	83,571,500
Current Receipts	168,238,730	148,495,638	160,903,500	162,369,500	166,433,100
Non-Revenue Receipts	-13,874,986	22,282,489	-23,047,200	-10,748,800	-10,148,800
Fund Transfers	-798,900			-6,600,000	-3,000,000
<b>Total Restricted Funds</b>	<b>219,741,014</b>	<b>246,407,843</b>	<b>228,403,200</b>	<b>236,241,500</b>	<b>236,855,800</b>
<b>Federal Funds</b>					
Balance Forward	6,148,788	5,126,999	10,624,800	10,547,300	11,331,300
Current Receipts	18,327,428	19,032,887	20,699,400	20,790,400	19,674,600
Non-Revenue Receipts	-2,744,748	2,875,053			
<b>Total Federal Funds</b>	<b>21,731,468</b>	<b>27,034,939</b>	<b>31,324,200</b>	<b>31,337,700</b>	<b>31,005,900</b>
<b>Road Fund</b>					
Regular Appropriation	350,000	350,000	350,000	393,400	410,500
<b>Total Road Fund</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>393,400</b>	<b>410,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>301,511,582</b>	<b>320,190,982</b>	<b>325,787,100</b>	<b>324,512,200</b>	<b>326,240,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	129,757,009	130,979,017	132,343,100	138,511,100	141,916,600
Operating Expenses	70,714,158	72,080,137	74,150,200	71,531,000	70,417,100
Grants Loans Benefits	11,315,159	10,689,230	12,817,900	16,452,300	11,148,900
Debt Service	5,272,113	4,222,760	1,662,100	657,000	3,696,000
Capital Outlay	1,989,635	1,023,591	3,045,700	2,458,000	1,986,300
Construction	14,839	24,521			
<b>TOTAL EXPENDITURES</b>	<b>219,062,912</b>	<b>219,019,257</b>	<b>224,019,000</b>	<b>229,609,400</b>	<b>229,164,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	57,997,146	46,398,193	65,709,700	56,539,600	57,967,800
Restricted Funds	144,111,298	155,860,877	137,182,400	152,670,000	152,466,600
Federal Funds	16,604,469	16,410,186	20,776,900	20,006,400	18,320,000
Road Fund	350,000	350,000	350,000	393,400	410,500
<b>TOTAL EXPENDITURES</b>	<b>219,062,912</b>	<b>219,019,257</b>	<b>224,019,000</b>	<b>229,609,400</b>	<b>229,164,900</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	12,407,007	13,845,678	12,924,900	15,454,100	12,684,800
Artisans Center	2,211,376	2,233,160	2,288,600	2,366,000	2,400,200
Travel	3,163,739	3,041,214	3,113,400	3,139,400	3,193,500
Parks	80,187,673	81,647,954	81,358,200	82,874,700	83,727,100
Horse Park Commission	12,024,542	12,447,688	12,702,200	12,990,600	13,103,400
State Fair Board	49,685,272	46,758,373	46,477,800	46,612,300	50,386,000
Fish and Wildlife Resources	46,200,097	45,864,678	52,127,200	52,619,200	50,171,900
Historical Society	6,629,868	6,873,085	6,757,100	6,779,700	6,828,900
Arts Council	3,749,461	3,849,468	3,714,500	3,928,700	3,707,600
Heritage Council	1,927,903	1,655,566	1,752,700	1,813,500	1,837,800
Kentucky Center for the Arts	875,975	802,393	802,400	1,031,200	1,123,700
<b>TOTAL EXPENDITURES</b>	<b>219,062,912</b>	<b>219,019,257</b>	<b>224,019,000</b>	<b>229,609,400</b>	<b>229,164,900</b>

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

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

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

**Tourism, Arts and Heritage  
Secretary**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,734,100	2,528,100	2,582,400	2,544,100	2,598,300
State Salary and Compensation Allocation	144,800	4,800	9,700		
<b>Total General Fund</b>	<b>2,878,900</b>	<b>2,532,900</b>	<b>2,592,100</b>	<b>2,544,100</b>	<b>2,598,300</b>
<b>Restricted Funds</b>					
Balance Forward	6,188,467	6,752,848	6,483,600	7,803,500	1,048,900
Current Receipts	1,412,937	1,172,252	1,252,700	1,255,400	1,258,200
Non-Revenue Receipts	9,355,750	9,871,237	10,400,000	10,900,000	11,500,000
Fund Transfers	-386,800			-6,000,000	-3,000,000
<b>Total Restricted Funds</b>	<b>16,570,355</b>	<b>17,796,337</b>	<b>18,136,300</b>	<b>13,958,900</b>	<b>10,807,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>19,449,255</b>	<b>20,329,237</b>	<b>20,728,400</b>	<b>16,503,000</b>	<b>13,405,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,061,015	4,089,552	3,889,800	4,020,700	4,081,200
Operating Expenses	1,496,593	4,254,569	3,509,100	3,077,500	3,077,600
Grants Loans Benefits	5,752,487	5,501,557	5,526,000	8,355,900	5,526,000
Capital Outlay	96,912				
<b>TOTAL EXPENDITURES</b>	<b>12,407,007</b>	<b>13,845,678</b>	<b>12,924,900</b>	<b>15,454,100</b>	<b>12,684,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,589,500	2,532,900	2,592,100	2,544,100	2,598,300
Restricted Funds	9,817,507	11,312,778	10,332,800	12,910,000	10,086,500
<b>TOTAL EXPENDITURES</b>	<b>12,407,007</b>	<b>13,845,678</b>	<b>12,924,900</b>	<b>15,454,100</b>	<b>12,684,800</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	2,038,200	2,132,900	2,192,100	2,108,200	2,145,100
Capital Plaza Operations	1,017,219	749,395	787,800	815,400	824,500
Creative Services	877,623	772,455	790,000	615,000	629,600
Sports Authority	61,632	48,645	85,600	85,600	85,600
Tourism Meeting & Convention Marketing	8,156,800	10,015,300	9,000,000	11,829,900	9,000,000
Coal Severance Tourism	255,532	126,983	69,400		
<b>TOTAL EXPENDITURES</b>	<b>12,407,007</b>	<b>13,845,678</b>	<b>12,924,900</b>	<b>15,454,100</b>	<b>12,684,800</b>

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

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

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

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

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

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

**Tourism, Meeting, and Convention Marketing Fund** - This fund is established by KRS 142.406 with revenues from a one percent transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities,

historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth.

**Tourism, Arts and Heritage  
Artisans Center**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	297,800	327,400	353,200	389,200	406,300
State Salary and Compensation Allocation	9,200	1,000	2,000		
<b>Total General Fund</b>	<b>307,000</b>	<b>328,400</b>	<b>355,200</b>	<b>389,200</b>	<b>406,300</b>
<b>Restricted Funds</b>					
Balance Forward	56,833	30,504	46,700	46,700	46,700
Current Receipts	1,650,997	1,571,363	1,583,400	1,583,400	1,583,400
Non-Revenue Receipts	451	-451			
Fund Transfers	-104,300				
<b>Total Restricted Funds</b>	<b>1,603,980</b>	<b>1,601,417</b>	<b>1,630,100</b>	<b>1,630,100</b>	<b>1,630,100</b>
<b>Road Fund</b>					
Regular Appropriation	350,000	350,000	350,000	393,400	410,500
<b>Total Road Fund</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>393,400</b>	<b>410,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,260,980</b>	<b>2,279,817</b>	<b>2,335,300</b>	<b>2,412,700</b>	<b>2,446,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,142,485	1,165,705	1,207,000	1,293,800	1,328,000
Operating Expenses	1,068,891	1,067,455	1,081,600	1,072,200	1,072,200
<b>TOTAL EXPENDITURES</b>	<b>2,211,376</b>	<b>2,233,160</b>	<b>2,288,600</b>	<b>2,366,000</b>	<b>2,400,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	287,900	328,400	355,200	389,200	406,300
Restricted Funds	1,573,476	1,554,760	1,583,400	1,583,400	1,583,400
Road Fund	350,000	350,000	350,000	393,400	410,500
<b>TOTAL EXPENDITURES</b>	<b>2,211,376</b>	<b>2,233,160</b>	<b>2,288,600</b>	<b>2,366,000</b>	<b>2,400,200</b>
<b>EXPENDITURES BY UNIT</b>					
Berea Artisans Center	2,211,376	2,233,160	2,288,600	2,366,000	2,400,200
<b>TOTAL EXPENDITURES</b>	<b>2,211,376</b>	<b>2,233,160</b>	<b>2,288,600</b>	<b>2,366,000</b>	<b>2,400,200</b>

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

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

**Tourism, Arts and Heritage**

**Travel**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,259,700	2,997,800	3,056,800	3,094,400	3,152,400
State Salary and Compensation Allocation	168,500	5,800	11,600		
<b>Total General Fund</b>	<b>3,428,200</b>	<b>3,003,600</b>	<b>3,068,400</b>	<b>3,094,400</b>	<b>3,152,400</b>
<b>Restricted Funds</b>					
Balance Forward	191,094	124,277	100,300	68,900	37,500
Current Receipts	13,521	13,655	13,600	13,600	13,600
Fund Transfers	-3,500				
<b>Total Restricted Funds</b>	<b>201,116</b>	<b>137,932</b>	<b>113,900</b>	<b>82,500</b>	<b>51,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,629,316</b>	<b>3,141,532</b>	<b>3,182,300</b>	<b>3,176,900</b>	<b>3,203,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,647,900	2,533,697	2,587,700	2,772,100	2,830,100
Operating Expenses	515,839	507,517	525,700	367,300	363,400
<b>TOTAL EXPENDITURES</b>	<b>3,163,739</b>	<b>3,041,214</b>	<b>3,113,400</b>	<b>3,139,400</b>	<b>3,193,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,086,900	3,003,600	3,068,400	3,094,400	3,152,400
Restricted Funds	76,839	37,614	45,000	45,000	41,100
<b>TOTAL EXPENDITURES</b>	<b>3,163,739</b>	<b>3,041,214</b>	<b>3,113,400</b>	<b>3,139,400</b>	<b>3,193,500</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	921,800	1,037,200	1,069,500	1,069,000	1,082,800
Tourism Services	439,200	477,500	515,400	525,000	537,300
Marketing and Advertising	1,378,539	1,082,814	1,061,400	1,072,500	1,092,200
Communications and Promotions	424,200	443,700	467,100	472,900	481,200
<b>TOTAL EXPENDITURES</b>	<b>3,163,739</b>	<b>3,041,214</b>	<b>3,113,400</b>	<b>3,139,400</b>	<b>3,193,500</b>

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

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

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

**Marketing and Administration** - The Division of Marketing and Administration is responsible for motivating travel to and within Kentucky. The Division maintains a database of all of the tourism related attractions, destinations and events throughout the state. These tourism assets are promoted through advertising via broadcast, print, and online media. Additionally, the Division participates in trade shows, events and conferences to showcase the state. The Division also collaborates with industry partners within the state and throughout the region to leverage marketing efforts.

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

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

**Communications and Promotions** - The Division of Communications and Promotions works to complement the activities of the Department's advertising programs by engaging media and employing other strategies that publicize Kentucky's attractions and events as tourism destinations. These efforts primarily focus on generating earned broadcast and print media to support the

marketing efforts of the department. This Division serves as the liaison with media sources, maintaining constant contact through e-newsletters, and a web-based media resource site. Assistance is provided to individual media representatives and travel writers in a variety of ways including, but not limited to, creating story ideas, making travel arrangements, providing photographs, video and fact verification. Regular press releases are prepared for the Department of Travel and Tourism and the Department of Parks to keep the public abreast of attractions and events in Kentucky. The goal of the division is to provide comprehensive support for projects and promotions developed through the department on behalf of the tourism industry in Kentucky.

**Tourism, Arts and Heritage  
Parks**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	30,133,100	28,079,400	28,314,000	33,572,800	34,429,000
State Salary and Compensation Allocation	511,200	64,700	129,400		
Current Year Appropriation			8,216,900		
<b>Total General Fund</b>	<b>30,644,300</b>	<b>28,144,100</b>	<b>36,660,300</b>	<b>33,572,800</b>	<b>34,429,000</b>
<b>Restricted Funds</b>					
Balance Forward	35,017	111,395	250,100	181,700	107,700
Current Receipts	51,593,790	48,961,093	49,227,900	49,227,900	49,227,900
Non-Revenue Receipts	-1,532,640	4,681,483	-4,598,400		
<b>Total Restricted Funds</b>	<b>50,096,168</b>	<b>53,753,971</b>	<b>44,879,600</b>	<b>49,409,600</b>	<b>49,335,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>80,740,468</b>	<b>81,898,071</b>	<b>81,539,900</b>	<b>82,982,400</b>	<b>83,764,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	49,467,144	50,752,070	50,014,000	52,849,500	53,996,600
Operating Expenses	29,705,482	30,613,925	31,344,200	29,649,700	28,813,000
Grants Loans Benefits		467			
Debt Service	850,303	232,586		375,500	917,500
Capital Outlay	164,212	49,363			
Construction	533	-457			
<b>TOTAL EXPENDITURES</b>	<b>80,187,673</b>	<b>81,647,954</b>	<b>81,358,200</b>	<b>82,874,700</b>	<b>83,727,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	30,202,900	28,144,100	36,660,300	33,572,800	34,429,000
Restricted Funds	49,984,773	53,503,854	44,697,900	49,301,900	49,298,100
<b>TOTAL EXPENDITURES</b>	<b>80,187,673</b>	<b>81,647,954</b>	<b>81,358,200</b>	<b>82,874,700</b>	<b>83,727,100</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	11,075,745	11,414,580	12,430,500	12,269,200	13,142,300
Resort Parks	51,870,441	52,997,268	51,715,100	52,717,800	52,452,000
Recreation Parks and Historic Sites	15,260,191	15,063,328	15,259,700	15,874,600	16,094,800
Cafeterias	1,901,076	2,025,778	1,952,900	2,013,100	2,038,000
<b>TOTAL EXPENDITURES</b>	<b>80,107,453</b>	<b>81,500,954</b>	<b>81,358,200</b>	<b>82,874,700</b>	<b>83,727,100</b>

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

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

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

The activities of the Department include the operation and maintenance of 17 resort parks, 22 recreational parks, 11 historic sites, three cafeterias in Frankfort, and other miscellaneous facilities, including one interstate park. The Park System provides overnight lodging to 425,000 guests, food service for 1,175,000 meals for dining patrons, camping for 470,000 guests, golf for 210,000 players, along with other park amenities and activities.

**Policy**

The Budget of the Commonwealth provides General Fund in the amount of \$8,216,900 in fiscal year 2013-2014, \$1,600,000 in fiscal year 2014- 2015 and \$600,000 in fiscal year 2015-2016 to cover the cumulative and ongoing revenue shortfall to enable the Department to continue operating without closing facilities.

**Tourism, Arts and Heritage  
Parks**

**General Administration and Support**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,732,300	10,835,200	11,026,400	12,037,300	12,914,200
Current Year Appropriation			1,172,200		
Other	669,300	412,700			
<b>Total General Fund</b>	<b>11,401,600</b>	<b>11,247,900</b>	<b>12,198,600</b>	<b>12,037,300</b>	<b>12,914,200</b>
<b>Restricted Funds</b>					
Balance Forward	31,803	65,421	146,200	96,200	46,200
Current Receipts	196,334	163,434	181,900	181,900	181,900
Non-Revenue Receipts	-47,170	84,066			
<b>Total Restricted Funds</b>	<b>180,967</b>	<b>312,920</b>	<b>328,100</b>	<b>278,100</b>	<b>228,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>11,582,567</b>	<b>11,560,820</b>	<b>12,526,700</b>	<b>12,315,400</b>	<b>13,142,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	8,401,683	9,925,559	9,949,400	10,260,800	10,428,600
Operating Expenses	1,871,062	1,328,022	2,481,100	1,632,900	1,796,200
Debt Service	803,000	161,000		375,500	917,500
<b>TOTAL EXPENDITURES</b>	<b>11,075,745</b>	<b>11,414,580</b>	<b>12,430,500</b>	<b>12,269,200</b>	<b>13,142,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	10,960,200	11,247,900	12,198,600	12,037,300	12,914,200
Restricted Funds	115,545	166,680	231,900	231,900	228,100
<b>TOTAL EXPENDITURES</b>	<b>11,075,745</b>	<b>11,414,580</b>	<b>12,430,500</b>	<b>12,269,200</b>	<b>13,142,300</b>

The General Administration and Support program provides an organizational and administrative system to maintain and operate the 51 park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with program operations support and central maintenance and minor construction support, are included in this program.

**Policy**

The Budget of the Commonwealth provides General Fund in the amount of \$375,500 in fiscal year 2014-2015 and \$917,500 in fiscal year 2015-2016 for debt service on new bonds included in the capital budget.

**Tourism, Arts and Heritage  
Parks**

**Resort Parks**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,223,800	9,543,800	9,779,200	13,357,600	13,091,800
State Salary and Compensation Allocation	511,200	64,700	129,400		
Current Year Appropriation			6,571,900		
Other	1,450,580				
<b>Total General Fund</b>	<b>12,185,580</b>	<b>9,608,500</b>	<b>16,480,500</b>	<b>13,357,600</b>	<b>13,091,800</b>
<b>Restricted Funds</b>					
Balance Forward		19,168			
Current Receipts	41,265,055	39,243,938	39,360,200	39,360,200	39,360,200
Non-Revenue Receipts	-1,561,026	4,125,662	-4,125,600		
<b>Total Restricted Funds</b>	<b>39,704,029</b>	<b>43,388,768</b>	<b>35,234,600</b>	<b>39,360,200</b>	<b>39,360,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>51,889,609</b>	<b>52,997,268</b>	<b>51,715,100</b>	<b>52,717,800</b>	<b>52,452,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	30,395,346	30,092,091	29,431,000	31,280,000	32,014,200
Operating Expenses	21,362,595	22,812,766	22,284,100	21,437,800	20,437,800
Debt Service	24,171	43,394			
Capital Outlay	88,328	49,154			
Construction		-137			
<b>TOTAL EXPENDITURES</b>	<b>51,870,441</b>	<b>52,997,268</b>	<b>51,715,100</b>	<b>52,717,800</b>	<b>52,452,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	12,185,580	9,608,500	16,480,500	13,357,600	13,091,800
Restricted Funds	39,684,861	43,388,768	35,234,600	39,360,200	39,360,200
<b>TOTAL EXPENDITURES</b>	<b>51,870,441</b>	<b>52,997,268</b>	<b>51,715,100</b>	<b>52,717,800</b>	<b>52,452,000</b>

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

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

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

**Tourism, Arts and Heritage  
Parks**

**Recreation Parks and Historic Sites**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,734,900	7,300,000	7,268,400	7,878,800	8,099,000
Current Year Appropriation			472,800		
Other	-1,989,900	-588,000			
<b>Total General Fund</b>	6,745,000	6,712,000	7,741,200	7,878,800	8,099,000
<b>Restricted Funds</b>					
Balance Forward	185	18,146		4,500	4,500
Current Receipts	8,462,145	7,860,372	7,995,800	7,995,800	7,995,800
Non-Revenue Receipts	71,007	472,810	-472,800		
<b>Total Restricted Funds</b>	8,533,337	8,351,328	7,523,000	8,000,300	8,000,300
<b>TOTAL SOURCE OF FUNDS</b>	15,278,337	15,063,328	15,264,200	15,879,100	16,099,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,718,493	9,593,045	9,655,500	10,270,400	10,490,600
Operating Expenses	5,442,151	5,441,735	5,604,200	5,604,200	5,604,200
Grants Loans Benefits		467			
Debt Service	23,132	28,192			
Capital Outlay	75,884	209			
Construction	533	-320			
<b>TOTAL EXPENDITURES</b>	15,260,191	15,063,328	15,259,700	15,874,600	16,094,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,745,000	6,712,000	7,741,200	7,878,800	8,099,000
Restricted Funds	8,515,191	8,351,328	7,518,500	7,995,800	7,995,800
<b>TOTAL EXPENDITURES</b>	15,260,191	15,063,328	15,259,700	15,874,600	16,094,800

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

**Recreation Park Facilities**

Big Bone Lick State Park - Boone County  
 Carr Creek State Park - Knott County  
 Columbus-Belmont Battlefield State Park - Hickman County  
 E. P. "Tom" Sawyer State Park - Jefferson County  
 Fort Boonesborough State Park - Madison County  
 General Burnside State Park - Pulaski County  
 Grayson Lake State Park - Elliott and Carter Counties  
 Green River Lake State Park - Taylor County  
 John James Audubon State Park - Henderson County  
 Kincaid Lake State Park - Pendleton County  
 Kingdom Come State Park - Harlan County

Lake Malone State Park - Muhlenberg County  
 Levi Jackson Wilderness Road State Park - Laurel County  
 Lincoln Homestead State Park - Washington County  
 Mineral Mound State Park - Lyon County  
 My Old Kentucky Home State Park - Nelson County  
 Nolin Lake State Park - Edmonson County  
 Old Fort Harrod State Park - Mercer County  
 Paintsville Lake State Park - Johnson County  
 Pine Mountain Trail State Park - Harlan & Bell Counties  
 Taylorsville Lake State Park - Spencer County  
 Yatesville Lake State Park - Lawrence County

**Historic Sites**

Boone Station - Fayette County  
 Constitution Square State Shrine - Boyle County  
 Dr. Thomas Walker State Shrine - Knox County  
 Isaac Shelby State Shrine - Lincoln County  
 Jefferson Davis Monument State Shrine - Todd County

Old Mulkey Meeting House State Shrine - Monroe County  
 Perryville Battlefield State Shrine - Boyle County  
 Waveland State Shrine - Fayette County  
 White Hall State Shrine - Madison County  
 Wickliffe Mounds State Historic Site - Ballard County  
 William Whitley House State Shrine - Lincoln County

**Tourism, Arts and Heritage**

**Parks**

**Cafeterias**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	281,600	240,000	240,000	299,100	324,000
Other	-49,700	188,700			
<b>Total General Fund</b>	<b>231,900</b>	<b>428,700</b>	<b>240,000</b>	<b>299,100</b>	<b>324,000</b>
<b>Restricted Funds</b>					
Balance Forward	3,030	8,660	103,900	81,000	57,000
Current Receipts	1,670,256	1,693,350	1,690,000	1,690,000	1,690,000
Non-Revenue Receipts	4,549	-1,055			
<b>Total Restricted Funds</b>	<b>1,677,835</b>	<b>1,700,954</b>	<b>1,793,900</b>	<b>1,771,000</b>	<b>1,747,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,909,735</b>	<b>2,129,654</b>	<b>2,033,900</b>	<b>2,070,100</b>	<b>2,071,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	871,402	994,376	978,100	1,038,300	1,063,200
Operating Expenses	1,029,674	1,031,402	974,800	974,800	974,800
<b>TOTAL EXPENDITURES</b>	<b>1,901,076</b>	<b>2,025,778</b>	<b>1,952,900</b>	<b>2,013,100</b>	<b>2,038,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	231,900	428,700	240,000	299,100	324,000
Restricted Funds	1,669,176	1,597,078	1,712,900	1,714,000	1,714,000
<b>TOTAL EXPENDITURES</b>	<b>1,901,076</b>	<b>2,025,778</b>	<b>1,952,900</b>	<b>2,013,100</b>	<b>2,038,000</b>

The Cafeteria program provides food service in the Capitol Annex, Transportation Building, and the Health and Family Services Building for members of the General Assembly, state employees, and visitors to the state offices in Frankfort. The cafeterias also provide catering service for special local events.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,344,600	2,372,100	2,390,800	2,471,800	2,510,800
State Salary and Compensation Allocation	7,400	2,200	4,500		
Current Year Appropriation	3,500,000				
<b>Total General Fund</b>	<b>5,852,000</b>	<b>2,374,300</b>	<b>2,395,300</b>	<b>2,471,800</b>	<b>2,510,800</b>
<b>Restricted Funds</b>					
Balance Forward		838,509	908,800	854,500	1,143,400
Current Receipts	8,688,403	10,148,469	10,252,600	10,807,700	10,997,300
Non-Revenue Receipts	-1,677,352	-4,800			
<b>Total Restricted Funds</b>	<b>7,011,051</b>	<b>10,982,178</b>	<b>11,161,400</b>	<b>11,662,200</b>	<b>12,140,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,863,051</b>	<b>13,356,478</b>	<b>13,556,700</b>	<b>14,134,000</b>	<b>14,651,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,216,495	6,838,726	6,993,300	7,269,100	7,379,200
Operating Expenses	5,730,670	5,525,558	5,556,400	5,569,000	5,571,700
Capital Outlay	77,378	83,404	152,500	152,500	152,500
<b>TOTAL EXPENDITURES</b>	<b>12,024,542</b>	<b>12,447,688</b>	<b>12,702,200</b>	<b>12,990,600</b>	<b>13,103,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,852,000	2,374,300	2,395,300	2,471,800	2,510,800
Restricted Funds	6,172,542	10,073,388	10,306,900	10,518,800	10,592,600
<b>TOTAL EXPENDITURES</b>	<b>12,024,542</b>	<b>12,447,688</b>	<b>12,702,200</b>	<b>12,990,600</b>	<b>13,103,400</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Horse Park	12,024,542	12,447,688	12,702,200	12,990,600	13,103,400
<b>TOTAL EXPENDITURES</b>	<b>12,024,542</b>	<b>12,447,688</b>	<b>12,702,200</b>	<b>12,990,600</b>	<b>13,103,400</b>

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

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

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

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

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

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		88,000		3,897,100	4,196,400
State Salary and Compensation Allocation			89,900		
Current Year Appropriation	5,500,000		10,500,000		
<b>Total General Fund</b>	5,500,000	88,000	10,589,900	3,897,100	4,196,400
<b>Restricted Funds</b>					
Balance Forward	829,493	792,590	111,200	201,300	
Current Receipts	48,517,264	42,774,359	43,178,000	42,513,900	46,365,600
Non-Revenue Receipts	-4,368,166	3,214,664	-7,200,000		
<b>Total Restricted Funds</b>	44,978,591	46,781,613	36,089,200	42,715,200	46,365,600
<b>TOTAL SOURCE OF FUNDS</b>	50,478,591	46,869,613	46,679,100	46,612,300	50,562,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	26,207,294	24,680,429	24,891,700	25,099,000	26,225,600
Operating Expenses	17,308,190	16,018,239	16,996,900	17,870,700	18,758,600
Grants Loans Benefits	1,549,365	1,504,306	2,080,000	2,507,500	2,086,300
Debt Service	4,421,810	3,990,175	1,662,100	189,000	2,459,500
Capital Outlay	184,307	543,474	847,100	946,100	856,000
Construction	14,306	21,750			
<b>TOTAL EXPENDITURES</b>	49,685,272	46,758,373	46,477,800	46,612,300	50,386,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,499,270	88,000	10,589,900	3,897,100	4,196,400
Restricted Funds	44,186,001	46,670,373	35,887,900	42,715,200	46,189,600
<b>TOTAL EXPENDITURES</b>	49,685,272	46,758,373	46,477,800	46,612,300	50,386,000
<b>EXPENDITURES BY UNIT</b>					
Kentucky Fair and Exposition Center	37,966,168	36,981,803	40,118,400	41,807,800	43,070,800
Kentucky International Convention Center	5,433,918	5,148,195	4,697,300	4,615,500	4,855,700
Debt Service	4,421,810	3,990,175	1,662,100	189,000	2,459,500
<b>TOTAL EXPENDITURES</b>	47,821,896	46,120,173	46,477,800	46,612,300	50,386,000

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

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

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

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

The Center includes approximately 200,000 square feet of exhibit space, a 30,000 square foot ballroom, and nearly 70,000

square feet of meeting space along both sides of Third Street. The exhibit and meeting areas are linked by public concourses spanning Third Street.

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

**Policy**

The Budget of the Commonwealth includes General Fund resources in the amount of \$10,500,000 in fiscal year 2014 and \$2,200,000 in fiscal year 2015 to cover the cumulative and ongoing revenue shortfall due to the loss of University of Louisville Basketball, loss of the Executive East, loss of the Six Flags Kentucky Kingdom lease and a decline in State Fair revenue.

The Budget of the Commonwealth reallocates debt service in the amount of \$2,955,900 in fiscal year 2015 and \$4,420,600 in fiscal year 2016 from the State Fair Board to the Finance and Administration Cabinet.

The Budget of the Commonwealth provides General Fund of \$189,000 in fiscal year 2015 and \$2,459,500 in fiscal year 2016 for debt service on new bonds included in the capital budget.

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	58,043,937	66,215,955	81,474,600	80,874,600	80,580,400
Current Receipts	55,609,157	42,687,435	54,518,800	56,078,800	56,078,800
Non-Revenue Receipts	-15,653,029	4,520,357	-21,648,800	-21,648,800	-21,648,800
Fund Transfers	-258,500				
<b>Total Restricted Funds</b>	<b>97,741,565</b>	<b>113,423,746</b>	<b>114,344,600</b>	<b>115,304,600</b>	<b>115,010,400</b>
<b>Federal Funds</b>					
Balance Forward	5,806,632	4,799,318	10,547,300	10,547,300	11,270,000
Current Receipts	16,591,968	17,324,074	18,657,200	18,617,700	17,630,400
Non-Revenue Receipts	-2,924,795	2,339,498			
<b>Total Federal Funds</b>	<b>19,473,805</b>	<b>24,462,890</b>	<b>29,204,500</b>	<b>29,165,000</b>	<b>28,900,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>117,215,370</b>	<b>137,886,636</b>	<b>143,549,100</b>	<b>144,469,600</b>	<b>143,910,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	32,713,366	34,120,354	35,743,600	38,060,700	38,907,000
Operating Expenses	10,752,949	10,439,737	11,534,100	10,395,700	9,286,000
Grants Loans Benefits	1,266,956	954,007	2,803,400	2,803,400	1,001,100
Capital Outlay	1,466,827	347,351	2,046,100	1,359,400	977,800
Construction		3,228			
<b>TOTAL EXPENDITURES</b>	<b>46,200,097</b>	<b>45,864,678</b>	<b>52,127,200</b>	<b>52,619,200</b>	<b>50,171,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	31,525,610	31,949,069	33,470,000	34,724,200	33,800,600
Federal Funds	14,674,487	13,915,609	18,657,200	17,895,000	16,371,300
<b>TOTAL EXPENDITURES</b>	<b>46,200,097</b>	<b>45,864,678</b>	<b>52,127,200</b>	<b>52,619,200</b>	<b>50,171,900</b>
<b>EXPENDITURES BY UNIT</b>					
Administration and Support	6,287,696	5,881,267	5,675,000	6,223,700	6,417,600
Wildlife Management	14,421,985	13,875,339	15,132,600	15,144,500	14,306,600
Fisheries Management	8,111,610	7,966,734	10,823,400	10,796,900	9,551,400
Information and Education	5,791,851	6,003,376	6,809,900	6,980,400	6,791,500
Law Enforcement	11,586,954	12,137,962	13,686,300	13,473,700	13,104,800
<b>TOTAL EXPENDITURES</b>	<b>46,200,097</b>	<b>45,864,678</b>	<b>52,127,200</b>	<b>52,619,200</b>	<b>50,171,900</b>

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

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

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

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

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

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

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

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

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

## **Policy**

The Budget of the Commonwealth includes Restricted Funds in fiscal year 2014-2015 and 2015-2016 for a \$3,100 training incentive stipend for Conservation Officers. These funds are provided from the Fish and Game Fund.

**Tourism, Arts and Heritage  
Historical Society**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,038,600	5,624,100	5,696,700	5,784,800	6,007,400
State Salary and Compensation Allocation	232,600	7,300	14,700		
<b>Total General Fund</b>	<b>6,271,200</b>	<b>5,631,400</b>	<b>5,711,400</b>	<b>5,784,800</b>	<b>6,007,400</b>
<b>Restricted Funds</b>					
Balance Forward	135,427	143,053	430,100	418,000	418,200
Current Receipts	429,085	774,699	445,700	458,000	477,500
Fund Transfers	-34,600				
<b>Total Restricted Funds</b>	<b>529,912</b>	<b>917,752</b>	<b>875,800</b>	<b>876,000</b>	<b>895,700</b>
<b>Federal Funds</b>					
Current Receipts	148,886	218,493	587,900	537,100	363,700
Non-Revenue Receipts	180,322	535,555			
<b>Total Federal Funds</b>	<b>329,208</b>	<b>754,049</b>	<b>587,900</b>	<b>537,100</b>	<b>363,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,130,320</b>	<b>7,303,200</b>	<b>7,175,100</b>	<b>7,197,900</b>	<b>7,266,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,679,056	4,039,476	4,128,500	4,083,100	4,052,500
Operating Expenses	2,911,419	2,722,609	2,558,600	2,576,600	2,522,400
Grants Loans Benefits	39,393	111,000	70,000	120,000	120,000
Debt Service					134,000
<b>TOTAL EXPENDITURES</b>	<b>6,629,868</b>	<b>6,873,085</b>	<b>6,757,100</b>	<b>6,779,700</b>	<b>6,828,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,913,800	5,631,400	5,711,400	5,784,800	6,007,400
Restricted Funds	386,860	487,636	457,800	457,800	457,800
Federal Funds	329,208	754,049	587,900	537,100	363,700
<b>TOTAL EXPENDITURES</b>	<b>6,629,868</b>	<b>6,873,085</b>	<b>6,757,100</b>	<b>6,779,700</b>	<b>6,828,900</b>
<b>EXPENDITURES BY UNIT</b>					
Oral History and Educational Outreach	211,854	184,631	148,800	198,800	198,800
Research and Publications	153,717	98,000	95,000	95,000	95,000
Museums	67,399	23,000	21,000	21,000	21,000
Administration	6,196,897	6,567,454	6,492,300	6,464,900	6,514,100
<b>TOTAL EXPENDITURES</b>	<b>6,629,868</b>	<b>6,873,085</b>	<b>6,757,100</b>	<b>6,779,700</b>	<b>6,828,900</b>

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

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

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following functional teams: development, director's office, finance and human resources, and communications (which includes visitor services.)

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

artifact collection. The design studio is responsible for museum exhibition design and production, along with the design and production of other KHS interpretive and promotional tools.

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

The Oral History and Educational Outreach Division includes the following units: interpretive education, teacher/student outreach, and community services. Community Services consists of the local history program and the Cemetery Preservation program. Interpretive Education includes school tours, museum theatre, and other educational activities for adults and children. Since 1999, the KHS "history campus" has hosted more than 1,000,000 visitors. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Much of the KHS professional development for teachers is presented through Teaching American History grants awarded by the U.S. Department of Education.

### **Policy**

The Budget of the Commonwealth provides General Fund of \$134,000 in fiscal year 2016 for debt service on new bonds included in the capital budget.

The Budget of the Commonwealth provides General Fund in the amount of \$50,000 in fiscal year 2015 and fiscal year 2016 for Oral History grants.

**Tourism, Arts and Heritage  
Arts Council**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,045,100	2,771,900	2,797,700	3,017,300	2,796,200
State Salary and Compensation Allocation	58,200	2,700	5,400		
<b>Total General Fund</b>	<b>3,103,300</b>	<b>2,774,600</b>	<b>2,803,100</b>	<b>3,017,300</b>	<b>2,796,200</b>
<b>Restricted Funds</b>					
Balance Forward	289,887	452,400	626,300	654,500	82,700
Current Receipts	168,774	183,647	179,800	179,800	179,800
Fund Transfers	-5,300			-600,000	
<b>Total Restricted Funds</b>	<b>453,361</b>	<b>636,047</b>	<b>806,100</b>	<b>234,300</b>	<b>262,500</b>
<b>Federal Funds</b>					
Balance Forward	342,156	327,681	6,600		
Current Receipts	791,500	744,000	753,200	759,800	759,800
Non-Revenue Receipts	-275				
<b>Total Federal Funds</b>	<b>1,133,381</b>	<b>1,071,681</b>	<b>759,800</b>	<b>759,800</b>	<b>759,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,690,042</b>	<b>4,482,328</b>	<b>4,369,000</b>	<b>4,011,400</b>	<b>3,818,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,194,774	1,272,413	1,291,400	1,392,700	1,421,700
Operating Expenses	542,192	502,808	593,600	568,100	568,000
Grants Loans Benefits	2,012,495	2,074,247	1,829,500	1,967,900	1,717,900
<b>TOTAL EXPENDITURES</b>	<b>3,749,461</b>	<b>3,849,468</b>	<b>3,714,500</b>	<b>3,928,700</b>	<b>3,707,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,942,800	2,774,600	2,803,100	3,017,300	2,796,200
Restricted Funds	961	9,789	151,600	151,600	151,600
Federal Funds	805,700	1,065,079	759,800	759,800	759,800
<b>TOTAL EXPENDITURES</b>	<b>3,749,461</b>	<b>3,849,468</b>	<b>3,714,500</b>	<b>3,928,700</b>	<b>3,707,600</b>
<b>EXPENDITURES BY UNIT</b>					
Arts Council	1,459,309	1,482,989	1,512,400	1,621,800	1,650,700
Support Grants	2,085,400	2,179,079	1,934,100	2,072,500	1,822,500
Arts Marketing	196,752	187,400	268,000	234,400	234,400
<b>TOTAL EXPENDITURES</b>	<b>3,741,461</b>	<b>3,849,468</b>	<b>3,714,500</b>	<b>3,928,700</b>	<b>3,707,600</b>

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

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

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

**Policy**

The Budget of the Commonwealth provides General Fund in the amount of \$250,000 in fiscal year 2015 for the Marshall County Arts Commission Children's Theatre.

**Tourism, Arts and Heritage  
Heritage Council**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	761,000	717,300	729,200	736,900	747,300
State Salary and Compensation Allocation	35,500	1,200	2,400		
<b>Total General Fund</b>	<b>796,500</b>	<b>718,500</b>	<b>731,600</b>	<b>736,900</b>	<b>747,300</b>
<b>Restricted Funds</b>					
Balance Forward	406,014	168,186	115,200	117,100	106,000
Current Receipts	154,801	208,666	251,000	251,000	251,000
Fund Transfers	-5,900				
<b>Total Restricted Funds</b>	<b>554,915</b>	<b>376,853</b>	<b>366,200</b>	<b>368,100</b>	<b>357,000</b>
<b>Federal Funds</b>					
Balance Forward			70,900		61,300
Current Receipts	795,074	746,320	701,100	875,800	920,700
<b>Total Federal Funds</b>	<b>795,074</b>	<b>746,320</b>	<b>772,000</b>	<b>875,800</b>	<b>982,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,146,489</b>	<b>1,841,672</b>	<b>1,869,800</b>	<b>1,980,800</b>	<b>2,086,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,377,700	1,347,881	1,457,300	1,570,100	1,594,400
Operating Expenses	319,540	191,641	214,000	163,400	163,400
Grants Loans Benefits	230,662	116,045	81,400	80,000	80,000
<b>TOTAL EXPENDITURES</b>	<b>1,927,903</b>	<b>1,655,566</b>	<b>1,752,700</b>	<b>1,813,500</b>	<b>1,837,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	746,100	718,500	731,600	736,900	747,300
Restricted Funds	386,729	261,616	249,100	262,100	265,300
Federal Funds	795,074	675,450	772,000	814,500	825,200
<b>TOTAL EXPENDITURES</b>	<b>1,927,903</b>	<b>1,655,566</b>	<b>1,752,700</b>	<b>1,813,500</b>	<b>1,837,800</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Heritage Council	1,927,903	1,655,566	1,752,700	1,813,500	1,837,800
<b>TOTAL EXPENDITURES</b>	<b>1,927,903</b>	<b>1,655,566</b>	<b>1,752,700</b>	<b>1,813,500</b>	<b>1,837,800</b>

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

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

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

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

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	907,700	802,400	802,400	1,031,200	1,123,700
<b>Total General Fund</b>	907,700	802,400	802,400	1,031,200	1,123,700
<b>TOTAL SOURCE OF FUNDS</b>	907,700	802,400	802,400	1,031,200	1,123,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	49,782	138,713	138,800	100,300	100,300
Operating Expenses	362,393	236,080	236,000	220,800	220,800
Grants Loans Benefits	463,800	427,600	427,600	617,600	617,600
Debt Service				92,500	185,000
<b>TOTAL EXPENDITURES</b>	875,975	802,393	802,400	1,031,200	1,123,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	875,975	802,393	802,400	1,031,200	1,123,700
<b>TOTAL EXPENDITURES</b>	875,975	802,393	802,400	1,031,200	1,123,700
<b>EXPENDITURES BY UNIT</b>					
Kentucky Center for the Arts	412,175	374,793	374,800	413,600	506,100
Governor's School for the Arts	463,800	427,600	427,600	617,600	617,600
<b>TOTAL EXPENDITURES</b>	875,975	802,393	802,400	1,031,200	1,123,700

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

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

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

The Governor's School for the Arts (GSA) is a model program, recognized nationally by the President's Committee on the Arts and Humanities and the National Endowment of the Arts. GSA was established in 1987 to address the needs of an underserved Kentucky population: Kentucky's artistically gifted and talented young people. Whereas opportunities for advanced academic work has been widely available to Kentucky's academically gifted students, opportunities to pursue advanced work in the arts have been considerably more limited, particularly for geographically and/or economically marginalized students. GSA not only plays a vital role in preparing students for their pursuit of careers in the arts, but also prepares them for all facets of professional life requiring leadership, critical thinking, exceptional communication skills and understanding of the multi-cultural world. GSA is a model program, recognized nationally by the President's Committee on the Arts & Humanities and the National Endowment for the Arts. The school currently serves 200 students.

**Policy**

The Budget of the Commonwealth includes General Fund support in the amount of \$190,000 in fiscal year 2015 and fiscal year 2016 for an additional 50 students to attend the Governor's School for the Arts.

The Budget of the Commonwealth includes General Fund support in the amount of \$92,500 in fiscal year 2015 and \$185,000 in fiscal year 2016 for debt service on new bonds included in the capital budget.

# Transportation

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	<b>Transportation</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,092,800	5,678,200	5,678,200	6,228,200	6,228,200
Continuing Approp.-General Fund	305,577	139,616	299,400		
<b>Total General Fund</b>	<b>5,398,377</b>	<b>5,817,816</b>	<b>5,977,600</b>	<b>6,228,200</b>	<b>6,228,200</b>
<b>Restricted Funds</b>					
Balance Forward	326,516,773	393,166,692	165,118,300	26,385,300	20,329,600
Current Receipts	116,478,960	97,117,585	130,730,800	127,337,400	124,006,400
Non-Revenue Receipts	256,068,527	92,912,641	1,250,896,000	246,597,300	99,945,000
Fund Transfers	-10,388,937	-16,468,000	-9,137,300	-8,810,500	-8,564,800
<b>Total Restricted Funds</b>	<b>688,675,324</b>	<b>566,728,919</b>	<b>1,537,607,800</b>	<b>391,509,500</b>	<b>235,716,200</b>
<b>Federal Funds</b>					
Balance Forward	553,349		33,000		
Current Receipts	709,619,087	709,627,982	617,385,300	726,762,100	729,132,800
Non-Revenue Receipts	14,755,093	-3,932,379	2,500		
ARRA Receipts	68,072,747	13,134,327			
<b>Total Federal Funds</b>	<b>793,000,277</b>	<b>718,829,931</b>	<b>617,420,800</b>	<b>726,762,100</b>	<b>729,132,800</b>
<b>Road Fund</b>					
Regular Appropriation	1,264,604,500	1,449,128,700	1,461,496,100	1,478,312,300	1,443,678,300
Surplus Expenditure Plan	67,517,612	50,311,839	17,718,000		
Continuing Approp.-Road Fund	435,549,345	594,914,617			
Other	40,651,249	-3,267,719	-397,700		
<b>Total Road Fund</b>	<b>1,808,322,706</b>	<b>2,091,087,437</b>	<b>1,478,816,400</b>	<b>1,478,312,300</b>	<b>1,443,678,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,295,396,683</b>	<b>3,382,464,102</b>	<b>3,639,822,600</b>	<b>2,602,812,100</b>	<b>2,414,755,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	400,322,850	418,634,177	449,991,700	469,041,600	476,134,400
Operating Expenses	292,386,338	279,920,201	289,681,400	290,938,400	292,665,200
Grants Loans Benefits	255,150,503	275,900,908	294,384,200	266,556,600	263,535,200
Debt Service	159,253,941	193,525,934	209,436,300	232,217,200	272,100,700
Capital Outlay	8,543,734	15,230,181	1,620,100	1,645,100	1,587,100
Construction	1,155,887,173	1,311,883,700	2,342,378,300	1,318,607,800	1,096,062,300
<b>TOTAL EXPENDITURES</b>	<b>2,271,544,540</b>	<b>2,495,095,100</b>	<b>3,587,492,000</b>	<b>2,579,006,700</b>	<b>2,402,084,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,100,860	5,477,264	5,977,600	6,228,200	6,228,200
Restricted Funds	295,508,631	401,610,785	1,511,222,500	371,179,900	226,521,400
Federal Funds	793,000,276	718,796,953	617,420,800	726,762,100	729,132,800
Road Fund	1,177,934,771	1,369,210,098	1,452,871,100	1,474,836,500	1,440,202,500
<b>TOTAL EXPENDITURES</b>	<b>2,271,544,540</b>	<b>2,495,095,100</b>	<b>3,587,492,000</b>	<b>2,579,006,700</b>	<b>2,402,084,900</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	65,730,558	64,354,464	70,229,500	73,360,300	74,495,900
Aviation	6,820,379	6,833,010	18,611,300	13,885,700	13,917,700
Debt Service	99,772,110	135,497,402	142,216,300	150,559,500	166,911,900
Highways	1,699,314,311	1,816,243,170	2,858,936,000	1,869,195,800	1,679,100,900
Public Transportation	28,926,397	33,499,007	49,538,800	31,553,800	31,891,000
Revenue Sharing	335,953,688	394,284,376	406,604,500	396,861,000	390,753,800
Vehicle Regulation	32,441,947	37,059,500	41,355,600	43,590,600	45,013,700
<b>TOTAL EXPENDITURES</b>	<b>2,268,959,390</b>	<b>2,487,770,928</b>	<b>3,587,492,000</b>	<b>2,579,006,700</b>	<b>2,402,084,900</b>

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

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

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

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

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

### **Policy**

The 2009 General Assembly amended KRS Chapter 48 to require the General Assembly to pass a separate bill for the Transportation Cabinet budget. In addition, the General Assembly is required to pass the Biennial Highway Construction Plan as a separate bill and the last four years of the six-year road plan as a joint resolution. House Bill 236 is the Transportation Cabinet budget bill, and House Bill 237 is the Biennial Highway Construction Plan for the 2014-2016 fiscal biennium. The last four years of the 2014-2020 six-year road plan were included in House Joint Resolution 62.

**Transportation  
General Administration and Support**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		500,000	500,000	500,000	500,000
<b>Total General Fund</b>		500,000	500,000	500,000	500,000
<b>Restricted Funds</b>					
Balance Forward	69,194	93,494	108,500	103,800	99,100
Current Receipts	1,518,657	1,461,622	1,984,400	1,984,400	1,984,400
Non-Revenue Receipts	225,358	375,390			
Fund Transfers	-700				
<b>Total Restricted Funds</b>	1,812,509	1,930,506	2,092,900	2,088,200	2,083,500
<b>Road Fund</b>					
Regular Appropriation	69,188,100	64,930,700	67,740,400	70,871,200	72,006,800
<b>Total Road Fund</b>	69,188,100	64,930,700	67,740,400	70,871,200	72,006,800
<b>TOTAL SOURCE OF FUNDS</b>	71,000,609	67,361,206	70,333,300	73,459,400	74,590,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	27,260,503	25,962,021	26,935,500	28,820,900	29,332,700
Operating Expenses	30,957,969	31,734,400	35,894,000	36,805,400	36,900,700
Grants Loans Benefits	326	462,179	1,400	501,400	501,400
Debt Service	6,695,850	5,843,806	6,800,000	6,609,000	7,195,500
Capital Outlay	803,659	336,813	541,600	566,600	508,600
Construction	12,250	15,246	57,000	57,000	57,000
<b>TOTAL EXPENDITURES</b>	65,730,558	64,354,464	70,229,500	73,360,300	74,495,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		458,867	500,000	500,000	500,000
Restricted Funds	1,719,015	1,822,013	1,989,100	1,989,100	1,989,100
Road Fund	64,011,543	62,073,584	67,740,400	70,871,200	72,006,800
<b>TOTAL EXPENDITURES</b>	65,730,558	64,354,464	70,229,500	73,360,300	74,495,900
<b>EXPENDITURES BY UNIT</b>					
Office of the Secretary	-239,754	171,385	592,000	648,700	662,100
Office of Public Affairs	543,238	661,320	707,400	763,800	777,800
Inspector General	587,202	497,713	873,700	907,000	915,900
Budget & Fiscal Management	2,726,306	2,879,005	3,396,400	3,650,700	3,718,600
Legal Services	8,799,746	4,736,855	5,272,500	5,616,500	5,702,900
Office of Human Resource Management	3,182,020	3,417,628	3,831,500	4,046,700	4,114,300
Office of Support Services	20,365,497	20,159,007	22,555,600	22,690,400	23,413,600
Technology	25,783,883	27,435,001	28,045,000	29,743,100	29,805,300
Office of Civil Rights & Small Business Devlpmnt	513,928	587,627	899,600	956,200	971,400
Office of Audits	3,468,492	3,808,921	4,055,800	4,337,200	4,414,000
<b>TOTAL EXPENDITURES</b>	65,730,558	64,354,464	70,229,500	73,360,300	74,495,900

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

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

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as the main policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal

Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. Beginning in April 2013, the Office of Support Services began providing production print services for the Executive Branch through its Division of Graphic Design and Printing, a function previously performed by the Commonwealth Office of Technology. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

### **Policy**

The Budget of the Commonwealth provides General Fund in the amount of \$500,000 in each year to improve public riverports.

The Budget of the Commonwealth includes Road Fund in the amount of \$208,000 in fiscal year 2015 and \$415,000 in fiscal year 2016 for debt service on new bonds included in the capital budget.

	<b>Transportation Aviation</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	8,192,393	15,960,474	6,604,200	149,600	81,700
Current Receipts	18,569,549	4,090,325	11,804,600	11,804,600	11,804,600
Non-Revenue Receipts	-996,000	-1,366,062	-14,800		
Fund Transfers	-5,898,000	-7,468,000	-3,464,800	-1,460,500	-1,464,800
<b>Total Restricted Funds</b>	<b>19,867,942</b>	<b>11,216,737</b>	<b>14,929,200</b>	<b>10,493,700</b>	<b>10,421,500</b>
<b>Federal Funds</b>					
Balance Forward	18,955		33,000		
Current Receipts	143,168	106,102	1,025,100	611,700	611,700
Non-Revenue Receipts	42,469	-42,469	2,500		
<b>Total Federal Funds</b>	<b>204,592</b>	<b>63,633</b>	<b>1,060,600</b>	<b>611,700</b>	<b>611,700</b>
<b>Road Fund</b>					
Regular Appropriation	2,865,900	2,501,000	2,771,100	2,862,000	2,884,500
Continuing Approp.-Road Fund	1,556,270	731,582			
<b>Total Road Fund</b>	<b>4,422,170</b>	<b>3,232,582</b>	<b>2,771,100</b>	<b>2,862,000</b>	<b>2,884,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>24,494,703</b>	<b>14,512,952</b>	<b>18,760,900</b>	<b>13,967,400</b>	<b>13,917,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,174,761	2,272,595	2,589,800	2,860,000	2,913,600
Operating Expenses	1,438,844	1,355,956	1,641,800	1,388,600	1,389,500
Grants Loans Benefits	2,030,224	1,788,379	12,322,200	7,623,000	7,596,200
Debt Service	996,025	996,675	1,904,800	1,894,500	1,898,800
Construction	180,524	419,404	152,700	119,600	119,600
<b>TOTAL EXPENDITURES</b>	<b>6,820,379</b>	<b>6,833,010</b>	<b>18,611,300</b>	<b>13,885,700</b>	<b>13,917,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	3,907,468	4,612,603	14,779,600	10,412,000	10,421,500
Federal Funds	204,592	30,656	1,060,600	611,700	611,700
Road Fund	2,708,320	2,189,751	2,771,100	2,862,000	2,884,500
<b>TOTAL EXPENDITURES</b>	<b>6,820,379</b>	<b>6,833,010</b>	<b>18,611,300</b>	<b>13,885,700</b>	<b>13,917,700</b>
<b>EXPENDITURES BY UNIT</b>					
Commonwealth Aviation	3,266,431	3,321,478	13,874,600	9,222,700	9,218,400
Capital City Airport	2,557,923	2,514,856	2,831,900	2,768,500	2,800,500
Aviation Administration	996,025	996,675	1,904,800	1,894,500	1,898,800
<b>TOTAL EXPENDITURES</b>	<b>6,820,379</b>	<b>6,833,010</b>	<b>18,611,300</b>	<b>13,885,700</b>	<b>13,917,700</b>

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory program for administrative purposes. The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 53 public use airports, including updating and distributing the state aeronautical charts and airport directories.

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

### Policy

The Budget of the Commonwealth suspends the provisions of KRS 183.525 and transfers \$468,000 in fiscal year 2015 and \$468,000 in fiscal year 2016 from the Kentucky Aviation Economic Development Fund to the General Fund to support General Fund supported aviation bonds authorized by the 2005 General Assembly.

The Budget of the Commonwealth suspends the provisions of KRS 183.525 and transfers \$992,500 in fiscal year 2015 and \$996,800 in fiscal year 2016 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2008 General Assembly.

	<b>Transportation Debt Service</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	116,904,800	150,965,300	168,161,600	154,035,300	170,387,700
<b>Total Road Fund</b>	<b>116,904,800</b>	<b>150,965,300</b>	<b>168,161,600</b>	<b>154,035,300</b>	<b>170,387,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>116,904,800</b>	<b>150,965,300</b>	<b>168,161,600</b>	<b>154,035,300</b>	<b>170,387,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	125,000	125,000	250,000	125,000	125,000
Debt Service	99,647,110	135,372,402	141,966,300	150,434,500	166,786,900
<b>TOTAL EXPENDITURES</b>	<b>99,772,110</b>	<b>135,497,402</b>	<b>142,216,300</b>	<b>150,559,500</b>	<b>166,911,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	99,772,110	135,497,402	142,216,300	150,559,500	166,911,900
<b>TOTAL EXPENDITURES</b>	<b>99,772,110</b>	<b>135,497,402</b>	<b>142,216,300</b>	<b>150,559,500</b>	<b>166,911,900</b>
<b>EXPENDITURES BY UNIT</b>					
Economic Development Lease Rental	99,772,110	135,497,402	142,216,300	150,559,500	166,911,900
<b>TOTAL EXPENDITURES</b>	<b>99,772,110</b>	<b>135,497,402</b>	<b>142,216,300</b>	<b>150,559,500</b>	<b>166,911,900</b>

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

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

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds that were issued to construct the state's parkways are now retired.

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

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The 2009 General Assembly authorized bonds in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan. The 2010 Special Session of the General Assembly authorized \$112 million in BRAC bonds to complete the projects in Fort Knox and \$400 million in bonds for projects included in the Biennial Highway Construction Plan. All but \$200 million of the \$400 million in bonds authorized by the 2010 Special Session of the General Assembly have been issued.

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

### Policy

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the Road Fund. The amount of the Road Fund lapse is \$3,475,800 in each fiscal year.

	<b>Transportation Highways</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	564,000				
<b>Total General Fund</b>	<b>564,000</b>				
<b>Restricted Funds</b>					
Balance Forward	304,982,672	363,201,328	148,814,900	19,587,900	14,888,200
Current Receipts	79,018,611	74,152,395	99,344,000	94,642,100	91,299,200
Non-Revenue Receipts	256,806,069	93,431,820	1,251,000,000	250,000,000	100,000,000
Fund Transfers	-513,500				
<b>Total Restricted Funds</b>	<b>640,293,852</b>	<b>530,785,543</b>	<b>1,499,158,900</b>	<b>364,230,000</b>	<b>206,187,400</b>
<b>Federal Funds</b>					
Balance Forward	534,394				
Current Receipts	684,167,306	679,271,793	570,069,000	697,940,400	699,967,300
Non-Revenue Receipts	14,513,762	-4,190,094			
ARRA Receipts	68,072,747	13,134,327			
<b>Total Federal Funds</b>	<b>767,288,210</b>	<b>688,216,027</b>	<b>570,069,000</b>	<b>697,940,400</b>	<b>699,967,300</b>
<b>Road Fund</b>					
Regular Appropriation	735,682,600	817,710,100	791,578,000	821,913,600	779,181,500
Surplus Expenditure Plan	67,517,612	50,311,839	17,718,000		
Continuing Approp.-Road Fund	311,166,327	451,619,602			
<b>Total Road Fund</b>	<b>1,114,366,539</b>	<b>1,319,641,541</b>	<b>809,296,000</b>	<b>821,913,600</b>	<b>779,181,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,522,512,601</b>	<b>2,538,643,111</b>	<b>2,878,523,900</b>	<b>1,884,084,000</b>	<b>1,685,336,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	351,368,873	369,070,206	398,043,000	412,454,600	418,580,400
Operating Expenses	241,965,754	223,979,356	232,130,900	232,689,800	233,415,900
Grants Loans Benefits	34,371,321	25,938,149	10,744,300	10,744,300	10,744,300
Debt Service	48,769,606	48,169,151	53,980,700	68,477,200	91,415,700
Capital Outlay	5,136,539	7,548,219	1,078,500	1,078,500	1,078,500
Construction	1,017,702,218	1,141,538,089	2,162,958,600	1,143,751,400	923,866,100
<b>TOTAL EXPENDITURES</b>	<b>1,699,314,311</b>	<b>1,816,243,170</b>	<b>2,858,936,000</b>	<b>1,869,195,800</b>	<b>1,679,100,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	564,000				
Restricted Funds	277,092,524	381,970,736	1,479,571,000	349,341,800	199,952,100
Federal Funds	767,288,210	688,216,027	570,069,000	697,940,400	699,967,300
Road Fund	654,369,577	746,056,407	809,296,000	821,913,600	779,181,500
<b>TOTAL EXPENDITURES</b>	<b>1,699,314,311</b>	<b>1,816,243,170</b>	<b>2,858,936,000</b>	<b>1,869,195,800</b>	<b>1,679,100,900</b>
<b>EXPENDITURES BY UNIT</b>					
Research	4,014,626	8,453,691	4,817,400	4,817,400	4,817,400
Construction	1,257,156,398	1,369,131,794	2,395,652,200	1,396,734,700	1,201,341,000
Maintenance	336,068,754	321,062,189	326,900,400	338,410,900	342,439,100
Engineering Administration	11,061,429	12,519,220	13,338,100	14,216,600	14,497,600
Planning	10,664,308	10,822,837	15,204,900	15,220,100	15,230,300
Highway Operations	22,517,018	27,148,430	28,238,300	30,206,100	30,774,400
Equipment Services	49,457,588	57,669,173	64,536,300	59,083,300	59,408,500
Highway Safety	8,374,190	9,435,836	10,248,400	10,506,700	10,592,600
<b>TOTAL EXPENDITURES</b>	<b>1,699,314,311</b>	<b>1,816,243,170</b>	<b>2,858,936,000</b>	<b>1,869,195,800</b>	<b>1,679,100,900</b>

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

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

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of approximately 800 miles, carries 27 percent of all travel.

	<b>Transportation Highways Research</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Funds</b>					
Current Receipts	3,661,479	8,214,366	3,383,400	3,383,400	3,383,400
Non-Revenue Receipts	63,147	-135,675			
<b>Total Federal Funds</b>	<b>3,724,626</b>	<b>8,078,691</b>	<b>3,383,400</b>	<b>3,383,400</b>	<b>3,383,400</b>
<b>Road Fund</b>					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
Continuing Approp.-Road Fund	2,282,237	3,426,237			
Other		-2,200,000			
<b>Total Road Fund</b>	<b>3,716,237</b>	<b>2,660,237</b>	<b>1,434,000</b>	<b>1,434,000</b>	<b>1,434,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,440,863</b>	<b>10,738,928</b>	<b>4,817,400</b>	<b>4,817,400</b>	<b>4,817,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,724,626	7,906,725	4,527,400	4,527,400	4,527,400
Operating Expenses	290,000	546,966	290,000	290,000	290,000
<b>TOTAL EXPENDITURES</b>	<b>4,014,626</b>	<b>8,453,691</b>	<b>4,817,400</b>	<b>4,817,400</b>	<b>4,817,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Funds	3,724,626	8,078,691	3,383,400	3,383,400	3,383,400
Road Fund	290,000	375,000	1,434,000	1,434,000	1,434,000
<b>TOTAL EXPENDITURES</b>	<b>4,014,626</b>	<b>8,453,691</b>	<b>4,817,400</b>	<b>4,817,400</b>	<b>4,817,400</b>

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

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

	<b>Transportation Highways Construction</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	564,000				
<b>Total General Fund</b>	<b>564,000</b>				
<b>Restricted Funds</b>					
Balance Forward	296,233,801	349,069,817	135,215,400	13,031,700	9,172,300
Current Receipts	20,232,513	13,541,783	38,156,100	32,704,200	28,608,000
Non-Revenue Receipts	256,594,334	93,780,278	1,251,000,000	250,000,000	100,000,000
<b>Total Restricted Funds</b>	<b>573,060,649</b>	<b>456,391,878</b>	<b>1,424,371,500</b>	<b>295,735,900</b>	<b>137,780,300</b>
<b>Federal Funds</b>					
Balance Forward	534,394				
Current Receipts	667,537,633	655,770,162	548,652,900	676,524,300	678,551,200
Non-Revenue Receipts	13,333,906	-3,527,766			
ARRA Receipts	68,072,747	13,134,327			
<b>Total Federal Funds</b>	<b>749,478,680</b>	<b>665,376,723</b>	<b>548,652,900</b>	<b>676,524,300</b>	<b>678,551,200</b>
<b>Road Fund</b>					
Regular Appropriation	364,126,700	446,809,300	417,941,500	433,646,800	385,941,100
Surplus Expenditure Plan	67,517,612	50,311,839	17,718,000		
Continuing Approp.-Road Fund	256,223,708	392,745,133			
Other	-12,000,000	-88,500			
<b>Total Road Fund</b>	<b>675,868,020</b>	<b>889,777,772</b>	<b>435,659,500</b>	<b>433,646,800</b>	<b>385,941,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,998,971,348</b>	<b>2,011,546,373</b>	<b>2,408,683,900</b>	<b>1,405,907,000</b>	<b>1,202,272,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	157,394,980	154,959,066	193,262,400	192,642,700	194,195,800
Operating Expenses	22,863,037	26,750,413	35,293,200	35,280,100	35,280,100
Grants Loans Benefits	31,632,785	22,904,964	10,744,300	10,744,300	10,744,300
Debt Service	48,769,606	48,169,151	53,980,700	68,477,200	91,415,700
Capital Outlay	1,250,000	2,912,612			
Construction	995,245,990	1,113,435,588	2,102,371,600	1,089,590,400	869,705,100
<b>TOTAL EXPENDITURES</b>	<b>1,257,156,398</b>	<b>1,369,131,794</b>	<b>2,395,652,200</b>	<b>1,396,734,700</b>	<b>1,201,341,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	564,000				
Restricted Funds	223,990,832	321,176,534	1,411,339,800	286,563,600	136,848,700
Federal Funds	749,478,680	665,376,723	548,652,900	676,524,300	678,551,200
Road Fund	283,122,886	382,578,538	435,659,500	433,646,800	385,941,100
<b>TOTAL EXPENDITURES</b>	<b>1,257,156,398</b>	<b>1,369,131,794</b>	<b>2,395,652,200</b>	<b>1,396,734,700</b>	<b>1,201,341,000</b>
<b>EXPENDITURES BY UNIT</b>					
Bond Funded Construction	211,538,332	215,477,963	1,101,111,200	11,335,000	11,620,100
State Funded Construction	263,647,647	366,236,886	399,620,400	397,360,300	349,664,200
Federal Funded Construction	781,970,419	691,079,825	609,920,600	738,039,400	740,056,700
Toll Bond Funded Construction		96,337,121	185,000,000		
TIFIA Loan			100,000,000	250,000,000	100,000,000
<b>TOTAL EXPENDITURES</b>	<b>1,257,156,398</b>	<b>1,369,131,794</b>	<b>2,395,652,200</b>	<b>1,396,734,700</b>	<b>1,201,341,000</b>

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

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction.

General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Currently no tolls exist on Kentucky parkways. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority received authorization to sell bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005, 2006, 2008, 2009, and 2010 for projects identified as part of the Economic Development Road System. The Authority received authorization in 2008 and 2010 to issue bonds to support road projects specifically related to the Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

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

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. From fiscal year 2005 to fiscal year 2008, \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds were appropriated to support interstate projects along I-64, I-75, and I-65. In addition, GARVEE bonds totaling \$336 million were authorized in 2008 and 2010 for the Louisville Bridges project which is estimated to cost over \$2.6 billion. The 2010 Special Session of the General Assembly authorized \$330 million in GARVEE bonds for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project. For display purposes, the GARVEE bonds are located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

House Bill 4 during the 2009 Special Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority (KPTIA) to facilitate the construction, financing, operation, and oversight of mega-projects. According to the Federal Highway Administration, mega-projects are projects that have a total cost of \$500 million or more. The Authority has the power to finance mega-projects through the use of tolls, funds from any GARVEE, funds appropriated by the state or federal government, and any other funds pledged for their purpose. The Toll Bond Funded program and the TIFIA Loan program provide funding for one of KPTIA's projects, the Louisville-Southern Indiana Ohio River Bridges mega project. The Commonwealth is working jointly with the state of Indiana on this \$2.6 billion project, which consists of two bridges – the Downtown I-65 bridge and the East End I-265 bridge. Kentucky is responsible for the completion of the downtown bridge and is financing a portion of the total cost with toll bonds and a TIFIA loan backed by the federal government.

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

## **Policy**

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

A current year appropriation in the amount of \$100,000,000 in Restricted Funds is included for the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Program. A portion of the Louisville-Southern Indiana Ohio River Bridges project is being funded from a TIFIA loan backed by the federal government.

	<b>Transportation Highways Maintenance</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Current Receipts	3,432,370	3,473,487	3,687,900	3,687,900	3,687,900
Non-Revenue Receipts	211,735	-348,458			
<b>Total Restricted Funds</b>	<b>3,644,105</b>	<b>3,125,030</b>	<b>3,687,900</b>	<b>3,687,900</b>	<b>3,687,900</b>
<b>Road Fund</b>					
Regular Appropriation	323,212,500	323,212,500	323,212,500	334,723,000	338,751,200
Continuing Approp.-Road Fund	52,660,382	55,448,232			
Other	12,000,000				
<b>Total Road Fund</b>	<b>387,872,882</b>	<b>378,660,732</b>	<b>323,212,500</b>	<b>334,723,000</b>	<b>338,751,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>391,516,987</b>	<b>381,785,762</b>	<b>326,900,400</b>	<b>338,410,900</b>	<b>342,439,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	134,572,420	142,688,244	136,053,000	147,112,600	150,573,200
Operating Expenses	196,134,199	172,517,340	160,212,100	160,663,000	161,230,600
Grants Loans Benefits		1,358			
Capital Outlay	3,393,308	4,050,000	300,000	300,000	300,000
Construction	1,968,826	1,805,247	30,335,300	30,335,300	30,335,300
<b>TOTAL EXPENDITURES</b>	<b>336,068,754</b>	<b>321,062,189</b>	<b>326,900,400</b>	<b>338,410,900</b>	<b>342,439,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	3,644,105	3,125,030	3,687,900	3,687,900	3,687,900
Road Fund	332,424,649	317,937,159	323,212,500	334,723,000	338,751,200
<b>TOTAL EXPENDITURES</b>	<b>336,068,754</b>	<b>321,062,189</b>	<b>326,900,400</b>	<b>338,410,900</b>	<b>342,439,100</b>

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

The Division of Maintenance responsibilities are broken down into two areas. The Roadway Preservation program maintains approximately 15,000 miles of state primary highways and 13,000 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on over 27,000 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities. The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system.

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

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

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

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

**Transportation  
Highways  
Engineering Administration**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	13,245,700	13,112,600	13,338,100	14,216,600	14,497,600
<b>Total Road Fund</b>	<b>13,245,700</b>	<b>13,112,600</b>	<b>13,338,100</b>	<b>14,216,600</b>	<b>14,497,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,245,700</b>	<b>13,112,600</b>	<b>13,338,100</b>	<b>14,216,600</b>	<b>14,497,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,401,249	10,836,492	9,679,900	10,489,300	10,691,700
Operating Expenses	1,149,297	1,150,298	2,879,700	2,948,800	3,027,400
Capital Outlay	486,941	533,097	778,500	778,500	778,500
Construction	23,942	-667			
<b>TOTAL EXPENDITURES</b>	<b>11,061,429</b>	<b>12,519,220</b>	<b>13,338,100</b>	<b>14,216,600</b>	<b>14,497,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	11,061,429	12,519,220	13,338,100	14,216,600	14,497,600
<b>TOTAL EXPENDITURES</b>	<b>11,061,429</b>	<b>12,519,220</b>	<b>13,338,100</b>	<b>14,216,600</b>	<b>14,497,600</b>

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

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

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

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

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

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

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

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

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

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

	<b>Transportation Highways Planning</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	9,477,812	9,870,458	12,498,000	12,498,000	12,498,000
Non-Revenue Receipts	96,374	-183,409			
<b>Total Federal Funds</b>	<b>9,574,186</b>	<b>9,687,049</b>	<b>12,498,000</b>	<b>12,498,000</b>	<b>12,498,000</b>
<b>Road Fund</b>					
Regular Appropriation	3,512,700	2,933,900	2,706,900	2,722,100	2,732,300
<b>Total Road Fund</b>	<b>3,512,700</b>	<b>2,933,900</b>	<b>2,706,900</b>	<b>2,722,100</b>	<b>2,732,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,086,886</b>	<b>12,620,949</b>	<b>15,204,900</b>	<b>15,220,100</b>	<b>15,230,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,930,391	9,586,327	11,115,800	11,125,200	11,127,000
Operating Expenses	451,528	464,231	4,089,100	4,094,900	4,103,300
Grants Loans Benefits	-13,207				
Capital Outlay		52,285			
Construction	295,596	719,993			
<b>TOTAL EXPENDITURES</b>	<b>10,664,308</b>	<b>10,822,837</b>	<b>15,204,900</b>	<b>15,220,100</b>	<b>15,230,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Federal Funds	9,574,186	9,687,049	12,498,000	12,498,000	12,498,000
Road Fund	1,090,122	1,135,788	2,706,900	2,722,100	2,732,300
<b>TOTAL EXPENDITURES</b>	<b>10,664,308</b>	<b>10,822,837</b>	<b>15,204,900</b>	<b>15,220,100</b>	<b>15,230,300</b>

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

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

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

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

**Transportation  
Highways  
Highway Operations**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Road Fund</b>					
Regular Appropriation	25,623,500	25,791,600	28,238,300	30,206,100	30,774,400
Other		2,288,500			
<b>Total Road Fund</b>	<b>25,623,500</b>	<b>28,080,100</b>	<b>28,238,300</b>	<b>30,206,100</b>	<b>30,774,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>25,623,500</b>	<b>28,080,100</b>	<b>28,238,300</b>	<b>30,206,100</b>	<b>30,774,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	22,216,606	27,277,389	28,062,300	29,990,400	30,493,600
Operating Expenses	275,676	-129,770	176,000	215,700	280,800
Construction	24,736	812			
<b>TOTAL EXPENDITURES</b>	<b>22,517,018</b>	<b>27,148,430</b>	<b>28,238,300</b>	<b>30,206,100</b>	<b>30,774,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Road Fund	22,517,018	27,148,430	28,238,300	30,206,100	30,774,400
<b>TOTAL EXPENDITURES</b>	<b>22,517,018</b>	<b>27,148,430</b>	<b>28,238,300</b>	<b>30,206,100</b>	<b>30,774,400</b>

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

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

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

**Transportation  
Highways  
Equipment Services**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	8,736,200	14,118,840	13,581,800	6,545,500	5,712,200
Current Receipts	55,353,727	57,132,125	57,500,000	58,250,000	59,000,000
Fund Transfers	-513,500				
<b>Total Restricted Funds</b>	<b>63,576,427</b>	<b>71,250,964</b>	<b>71,081,800</b>	<b>64,795,500</b>	<b>64,712,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>63,576,427</b>	<b>71,250,964</b>	<b>71,081,800</b>	<b>64,795,500</b>	<b>64,712,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	10,620,625	11,492,442	11,395,000	12,356,300	12,665,200
Operating Expenses	18,792,968	20,600,030	22,889,600	22,901,300	22,917,600
Grants Loans Benefits		202			
Capital Outlay	6,289				
Construction	20,037,705	25,576,498	30,251,700	23,825,700	23,825,700
<b>TOTAL EXPENDITURES</b>	<b>49,457,588</b>	<b>57,669,173</b>	<b>64,536,300</b>	<b>59,083,300</b>	<b>59,408,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	49,457,588	57,669,173	64,536,300	59,083,300	59,408,500
<b>TOTAL EXPENDITURES</b>	<b>49,457,588</b>	<b>57,669,173</b>	<b>64,536,300</b>	<b>59,083,300</b>	<b>59,408,500</b>

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 12 repair garages located throughout the state.

	<b>Transportation Highways Highway Safety</b>				
	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	12,671	12,671	17,700	10,700	3,700
Current Receipts		5,000			3,300
<b>Total Restricted Funds</b>	<b>12,671</b>	<b>17,671</b>	<b>17,700</b>	<b>10,700</b>	<b>7,000</b>
<b>Federal Funds</b>					
Current Receipts	3,490,382	5,416,807	5,534,700	5,534,700	5,534,700
Non-Revenue Receipts	1,020,336	-343,243			
<b>Total Federal Funds</b>	<b>4,510,718</b>	<b>5,073,564</b>	<b>5,534,700</b>	<b>5,534,700</b>	<b>5,534,700</b>
<b>Road Fund</b>					
Regular Appropriation	4,527,500	4,416,200	4,706,700	4,965,000	5,050,900
<b>Total Road Fund</b>	<b>4,527,500</b>	<b>4,416,200</b>	<b>4,706,700</b>	<b>4,965,000</b>	<b>5,050,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>9,050,889</b>	<b>9,507,434</b>	<b>10,259,100</b>	<b>10,510,400</b>	<b>10,592,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,507,975	4,323,521	3,947,200	4,210,700	4,306,500
Operating Expenses	2,009,049	2,079,849	6,301,200	6,296,000	6,286,100
Grants Loans Benefits	2,751,744	3,031,625			
Capital Outlay		225			
Construction	105,423	617			
<b>TOTAL EXPENDITURES</b>	<b>8,374,190</b>	<b>9,435,836</b>	<b>10,248,400</b>	<b>10,506,700</b>	<b>10,592,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds			7,000	7,000	7,000
Federal Funds	4,510,718	5,073,564	5,534,700	5,534,700	5,534,700
Road Fund	3,863,473	4,362,273	4,706,700	4,965,000	5,050,900
<b>TOTAL EXPENDITURES</b>	<b>8,374,190</b>	<b>9,435,836</b>	<b>10,248,400</b>	<b>10,506,700</b>	<b>10,592,600</b>

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

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

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

**Transportation  
Public Transportation**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,528,800	5,178,200	5,178,200	5,728,200	5,728,200
Continuing Approp.-General Fund	305,577	139,616	299,400		
<b>Total General Fund</b>	<b>4,834,377</b>	<b>5,317,816</b>	<b>5,477,600</b>	<b>5,728,200</b>	<b>5,728,200</b>
<b>Restricted Funds</b>					
Current Receipts	440,000	440,000	500,000	484,200	495,600
Non-Revenue Receipts	33,100				
Fund Transfers	-33,100				
<b>Total Restricted Funds</b>	<b>440,000</b>	<b>440,000</b>	<b>500,000</b>	<b>484,200</b>	<b>495,600</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	23,949,537	28,040,610	43,561,200	25,341,400	25,667,200
<b>Total Federal Funds</b>	<b>23,949,537</b>	<b>28,040,610</b>	<b>43,561,200</b>	<b>25,341,400</b>	<b>25,667,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>29,223,914</b>	<b>33,798,426</b>	<b>49,538,800</b>	<b>31,553,800</b>	<b>31,891,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,420,673	1,528,825	1,724,800	1,840,100	1,869,900
Operating Expenses	69,756	72,132	96,800	96,800	96,800
Grants Loans Benefits	27,435,968	31,898,050	47,717,200	29,616,900	29,924,300
<b>TOTAL EXPENDITURES</b>	<b>28,926,397</b>	<b>33,499,007</b>	<b>49,538,800</b>	<b>31,553,800</b>	<b>31,891,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,536,860	5,018,397	5,477,600	5,728,200	5,728,200
Restricted Funds	440,000	440,000	500,000	484,200	495,600
Federal Funds	23,949,537	28,040,610	43,561,200	25,341,400	25,667,200
<b>TOTAL EXPENDITURES</b>	<b>28,926,397</b>	<b>33,499,007</b>	<b>49,538,800</b>	<b>31,553,800</b>	<b>31,891,000</b>
<b>EXPENDITURES BY UNIT</b>					
Public Transportation	28,120,201	32,638,422	48,674,000	30,644,800	30,970,600
Multi-Modal Transportation	366,196	420,585	424,800	424,800	424,800
Human Services Delivery	440,000	440,000	440,000	484,200	495,600
<b>TOTAL EXPENDITURES</b>	<b>28,926,397</b>	<b>33,499,007</b>	<b>49,538,800</b>	<b>31,553,800</b>	<b>31,891,000</b>

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

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

Also included in the Public Transportation program is funding for Non-public School Transportation, a program that provides grants to non-public schools so that they may offer bus service to their students.

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

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

**Policy**

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

The Budget of the Commonwealth includes additional General Fund in the amount of \$550,000 in each year of the biennium for Non-public School Transportation.

**Transportation  
Revenue Sharing**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	5,764,910	1,802,604	1,519,900		
Non-Revenue Receipts		471,493			
<b>Total Restricted Funds</b>	5,764,910	2,274,097	1,519,900		
<b>Road Fund</b>					
Regular Appropriation	312,423,900	380,661,800	405,482,300	396,861,000	390,753,800
Continuing Approp.-Road Fund	116,173,748	137,088,233			
Other	40,651,249	-3,267,719	-397,700		
<b>Total Road Fund</b>	469,248,897	514,482,314	405,084,600	396,861,000	390,753,800
<b>TOTAL SOURCE OF FUNDS</b>	475,013,807	516,756,411	406,604,500	396,861,000	390,753,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,689,291	3,418,870	3,348,400	3,475,600	3,505,900
Operating Expenses	8,156,534	9,457,980	4,547,000	4,734,600	4,559,300
Grants Loans Benefits	187,211,579	211,729,294	219,499,100	213,971,000	210,669,000
Construction	137,896,284	169,678,232	179,210,000	174,679,800	172,019,600
<b>TOTAL EXPENDITURES</b>	335,953,688	394,284,376	406,604,500	396,861,000	390,753,800
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	3,962,307	754,234	1,519,900		
Road Fund	331,991,381	393,530,142	405,084,600	396,861,000	390,753,800
<b>TOTAL EXPENDITURES</b>	335,953,688	394,284,376	406,604,500	396,861,000	390,753,800
<b>EXPENDITURES BY UNIT</b>					
County Road Aid	128,289,799	149,972,448	154,689,500	149,967,100	147,643,000
Rural Secondary	148,210,455	181,942,720	185,812,400	181,927,400	179,108,000
Municipal Aid	58,562,808	61,448,892	64,448,400	63,100,900	62,123,000
Energy Recovery	329,006	307,955	903,000	903,000	903,000
Rural and Municipal Aid	561,619	612,361	751,200	962,600	976,800
<b>TOTAL EXPENDITURES</b>	335,953,688	394,284,376	406,604,500	396,861,000	390,753,800

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

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

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

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

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

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

**Policy**

The Motor Fuels revenue estimate for the fiscal biennium 2014-2016, upon which the Road Fund appropriations in the Revenue Sharing program are based, is \$883,200,000 in fiscal year 2015 and \$870,500,000 for fiscal year 2016.

**Transportation  
Vehicle Regulation**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	7,507,604	12,108,794	8,070,800	6,544,000	5,260,600
Current Receipts	16,932,143	16,973,242	17,097,800	18,422,100	18,422,600
Non-Revenue Receipts			-89,200	-3,402,700	-55,000
Fund Transfers	-3,943,637	-9,000,000	-5,672,500	-7,350,000	-7,100,000
<b>Total Restricted Funds</b>	<b>20,496,111</b>	<b>20,082,036</b>	<b>19,406,900</b>	<b>14,213,400</b>	<b>16,528,200</b>
<b>Federal Funds</b>					
Balance Forward					
Current Receipts	1,359,076	2,209,477	2,730,000	2,868,600	2,886,600
Non-Revenue Receipts	198,862	300,184			
<b>Total Federal Funds</b>	<b>1,557,938</b>	<b>2,509,660</b>	<b>2,730,000</b>	<b>2,868,600</b>	<b>2,886,600</b>
<b>Road Fund</b>					
Regular Appropriation	22,889,200	24,554,800	25,762,700	31,769,200	28,464,000
<b>Total Road Fund</b>	<b>22,889,200</b>	<b>24,554,800</b>	<b>25,762,700</b>	<b>31,769,200</b>	<b>28,464,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>44,943,249</b>	<b>47,146,496</b>	<b>47,899,600</b>	<b>48,851,200</b>	<b>47,878,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	15,283,749	16,256,661	17,100,200	19,465,400	19,806,900
Operating Expenses	9,797,481	13,320,376	15,370,900	15,223,200	16,303,000
Grants Loans Benefits	4,101,083	4,084,856	4,100,000	4,100,000	4,100,000
Debt Service	3,145,350	3,143,900	4,784,500	4,802,000	4,803,800
Capital Outlay	18,386	20,977			
Construction	95,898	232,730			
<b>TOTAL EXPENDITURES</b>	<b>32,441,947</b>	<b>37,059,500</b>	<b>41,355,600</b>	<b>43,590,600</b>	<b>45,013,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	8,387,317	12,011,200	12,862,900	8,952,800	13,663,100
Federal Funds	1,557,938	2,509,660	2,730,000	2,868,600	2,886,600
Road Fund	22,496,691	22,538,639	25,762,700	31,769,200	28,464,000
<b>TOTAL EXPENDITURES</b>	<b>32,441,947</b>	<b>37,059,500</b>	<b>41,355,600</b>	<b>43,590,600</b>	<b>45,013,700</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner	1,388,977	1,003,235	1,113,800	1,179,900	1,198,600
Drivers Licensing	9,806,126	11,567,979	13,182,500	14,341,100	14,483,700
Motor Carriers	3,347,973	3,937,719	4,985,700	6,701,000	6,778,000
Motor Vehicle Licensing	16,115,155	18,811,276	19,887,700	19,080,000	20,234,800
Customer Service	838,070	838,070	1,196,500	1,247,700	1,260,000
Motor Vehicle Commission	945,646	901,220	989,400	1,040,900	1,058,600
<b>TOTAL EXPENDITURES</b>	<b>32,441,947</b>	<b>37,059,500</b>	<b>41,355,600</b>	<b>43,590,600</b>	<b>45,013,700</b>

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

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

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240(3) requires the Cabinet to issue a new reflectorized license plate on a schedule to be determined by the Cabinet. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a Restricted Fund to pay for the new plates. In 2007, KRS 186.040 was amended to add an additional \$3 to the registration fee which shall be distributed as follows: \$1 for AVIS replacement activities, \$1 for county clerk hardware and software improvement, and \$1 for a county clerk revenue supplement for collection and administration of Road Fund taxes.

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

**Policy**

The fiscal year 2014 enacted budget increased the fund transfer from the Department by \$3,500,000 above the Governor's Recommendation with no associated reduction to the Restricted Funds appropriation. For that reason, the full amount of the budgeted fund transfer amount is not displayed above.

# Statewide

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**Statewide  
Budget Reserve Trust Fund**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Surplus Expenditure Plan	121,722,500		25,600,900		
Continuing Approp.-General Fund		121,722,500	121,722,500	98,294,200	84,633,000
Other			-49,029,200		
<b>Total General Fund</b>	<b>121,722,500</b>	<b>121,722,500</b>	<b>98,294,200</b>	<b>98,294,200</b>	<b>84,633,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>121,722,500</b>	<b>121,722,500</b>	<b>98,294,200</b>	<b>98,294,200</b>	<b>84,633,000</b>

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

**Policy**

A deposit of \$25,600,900 was made in July, 2013 from the fiscal year 2013 General Fund surplus to bring the balance of the Budget Reserve Trust Fund to \$98,294,200.

The Budget of the Commonwealth appropriated \$13,661,200 from the Budget Reserve Trust Fund to General Fund expenditure uses in fiscal year 2016 bringing the budgeted balance to \$84,633,000.

The Budget of the Commonwealth directs any General Fund surplus to the Budget Reserve Trust Fund through the General Fund Surplus Expenditure Plan, after allowing for sufficient resources for items authorized as necessary government expenses.

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# Legislative Branch

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**Legislative Branch**

	<b>Actual FY 2012</b>	<b>Actual FY2013</b>	<b>Revised FY2014</b>	<b>Enacted FY 2015</b>	<b>Enacted FY 2016</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	53,800,100	50,883,800	53,800,100	56,437,200	60,139,500
Continuing Approp.-General Fund	13,193,736	13,997,320	13,673,000	13,673,000	11,351,800
<b>Total General Fund</b>	<b>66,993,836</b>	<b>64,881,120</b>	<b>67,473,100</b>	<b>70,110,200</b>	<b>71,491,300</b>
<b>Restricted Funds</b>					
Balance Forward	1,476,759	1,646,080	1,347,600	1,347,600	867,600
Current Receipts	184,320	29,500	714,000	50,000	120,000
Fund Transfers	-15,000			-480,000	
<b>Total Restricted Funds</b>	<b>1,646,080</b>	<b>1,675,580</b>	<b>2,061,600</b>	<b>917,600</b>	<b>987,600</b>
<b>Federal Funds</b>					
Current Receipts			900		
<b>Total Federal Funds</b>			<b>900</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>68,639,916</b>	<b>66,556,700</b>	<b>69,535,600</b>	<b>71,027,800</b>	<b>72,478,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	38,146,424	38,505,257	43,247,500	46,656,800	48,064,700
Operating Expenses	10,804,479	10,326,563	11,117,500	10,222,000	10,222,000
Capital Outlay	31,112	23,535	150,000		
<b>TOTAL EXPENDITURES</b>	<b>48,982,015</b>	<b>48,855,355</b>	<b>54,515,000</b>	<b>56,878,800</b>	<b>58,286,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	48,982,015	48,527,400	53,800,100	56,828,800	58,166,700
Restricted Funds		327,955	714,000	50,000	120,000
Federal Funds			900		
<b>TOTAL EXPENDITURES</b>	<b>48,982,015</b>	<b>48,855,355</b>	<b>54,515,000</b>	<b>56,878,800</b>	<b>58,286,700</b>
<b>EXPENDITURES BY UNIT</b>					
Legislative Branch	48,982,015	48,855,355	54,515,000	56,878,800	58,286,700
<b>TOTAL EXPENDITURES</b>	<b>48,982,015</b>	<b>48,855,355</b>	<b>54,515,000</b>	<b>56,878,800</b>	<b>58,286,700</b>

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# Judicial Branch

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	Judicial Branch				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	316,338,800	316,211,100	315,602,000	334,049,600	337,449,600
Continuing Approp.-General Fund	1,455,974	239,787	8,973,100	119,800	119,800
<b>Total General Fund</b>	<b>317,794,774</b>	<b>316,450,887</b>	<b>324,575,100</b>	<b>334,169,400</b>	<b>337,569,400</b>
<b>Restricted Funds</b>					
Balance Forward	22,685,957	20,909,696	19,811,046	12,532,446	6,472,546
Current Receipts	17,847,626	26,434,167	25,517,500	25,517,500	25,441,600
Non-Revenue Receipts	18,127,519	18,505,219	17,690,000	17,690,000	17,697,700
<b>Total Restricted Funds</b>	<b>58,661,102</b>	<b>65,849,082</b>	<b>63,018,546</b>	<b>55,739,946</b>	<b>49,611,846</b>
<b>Federal Funds</b>					
Current Receipts	3,507,000	4,245,000	3,128,300	3,599,300	3,611,200
<b>Total Federal Funds</b>	<b>3,507,000</b>	<b>4,245,000</b>	<b>3,128,300</b>	<b>3,599,300</b>	<b>3,611,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>379,962,876</b>	<b>386,544,969</b>	<b>390,721,946</b>	<b>393,508,646</b>	<b>390,792,446</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	192,539,256	200,306,649	212,010,500	227,373,700	231,180,000
Operating Expenses	156,964,625	157,343,752	162,759,200	156,242,600	156,192,600
Debt Service			3,200,000	3,200,000	3,200,000
Capital Outlay	190,512	110,309	100,000	100,000	100,000
<b>TOTAL EXPENDITURES</b>	<b>349,694,393</b>	<b>357,760,710</b>	<b>378,069,700</b>	<b>386,916,300</b>	<b>390,672,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	308,435,987	307,477,674	324,455,300	334,049,600	337,449,600
Restricted Funds	37,751,406	46,038,036	50,486,100	49,267,400	49,611,800
Federal Funds	3,507,000	4,245,000	3,128,300	3,599,300	3,611,200
<b>TOTAL EXPENDITURES</b>	<b>349,694,393</b>	<b>357,760,710</b>	<b>378,069,700</b>	<b>386,916,300</b>	<b>390,672,600</b>
<b>EXPENDITURES BY UNIT</b>					
Court Operations & Administration	225,238,106	233,419,536	245,776,600	258,499,700	262,256,000
Local Facilities Fund	118,716,187	112,724,874	120,353,300	111,500,000	111,500,000
Local Facilities Use Allowance		116,800			
Contingency Fund					
Judicial Form Retirement System	5,740,100	11,499,500	11,939,800	16,916,600	16,916,600
<b>TOTAL EXPENDITURES</b>	<b>349,694,393</b>	<b>357,760,710</b>	<b>378,069,700</b>	<b>386,916,300</b>	<b>390,672,600</b>