

Labor

	Labor				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	5,157,300	4,658,000	4,761,100	5,101,500	5,183,400
Restricted Funds					
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				
Total Restricted Funds	207,705,193	205,698,927	213,911,600	226,416,500	218,094,200
Federal Funds					
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
Total Federal Funds	3,736,439	3,942,658	3,987,900	4,105,600	4,120,200
TOTAL SOURCE OF FUNDS	216,598,933	214,299,585	222,660,600	235,623,600	227,397,800
EXPENDITURES BY CLASS					
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	
TOTAL EXPENDITURES	198,683,327	194,166,534	212,534,200	234,944,700	227,360,200
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	198,683,327	194,166,534	212,534,200	234,944,700	227,360,200
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	198,683,327	194,166,534	212,534,200	234,944,700	227,360,200

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.

	Actual FY 2012	Labor Secretary Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
Restricted Funds					
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
Total Restricted Funds	3,834,507	3,828,460	4,677,000	4,356,400	4,415,000
Federal Funds					
Balance Forward		6,870			
Current Receipts	182,886	222,591	170,000	184,800	188,600
Non-Revenue Receipts	-23,122	-26,433			
Total Federal Funds	159,764	203,028	170,000	184,800	188,600
TOTAL SOURCE OF FUNDS	3,994,271	4,031,488	4,847,000	4,541,200	4,603,600
EXPENDITURES BY CLASS					
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				
TOTAL EXPENDITURES	3,510,021	3,693,629	4,847,000	4,541,200	4,603,600
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	3,510,021	3,693,629	4,847,000	4,541,200	4,603,600
EXPENDITURES BY UNIT					
Secretary	3,510,021	3,693,629	4,847,000	4,541,200	4,603,600
TOTAL EXPENDITURES	3,510,021	3,693,629	4,847,000	4,541,200	4,603,600

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
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	3,255,800	2,937,000	3,004,000	3,312,200	3,358,900
Restricted Funds					
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				
Total Restricted Funds	3,414,681	3,851,657	4,094,500	3,759,200	3,364,500
Federal Funds					
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
Total Federal Funds	67,641	56,000	47,500	47,500	47,500
TOTAL SOURCE OF FUNDS	6,738,123	6,844,657	7,146,000	7,118,900	6,770,900
EXPENDITURES BY CLASS					
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			
TOTAL EXPENDITURES	5,281,162	5,484,297	6,072,400	6,440,000	6,733,300
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	5,281,162	5,484,297	6,072,400	6,440,000	6,733,300
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	5,281,162	5,484,297	6,072,400	6,440,000	6,733,300

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
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	1,901,500	1,721,000	1,757,100	1,789,300	1,824,500
Restricted Funds					
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
Total Restricted Funds	76,117,718	73,338,734	77,323,500	78,995,600	78,671,300
Federal Funds					
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
Total Federal Funds	3,509,034	3,683,630	3,770,400	3,873,300	3,884,100
TOTAL SOURCE OF FUNDS	81,528,252	78,743,364	82,851,000	84,658,200	84,379,900
EXPENDITURES BY CLASS					
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		
TOTAL EXPENDITURES	77,015,248	74,219,399	82,851,000	84,658,200	84,379,900
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	77,015,248	74,219,399	82,851,000	84,658,200	84,379,900
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	77,015,248	74,219,399	82,851,000	84,658,200	84,379,900

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

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

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

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

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

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

and mediation.

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

	Labor Workers' Claims				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
Restricted Funds					
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
Total Restricted Funds	15,733,736	16,336,381	16,527,200	21,788,000	18,039,100
TOTAL SOURCE OF FUNDS	15,733,736	16,336,381	16,527,200	21,788,000	18,039,100
EXPENDITURES BY CLASS					
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	
TOTAL EXPENDITURES	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100
TOTAL EXPENDITURES	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100
EXPENDITURES BY UNIT					
Workers' Claims	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100
TOTAL EXPENDITURES	14,563,810	15,122,771	16,527,200	21,788,000	18,039,100

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
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	115,335	167,566	42,000		
Current Receipts	17				
Non-Revenue Receipts	530,800	469,125	669,200	757,200	770,900
Total Restricted Funds	646,151	636,691	711,200	757,200	770,900
TOTAL SOURCE OF FUNDS	646,151	636,691	711,200	757,200	770,900
EXPENDITURES BY CLASS					
Personnel Cost	433,923	547,432	660,100	706,300	720,000
Operating Expenses	44,662	47,222	51,100	50,900	50,900
TOTAL EXPENDITURES	478,585	594,653	711,200	757,200	770,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	478,585	594,653	711,200	757,200	770,900
TOTAL EXPENDITURES	478,585	594,653	711,200	757,200	770,900
EXPENDITURES BY UNIT					
Occupational Safety and Health Review Commission	478,585	594,653	711,200	757,200	770,900
TOTAL EXPENDITURES	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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
Restricted Funds					
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
Total Restricted Funds	107,958,400	107,707,004	110,578,200	116,760,100	112,833,400
TOTAL SOURCE OF FUNDS	107,958,400	107,707,004	110,578,200	116,760,100	112,833,400
EXPENDITURES BY CLASS					
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		
TOTAL EXPENDITURES	97,834,501	95,051,784	101,525,400	116,760,100	112,833,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	97,834,501	95,051,784	101,525,400	116,760,100	112,833,400
TOTAL EXPENDITURES	97,834,501	95,051,784	101,525,400	116,760,100	112,833,400
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	97,834,501	95,051,784	101,525,400	116,760,100	112,833,400

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

	Personnel				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	14,660,700	1,257,800	1,057,800	959,600	959,600
Restricted Funds					
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
Total Restricted Funds	73,016,552	73,299,882	77,109,900	75,024,200	73,498,100
TOTAL SOURCE OF FUNDS	87,677,252	74,557,682	78,167,700	75,983,800	74,457,700
EXPENDITURES BY CLASS					
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			
TOTAL EXPENDITURES	61,732,001	55,678,866	61,343,500	63,473,300	64,800,700
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	61,732,001	55,678,866	61,343,500	63,473,300	64,800,700
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	61,732,001	55,678,866	61,343,500	63,473,300	64,800,700

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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,879,000				
Other	5,800,000				
Total General Fund	8,679,000				
Restricted Funds					
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
Total Restricted Funds	25,325,267	29,241,206	27,242,400	28,283,600	28,536,800
TOTAL SOURCE OF FUNDS	34,004,267	29,241,206	27,242,400	28,283,600	28,536,800
EXPENDITURES BY CLASS					
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			
TOTAL EXPENDITURES	32,391,623	27,053,801	26,818,800	27,764,400	28,028,200
EXPENDITURES BY FUND SOURCE					
General Fund	8,679,000				
Restricted Funds	23,712,623	27,053,801	26,818,800	27,764,400	28,028,200
TOTAL EXPENDITURES	32,391,623	27,053,801	26,818,800	27,764,400	28,028,200
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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
SOURCE OF FUNDS					
Restricted Funds					
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
Total Restricted Funds	13,427,888	14,339,570	16,469,300	16,952,100	17,832,500
TOTAL SOURCE OF FUNDS	13,427,888	14,339,570	16,469,300	16,952,100	17,832,500
EXPENDITURES BY CLASS					
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				
TOTAL EXPENDITURES	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500
TOTAL EXPENDITURES	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500
EXPENDITURES BY UNIT					
Public Employees Deferred Compensation Authority	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500
TOTAL EXPENDITURES	6,342,651	6,502,817	8,877,200	9,112,100	9,161,500

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

Personnel
Workers' Compensation Benefits and Reserve

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
Restricted Funds					
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	
Total Restricted Funds	34,263,396	29,719,106	33,398,200	29,788,500	27,128,800
TOTAL SOURCE OF FUNDS	34,263,396	29,719,106	33,398,200	29,788,500	27,128,800
EXPENDITURES BY CLASS					
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				
TOTAL EXPENDITURES	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400
TOTAL EXPENDITURES	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400
EXPENDITURES BY UNIT					
Workers' Compensation Benefits and Reserve	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400
TOTAL EXPENDITURES	21,538,578	20,864,449	24,589,700	25,637,200	26,651,400

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

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

	Personnel				
	State Salary and Compensation Fund				
SOURCE OF FUNDS	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
General Fund					
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				
Total General Fund	4,240,800				
TOTAL SOURCE OF FUNDS	4,240,800				

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,740,900	1,257,800	1,057,800	959,600	959,600
Total General Fund	1,740,900	1,257,800	1,057,800	959,600	959,600
TOTAL SOURCE OF FUNDS	1,740,900	1,257,800	1,057,800	959,600	959,600
EXPENDITURES BY CLASS					
Grants Loans Benefits	1,459,150	1,257,800	1,057,800	959,600	959,600
TOTAL EXPENDITURES	1,459,150	1,257,800	1,057,800	959,600	959,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,459,150	1,257,800	1,057,800	959,600	959,600
TOTAL EXPENDITURES	1,459,150	1,257,800	1,057,800	959,600	959,600
EXPENDITURES BY UNIT					
State Group Health Insurance Fund	1,459,150	1,257,800	1,057,800	959,600	959,600
TOTAL EXPENDITURES	1,459,150	1,257,800	1,057,800	959,600	959,600

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

Postsecondary Education

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	1,234,988,157	1,179,518,173	1,187,713,300	1,157,896,600	1,192,911,900
Tobacco Settlement - Phase I					
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			
Total Tobacco Settlement - Phase I	5,945,092	5,790,196	3,231,600	6,072,500	4,707,500
Restricted Funds					
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
Total Restricted Funds	3,502,156,345	3,670,664,080	4,568,637,400	4,725,850,000	4,902,384,900
Federal Funds					
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				
Total Federal Funds	867,887,271	832,682,185	889,312,800	907,372,300	938,413,200
TOTAL SOURCE OF FUNDS	5,610,976,864	5,688,654,634	6,648,895,100	6,797,191,400	7,038,417,500
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	5,572,697,340	5,541,614,021	6,644,267,800	6,795,890,500	7,037,014,200
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	5,572,697,340	5,541,614,021	6,644,267,800	6,795,890,500	7,037,014,200
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	5,572,697,340	5,541,614,021	6,644,267,800	6,795,890,500	7,037,014,200

**Postsecondary Education
Council on Postsecondary Education**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	52,615,287	46,174,798	45,596,000	45,489,900	71,405,000
Tobacco Settlement - Phase I					
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			
Total Tobacco Settlement - Phase I	4,694,852	4,689,806	2,531,600	4,972,500	3,607,500
Restricted Funds					
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	
Total Restricted Funds	8,076,583	8,149,735	7,883,600	7,100,800	7,208,400
Federal Funds					
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			
Total Federal Funds	13,844,003	17,385,619	18,216,300	18,296,300	18,325,000
TOTAL SOURCE OF FUNDS	79,230,725	76,399,959	74,227,500	75,859,500	100,545,900
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	73,243,748	71,416,067	72,534,200	74,558,600	99,142,600
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	73,243,748	71,416,067	72,534,200	74,558,600	99,142,600
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	73,243,748	71,416,067	72,534,200	74,558,600	99,142,600

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

The Council's statutory responsibilities include:

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

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	7,879,500	6,840,500	6,920,600	6,884,600	6,987,600
Restricted Funds					
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	
Total Restricted Funds	1,632,487	1,760,645	1,782,300	999,500	1,107,100
TOTAL SOURCE OF FUNDS	9,511,987	8,601,145	8,702,900	7,884,100	8,094,700
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	7,956,704	7,338,849	7,723,400	7,297,000	7,405,200
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	7,956,704	7,338,849	7,723,400	7,297,000	7,405,200

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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,718,400	5,779,900	5,931,900	6,113,000	6,374,100
Other	-308,000	-63,156			
Total General Fund	5,410,400	5,716,744	5,931,900	6,113,000	6,374,100
Restricted Funds					
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				
Total Restricted Funds	4,463,210	4,101,703	4,110,000	4,110,000	4,110,000
TOTAL SOURCE OF FUNDS	9,873,610	9,818,447	10,041,900	10,223,000	10,484,100
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	9,840,612	9,786,347	10,041,900	10,223,000	10,484,100
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	9,840,612	9,786,347	10,041,900	10,223,000	10,484,100
EXPENDITURES BY UNIT					
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 Instns Mtchg Fd	4,463,210	4,101,703	4,110,000	4,110,000	4,110,000
TOTAL EXPENDITURES	9,840,612	9,786,347	10,041,900	10,223,000	10,484,100

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
SOURCE OF FUNDS					
Federal Funds					
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
Total Federal Funds	3,188,076	6,649,496	5,894,300	5,974,300	6,003,000
TOTAL SOURCE OF FUNDS	3,188,076	6,649,496	5,894,300	5,974,300	6,003,000
EXPENDITURES BY CLASS					
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			
TOTAL EXPENDITURES	3,310,682	6,760,759	5,671,800	5,751,800	5,780,500
EXPENDITURES BY FUND SOURCE					
Federal Funds	3,310,682	6,760,759	5,671,800	5,751,800	5,780,500
TOTAL EXPENDITURES	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
SOURCE OF FUNDS					
General Fund					
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			
Total General Fund	39,325,387	33,617,554	32,743,500	32,492,300	58,043,300
Tobacco Settlement - Phase I					
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			
Total Tobacco Settlement - Phase I	4,694,852	4,689,806	2,531,600	4,972,500	3,607,500
Restricted Funds					
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				
Total Restricted Funds	1,980,885	2,287,388	1,991,300	1,991,300	1,991,300
Federal Funds					
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			
Total Federal Funds	10,655,927	10,736,123	12,322,000	12,322,000	12,322,000
TOTAL SOURCE OF FUNDS	56,657,051	51,330,871	49,588,400	51,778,100	75,964,100
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	52,135,750	47,530,112	49,097,100	51,286,800	75,472,800
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	52,135,750	47,530,112	49,097,100	51,286,800	75,472,800
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	52,135,750	47,530,112	49,097,100	51,286,800	75,472,800

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
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	194,585,870	194,927,275	200,542,600	201,841,200	205,302,000
Tobacco Settlement - Phase I					
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			
Total Tobacco Settlement - Phase I	1,000,240	1,100,390	700,000	1,100,000	1,100,000
Restricted Funds					
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				
Total Restricted Funds	27,284,066	33,556,424	30,809,700	28,395,400	28,456,900
Federal Funds					
Current Receipts	1,803,818	2,491,878	392,900	59,300	59,300
Non-Revenue Receipts	737,449	-541,286			
Total Federal Funds	2,541,267	1,950,592	392,900	59,300	59,300
TOTAL SOURCE OF FUNDS	225,411,443	231,534,681	232,445,200	231,395,900	234,918,200
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	215,487,096	218,132,759	232,445,200	231,395,900	234,918,200
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	215,487,096	218,132,759	232,445,200	231,395,900	234,918,200
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	215,487,096	218,132,759	232,445,200	231,395,900	234,918,200

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	987,787,000	938,416,100	941,574,700	910,565,500	916,204,900
Total General Fund	987,787,000	938,416,100	941,574,700	910,565,500	916,204,900
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	250,000				
Total Tobacco Settlement - Phase I	250,000				
Restricted Funds					
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
Total Restricted Funds	3,466,795,696	3,628,957,921	4,529,944,100	4,690,353,800	4,866,719,600
Federal Funds					
Current Receipts	851,496,900	813,345,974	870,703,600	889,016,700	920,028,900
ARRA Receipts	5,100				
Total Federal Funds	851,502,000	813,345,974	870,703,600	889,016,700	920,028,900
TOTAL SOURCE OF FUNDS	5,306,334,696	5,380,719,995	6,342,222,400	6,489,936,000	6,702,953,400
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	5,283,966,496	5,252,065,195	6,339,288,400	6,489,936,000	6,702,953,400
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	5,283,966,496	5,252,065,195	6,339,288,400	6,489,936,000	6,702,953,400
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	70,823,000	67,673,700	67,673,700	68,033,800	68,033,800
Total General Fund	70,823,000	67,673,700	67,673,700	68,033,800	68,033,800
Restricted Funds					
Current Receipts	173,281,800	184,722,000	176,294,300	180,928,200	185,699,400
Total Restricted Funds	173,281,800	184,722,000	176,294,300	180,928,200	185,699,400
Federal Funds					
Current Receipts	90,076,200	88,959,000	90,324,000	94,840,200	99,582,200
Total Federal Funds	90,076,200	88,959,000	90,324,000	94,840,200	99,582,200
TOTAL SOURCE OF FUNDS	334,181,000	341,354,700	334,292,000	343,802,200	353,315,400
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	334,181,000	341,354,700	334,292,000	343,802,200	353,315,400
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	334,181,000	341,354,700	334,292,000	343,802,200	353,315,400
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	334,181,000	341,354,700	334,292,000	343,802,200	353,315,400

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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	24,660,000	23,537,400	23,537,400	23,429,600	23,429,600
Total General Fund	24,660,000	23,537,400	23,537,400	23,429,600	23,429,600
Restricted Funds					
Current Receipts	28,890,996	28,365,021	32,826,900	33,476,500	34,145,400
Total Restricted Funds	28,890,996	28,365,021	32,826,900	33,476,500	34,145,400
Federal Funds					
Current Receipts	22,570,500	19,584,974	19,844,700	19,844,700	19,844,700
Total Federal Funds	22,570,500	19,584,974	19,844,700	19,844,700	19,844,700
TOTAL SOURCE OF FUNDS	76,121,496	71,487,395	76,209,000	76,750,800	77,419,700
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	76,121,496	71,487,395	76,209,000	76,750,800	77,419,700
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	76,121,496	71,487,395	76,209,000	76,750,800	77,419,700
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	43,514,800	41,564,500	41,560,200	41,039,500	43,339,500
Total General Fund	43,514,800	41,564,500	41,560,200	41,039,500	43,339,500
Restricted Funds					
Current Receipts	88,564,400	95,921,000	102,386,800	108,154,500	113,707,200
Total Restricted Funds	88,564,400	95,921,000	102,386,800	108,154,500	113,707,200
Federal Funds					
Current Receipts	84,168,800	89,457,000	96,698,200	95,821,100	96,805,700
ARRA Receipts	5,100				
Total Federal Funds	84,173,900	89,457,000	96,698,200	95,821,100	96,805,700
TOTAL SOURCE OF FUNDS	216,253,100	226,942,500	240,645,200	245,015,100	253,852,400
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	213,983,000	219,827,400	240,645,200	245,015,100	253,852,400
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	213,983,000	219,827,400	240,645,200	245,015,100	253,852,400
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	50,295,400	48,005,800	48,005,800	48,025,100	48,025,100
Total General Fund	50,295,400	48,005,800	48,005,800	48,025,100	48,025,100
Restricted Funds					
Current Receipts	99,468,100	104,446,400	110,212,500	113,365,200	119,130,100
Total Restricted Funds	99,468,100	104,446,400	110,212,500	113,365,200	119,130,100
Federal Funds					
Current Receipts	20,377,700	18,652,400	18,755,500	18,755,500	18,755,500
Total Federal Funds	20,377,700	18,652,400	18,755,500	18,755,500	18,755,500
TOTAL SOURCE OF FUNDS	170,141,200	171,104,600	176,973,800	180,145,800	185,910,700
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	170,141,200	171,104,600	176,973,800	180,145,800	185,910,700
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	170,141,200	171,104,600	176,973,800	180,145,800	185,910,700
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	49,744,400	46,835,100	46,835,100	48,537,600	48,537,600
Total General Fund	49,744,400	46,835,100	46,835,100	48,537,600	48,537,600
Restricted Funds					
Current Receipts	153,703,600	155,637,200	183,739,700	194,333,800	203,785,400
Total Restricted Funds	153,703,600	155,637,200	183,739,700	194,333,800	203,785,400
Federal Funds					
Current Receipts	15,691,800	15,893,300	15,171,600	15,171,600	15,171,600
Total Federal Funds	15,691,800	15,893,300	15,171,600	15,171,600	15,171,600
TOTAL SOURCE OF FUNDS	219,139,800	218,365,600	245,746,400	258,043,000	267,494,600
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	219,139,800	218,365,600	245,746,400	258,043,000	267,494,600
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	219,139,800	218,365,600	245,746,400	258,043,000	267,494,600
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	297,330,100	283,869,300	283,869,300	279,611,300	279,611,300
Total General Fund	297,330,100	283,869,300	283,869,300	279,611,300	279,611,300
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	250,000				
Total Tobacco Settlement - Phase I	250,000				
Restricted Funds					
Current Receipts	1,814,274,300	1,870,009,600	2,219,357,900	2,309,116,700	2,404,130,300
Total Restricted Funds	1,814,274,300	1,870,009,600	2,219,357,900	2,309,116,700	2,404,130,300
Federal Funds					
Current Receipts	219,659,100	205,805,800	205,978,100	217,443,000	229,710,400
Total Federal Funds	219,659,100	205,805,800	205,978,100	217,443,000	229,710,400
TOTAL SOURCE OF FUNDS	2,331,513,500	2,359,684,700	2,709,205,300	2,806,171,000	2,913,452,000
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	2,311,415,400	2,240,991,000	2,709,205,300	2,806,171,000	2,913,452,000
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	2,311,415,400	2,240,991,000	2,709,205,300	2,806,171,000	2,913,452,000
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	174,795,600	163,049,400	166,212,300	139,076,900	140,416,300
Total General Fund	174,795,600	163,049,400	166,212,300	139,076,900	140,416,300
Restricted Funds					
Current Receipts	671,537,400	745,503,800	962,023,800	990,331,600	1,012,352,500
Total Restricted Funds	671,537,400	745,503,800	962,023,800	990,331,600	1,012,352,500
Federal Funds					
Current Receipts	105,801,700	93,401,800	108,251,600	97,877,000	96,632,000
Total Federal Funds	105,801,700	93,401,800	108,251,600	97,877,000	96,632,000
TOTAL SOURCE OF FUNDS	952,134,700	1,001,955,000	1,236,487,700	1,227,285,500	1,249,400,800
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	952,134,700	999,109,000	1,233,553,700	1,227,285,500	1,249,400,800
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	952,134,700	999,109,000	1,233,553,700	1,227,285,500	1,249,400,800
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	952,134,800	999,109,000	1,233,553,700	1,227,285,500	1,249,400,800

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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	75,879,500	72,425,200	72,425,200	72,649,400	74,649,400
Total General Fund	75,879,500	72,425,200	72,425,200	72,649,400	74,649,400
Restricted Funds					
Current Receipts	200,889,900	207,710,300	276,934,800	282,396,800	287,859,800
Total Restricted Funds	200,889,900	207,710,300	276,934,800	282,396,800	287,859,800
Federal Funds					
Current Receipts	47,217,800	42,315,100	44,599,000	44,599,000	44,599,000
Total Federal Funds	47,217,800	42,315,100	44,599,000	44,599,000	44,599,000
TOTAL SOURCE OF FUNDS	323,987,200	322,450,600	393,959,000	399,645,200	407,108,200
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	323,987,200	322,450,600	393,959,000	399,645,200	407,108,200
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	323,987,200	322,450,600	393,959,000	399,645,200	407,108,200
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	323,434,100	322,450,600	393,959,000	399,645,200	407,108,200

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
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	200,744,200	191,455,700	191,455,700	190,162,300	190,162,300
Total General Fund	200,744,200	191,455,700	191,455,700	190,162,300	190,162,300
Restricted Funds					
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
Total Restricted Funds	236,185,200	236,642,600	466,167,400	478,250,500	505,909,500
Federal Funds					
Current Receipts	245,933,300	239,276,600	271,080,900	284,664,600	298,927,800
Total Federal Funds	245,933,300	239,276,600	271,080,900	284,664,600	298,927,800
TOTAL SOURCE OF FUNDS	682,862,700	667,374,900	928,704,000	953,077,400	994,999,600
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	682,862,700	667,374,900	928,704,000	953,077,400	994,999,600
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	682,862,700	667,374,900	928,704,000	953,077,400	994,999,600
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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

	Public Protection				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
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		
Total General Fund	7,444,900	6,700,600	6,839,600	5,200,400	7,322,000
Restricted Funds					
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
Total Restricted Funds	130,777,933	136,556,237	144,653,000	130,045,500	111,992,900
Federal Funds					
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			
Total Federal Funds	1,553,493	1,509,198	1,462,600	1,515,700	1,498,700
TOTAL SOURCE OF FUNDS	139,776,326	144,766,035	152,955,200	136,761,600	120,813,600
EXPENDITURES BY CLASS					
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				
TOTAL EXPENDITURES	76,552,479	80,078,719	92,659,000	97,733,400	98,922,900
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	76,552,479	80,078,719	92,659,000	97,733,400	98,922,900
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	76,552,479	80,078,719	92,659,000	97,733,400	98,922,900

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**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	262,500	261,700	267,400	277,900	283,100
State Salary and Compensation Allocation	16,800				
Total General Fund	279,300	261,700	267,400	277,900	283,100
Restricted Funds					
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				
Total Restricted Funds	4,832,016	5,892,916	6,915,100	6,798,900	6,053,500
TOTAL SOURCE OF FUNDS	5,111,316	6,154,616	7,182,500	7,076,800	6,336,600
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	4,620,994	4,823,552	5,606,100	6,108,400	6,213,900
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	4,620,994	4,823,552	5,606,100	6,108,400	6,213,900
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	4,620,994	4,823,552	5,606,100	6,108,400	6,213,900

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

**Public Protection
Boxing and Wrestling Authority**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
Restricted Funds					
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				
Total Restricted Funds	359,732	368,121	367,600	332,400	280,800
TOTAL SOURCE OF FUNDS	359,732	368,121	367,600	332,400	280,800
EXPENDITURES BY CLASS					
Personnel Cost	95,171	95,288	117,600	132,800	134,600
Operating Expenses	23,842	20,724	33,100	34,300	34,500
TOTAL EXPENDITURES	119,012	116,013	150,700	167,100	169,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	119,012	116,013	150,700	167,100	169,100
TOTAL EXPENDITURES	119,012	116,013	150,700	167,100	169,100
EXPENDITURES BY UNIT					
Boxing and Wrestling Authority	119,012	116,013	150,700	167,100	169,100
TOTAL EXPENDITURES	119,012	116,013	150,700	167,100	169,100

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

**Public Protection
Alcoholic Beverage Control**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	795,000	684,600	698,300	607,800	618,100
State Salary and Compensation Allocation	46,800				
Total General Fund	841,800	684,600	698,300	607,800	618,100
Restricted Funds					
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
Total Restricted Funds	6,568,730	7,146,451	7,856,500	7,288,800	6,449,100
TOTAL SOURCE OF FUNDS	7,410,530	7,831,051	8,554,800	7,896,600	7,067,200
EXPENDITURES BY CLASS					
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	
TOTAL EXPENDITURES	4,909,568	5,052,706	5,894,600	6,428,300	6,388,500
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	4,909,568	5,052,706	5,894,600	6,428,300	6,388,500
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	4,909,568	5,052,706	5,894,600	6,428,300	6,388,500

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

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

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

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

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

**Public Protection
Charitable Gaming**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
Restricted Funds					
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				
Total Restricted Funds	2,981,760	3,547,633	3,715,300	3,557,300	3,489,300
TOTAL SOURCE OF FUNDS	2,981,760	3,547,633	3,715,300	3,557,300	3,489,300
EXPENDITURES BY CLASS					
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				
TOTAL EXPENDITURES	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300
TOTAL EXPENDITURES	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300
EXPENDITURES BY UNIT					
Charitable Gaming	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300
TOTAL EXPENDITURES	2,629,244	3,061,696	3,474,400	3,474,000	3,489,300

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

Public Protection
Board of Claims/Crime Victims' Compensation Board

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	614,600	594,200	600,000	696,400	708,900
State Salary and Compensation Allocation	27,500		11,800		
Total General Fund	642,100	594,200	611,800	696,400	708,900
Restricted Funds					
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				
Total Restricted Funds	1,400,265	1,283,409	1,320,800	1,359,600	1,345,200
Federal Funds					
Current Receipts	533,764	843,160	514,400	450,000	400,000
Total Federal Funds	533,764	843,160	514,400	450,000	400,000
TOTAL SOURCE OF FUNDS	2,576,129	2,720,769	2,447,000	2,506,000	2,454,100
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	2,401,200	2,486,961	2,137,600	2,173,700	2,150,600
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	2,401,200	2,486,961	2,137,600	2,173,700	2,150,600
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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
SOURCE OF FUNDS					
Restricted Funds					
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
Total Restricted Funds	18,888,248	18,091,240	16,822,800	13,985,400	11,353,100
TOTAL SOURCE OF FUNDS	18,888,248	18,091,240	16,822,800	13,985,400	11,353,100
EXPENDITURES BY CLASS					
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		
TOTAL EXPENDITURES	8,695,310	8,948,239	10,449,800	10,612,100	10,984,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	8,695,310	8,948,239	10,449,800	10,612,100	10,984,400
TOTAL EXPENDITURES	8,695,310	8,948,239	10,449,800	10,612,100	10,984,400
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	8,695,310	8,948,239	10,449,800	10,612,100	10,984,400

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**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,969,000	2,609,800	2,660,000	698,700	2,738,600
Total General Fund	2,969,000	2,609,800	2,660,000	698,700	2,738,600
Restricted Funds					
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	
Total Restricted Funds	49,877,616	48,665,926	50,743,600	45,938,200	40,663,300
TOTAL SOURCE OF FUNDS	52,846,616	51,275,726	53,403,600	46,636,900	43,401,900
EXPENDITURES BY CLASS					
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			
TOTAL EXPENDITURES	22,996,829	23,699,790	29,246,600	29,055,900	29,217,100
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	22,996,829	23,699,790	29,246,600	29,055,900	29,217,100
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	22,996,829	23,699,790	29,246,600	29,055,900	29,217,100

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

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,160,600	2,137,000	2,179,800	2,455,300	2,501,500
State Salary and Compensation Allocation	124,000				
Total General Fund	2,284,600	2,137,000	2,179,800	2,455,300	2,501,500
Restricted Funds					
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				
Total Restricted Funds	19,158,032	21,928,444	23,779,200	24,348,000	23,864,700
Federal Funds					
Current Receipts	16,149	102,490			
Non-Revenue Receipts	-108,561	-31,697			
ARRA Receipts	639,976	31,697			
Total Federal Funds	547,565	102,490			
TOTAL SOURCE OF FUNDS	21,990,197	24,167,934	25,959,000	26,803,300	26,366,200
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	16,735,692	17,451,038	19,273,700	20,579,400	20,979,700
EXPENDITURES BY FUND SOURCE					
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			
TOTAL EXPENDITURES	16,735,692	17,451,038	19,273,700	20,579,400	20,979,700
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	16,735,692	17,451,038	19,273,700	20,579,400	20,979,700

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

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

	Public Protection Insurance				
	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
Restricted Funds					
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
Total Restricted Funds	26,711,534	29,632,098	33,132,100	26,436,900	18,493,900
Federal Funds					
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		
Total Federal Funds	472,164	563,548	948,200	1,065,700	1,098,700
TOTAL SOURCE OF FUNDS	27,183,698	30,195,646	34,080,300	27,502,600	19,592,600
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	13,034,130	14,025,424	16,003,200	18,670,200	18,858,500
EXPENDITURES BY FUND SOURCE					
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
TOTAL EXPENDITURES	13,034,130	14,025,424	16,003,200	18,670,200	18,858,500
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	13,034,130	14,025,424	16,003,200	18,670,200	18,858,500

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**

	Actual FY 2012	Actual FY2013	Revised FY2014	Enacted FY 2015	Enacted FY 2016
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	380,200	400,700	408,800	464,300	471,800
State Salary and Compensation Allocation	47,900	12,600	13,500		
Total General Fund	428,100	413,300	422,300	464,300	471,800
TOTAL SOURCE OF FUNDS	428,100	413,300	422,300	464,300	471,800
EXPENDITURES BY CLASS					
Personnel Cost	363,800	373,500	384,300	422,600	431,100
Operating Expenses	46,700	39,800	38,000	41,700	40,700
TOTAL EXPENDITURES	410,500	413,300	422,300	464,300	471,800
EXPENDITURES BY FUND SOURCE					
General Fund	410,500	413,300	422,300	464,300	471,800
TOTAL EXPENDITURES	410,500	413,300	422,300	464,300	471,800
EXPENDITURES BY UNIT					
Tax Appeals	410,500	413,300	422,300	464,300	471,800
TOTAL EXPENDITURES	410,500	413,300	422,300	464,300	471,800

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.