

**PUBLIC PROTECTION AND REGULATION**

|  | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                 |                            |                              |                              |                            |                            |
| <b>General Fund</b>                    |                            |                              |                              |                            |                            |
| Regular Appropriation                  | 38,197,700                 | 46,065,000                   | 45,240,500                   | 44,431,400                 | 44,302,900                 |
| Current Year Appropriation             | 690,500                    |                              |                              |                            |                            |
| Special Appropriation                  | 10,000,000                 |                              |                              | 150,000                    |                            |
| Continuing Appropriation               | 427,200                    |                              |                              |                            |                            |
| <b>Total General Fund</b>              | <b>49,315,400</b>          | <b>46,065,000</b>            | <b>45,240,500</b>            | <b>44,581,400</b>          | <b>44,302,900</b>          |
| <b>Restricted Agency Funds</b>         |                            |                              |                              |                            |                            |
| Balance Forward                        | 119,651,000                | 115,037,400                  | 118,146,100                  | 122,641,600                | 126,031,300                |
| Current Receipts                       | 43,606,300                 | 47,064,700                   | 48,064,000                   | 47,211,700                 | 48,213,000                 |
| Non-Revenue Receipts                   | 83,719,900                 | 79,398,000                   | 80,534,500                   | 76,315,500                 | 76,903,000                 |
| <b>Total Restricted Agency Funds</b>   | <b>246,977,200</b>         | <b>241,500,100</b>           | <b>246,744,600</b>           | <b>246,168,800</b>         | <b>251,147,300</b>         |
| <b>Federal Funds</b>                   |                            |                              |                              |                            |                            |
| Balance Forward                        | 160,000                    | 34,000                       | 28,500                       | 58,500                     | 156,500                    |
| Current Receipts                       | 2,165,900                  | 2,211,500                    | 2,234,500                    | 2,326,500                  | 2,355,000                  |
| Non-Revenue Receipts                   | 84,100                     | 46,000                       | 46,000                       | 46,000                     | 46,000                     |
| <b>Total Federal Funds</b>             | <b>2,410,000</b>           | <b>2,291,500</b>             | <b>2,309,000</b>             | <b>2,431,000</b>           | <b>2,557,500</b>           |
| <b>TOTAL FUNDS</b>                     | <b>298,702,600</b>         | <b>289,856,600</b>           | <b>294,294,100</b>           | <b>293,181,200</b>         | <b>298,007,700</b>         |
| <b>EXPENDITURES BY CLASS</b>           |                            |                              |                              |                            |                            |
| Personnel Costs                        | 64,884,800                 | 73,601,000                   | 77,361,500                   | 73,949,500                 | 77,396,300                 |
| Operating Expenses                     | 68,601,200                 | 62,267,500                   | 61,728,400                   | 56,381,400                 | 55,859,100                 |
| Grants, Loans or Benefits              | 41,451,500                 | 33,228,500                   | 33,268,500                   | 35,004,500                 | 36,093,500                 |
| Debt Service                           | 457,000                    |                              |                              |                            | 109,000                    |
| Capital Outlay                         | 108,000                    | 1,854,000                    | 123,600                      | 1,158,000                  | 149,000                    |
| Construction                           | 500,000                    | 500,000                      | 500,000                      | 500,000                    | 500,000                    |
| <b>TOTAL EXPENDITURES</b>              | <b>176,002,500</b>         | <b>171,451,000</b>           | <b>172,982,000</b>           | <b>166,993,400</b>         | <b>170,106,900</b>         |
| <b>EXPENDITURES BY UNIT</b>            |                            |                              |                              |                            |                            |
| Claims/Crime Victims'<br>Compensation  | 2,115,700                  | 2,276,000                    | 2,314,000                    | 2,171,400                  | 2,208,400                  |
| Alcoholic Beverage Control             | 2,825,400                  | 4,809,500                    | 4,257,500                    | 3,329,400                  | 3,409,900                  |
| Financial Institutions                 | 9,385,500                  | 7,661,000                    | 8,114,000                    | 9,556,000                  | 9,807,500                  |
| Racing Commission                      | 16,793,300                 | 15,318,000                   | 15,347,500                   | 15,436,100                 | 15,076,400                 |
| Housing, Buildings and<br>Construction | 32,671,100                 | 32,977,000                   | 33,476,000                   | 28,890,000                 | 31,003,300                 |
| Insurance                              | 32,133,500                 | 22,415,500                   | 23,092,000                   | 22,574,000                 | 23,206,500                 |
| Mines and Minerals                     | 11,323,300                 | 13,251,500                   | 12,742,000                   | 11,819,800                 | 11,475,400                 |
| Public Advocacy                        | 18,913,300                 | 20,939,500                   | 21,425,000                   | 21,401,100                 | 22,205,100                 |
| Public Service Commission              | 7,952,500                  | 9,133,500                    | 8,818,500                    | 9,568,900                  | 8,907,900                  |
| Secretary                              | 41,347,700                 | 42,258,500                   | 42,972,500                   | 41,836,500                 | 42,384,500                 |
| Tax Appeals                            | 541,200                    | 411,000                      | 423,000                      | 410,200                    | 422,000                    |

|                           |                    |                    |                    |                    |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>TOTAL EXPENDITURES</b> | <u>176,002,500</u> | <u>171,451,000</u> | <u>172,982,000</u> | <u>166,993,400</u> | <u>170,106,900</u> |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

The agencies comprising the Public Protection and Regulation Cabinet have principal responsibility for the supervision and regulation of various aspects of industries providing services to the citizens of the Commonwealth. This includes the enforcement of statutes and/or regulations ensuring the integrity of supervised industries and the safety of both the employees and the persons they serve.

**PUBLIC PROTECTION AND REGULATION  
Claims/Crime Victims' Compensation**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 474,000                    | 549,000                      | 562,500                      | 399,900                    | 411,900                    |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 785,000                    | 1,059,000                    | 1,386,000                    | 1,059,000                  | 1,341,500                  |
| Current Receipts                     | 1,564,500                  | 1,703,000                    | 1,727,500                    | 1,703,000                  | 1,727,500                  |
| <b>Total Restricted Agency Funds</b> | <b>2,349,500</b>           | <b>2,762,000</b>             | <b>3,113,500</b>             | <b>2,762,000</b>           | <b>3,069,000</b>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 14,500                     | 14,500                       | 14,500                       | 14,500                     | 14,500                     |
| Current Receipts                     | 351,200                    | 351,000                      | 351,000                      | 351,000                    | 351,000                    |
| <b>Total Federal Funds</b>           | <b>365,700</b>             | <b>365,500</b>               | <b>365,500</b>               | <b>365,500</b>             | <b>365,500</b>             |
| <b>TOTAL FUNDS</b>                   | <b>3,189,200</b>           | <b>3,676,500</b>             | <b>4,041,500</b>             | <b>3,527,400</b>           | <b>3,846,400</b>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 724,000                    | 879,500                      | 914,000                      | 786,000                    | 819,000                    |
| Operating Expenses                   | 1,389,200                  | 1,394,000                    | 1,397,400                    | 1,385,400                  | 1,389,400                  |
| Capital Outlay                       | 2,500                      | 2,500                        | 2,600                        |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <b>2,115,700</b>           | <b>2,276,000</b>             | <b>2,314,000</b>             | <b>2,171,400</b>           | <b>2,208,400</b>           |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Claims                               | 788,000                    | 958,500                      | 996,500                      | 853,900                    | 890,900                    |
| Crime Victims' Compensation          | 1,327,700                  | 1,317,500                    | 1,317,500                    | 1,317,500                  | 1,317,500                  |
| <b>TOTAL EXPENDITURES</b>            | <b>2,115,700</b>           | <b>2,276,000</b>             | <b>2,314,000</b>             | <b>2,171,400</b>           | <b>2,208,400</b>           |

The Board of Claims functions pursuant to KRS Chapter 44 and is the only forum in which a citizen can sue the state for alleged negligence. Awards under \$500 are paid from funds of the agency at fault; awards over \$500 are paid from appropriations out of the General Fund and awards against the Transportation Cabinet are paid from the Road Fund. The maximum award on a single claim is \$100,000 and there is a cap of \$250,000 on multiple claims arising from the same incident.

The Crime Victims' Compensation Board, under KRS Chapter 346, is empowered to reimburse innocent crime victims up to \$25,000 for their medical expenses, and lost wages that are not paid by any other source. House Bill 455, enacted during the 1998 General Assembly, increased awards for funeral expenses up to \$5,000. In addition, the amount of time that a claimant has to submit a claim with the Board increased from one to a maximum of five years.

The two Boards are composed of the same five members, and the same offices and staff serve them both.

**PUBLIC PROTECTION AND REGULATION**  
**Alcoholic Beverage Control**

|   | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                  |                            |                              |                              |                            |                            |
| <b>General Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                   | 1,817,800                  | 4,082,000                    | 3,520,000                    | 2,526,900                  | 2,622,400                  |
| Current Year Appropriation              | 340,500                    |                              |                              |                            |                            |
| <b>Total General Fund</b>               | <b>2,158,300</b>           | <b>4,082,000</b>             | <b>3,520,000</b>             | <b>2,526,900</b>           | <b>2,622,400</b>           |
| <b>Restricted Agency Funds</b>          |                            |                              |                              |                            |                            |
| Balance Forward                         | 140,500                    | 245,100                      | 245,100                      | 246,100                    | 171,100                    |
| Current Receipts                        | 465,500                    | 476,500                      | 486,500                      | 476,500                    | 486,500                    |
| Non-Revenue Receipts                    | 307,200                    | 251,000                      | 251,000                      | 251,000                    | 251,000                    |
| <b>Total Restricted Agency Funds</b>    | <b>913,200</b>             | <b>972,600</b>               | <b>982,600</b>               | <b>973,600</b>             | <b>908,600</b>             |
| <b>TOTAL FUNDS</b>                      | <b>3,071,500</b>           | <b>5,054,600</b>             | <b>4,502,600</b>             | <b>3,500,500</b>           | <b>3,531,000</b>           |
| <b>EXPENDITURES BY CLASS</b>            |                            |                              |                              |                            |                            |
| Personnel Costs                         | 2,237,900                  | 3,242,500                    | 3,286,000                    | 2,722,500                  | 2,843,500                  |
| Operating Expenses                      | 575,000                    | 1,075,500                    | 971,500                      | 606,900                    | 566,400                    |
| Capital Outlay                          | 12,500                     | 491,500                      |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>               | <b>2,825,400</b>           | <b>4,809,500</b>             | <b>4,257,500</b>             | <b>3,329,400</b>           | <b>3,409,900</b>           |
| <b>EXPENDITURES BY UNIT</b>             |                            |                              |                              |                            |                            |
| Administration, Enforcement and License | 2,557,200                  | 4,548,500                    | 3,996,500                    | 3,068,400                  | 3,148,900                  |
| Tobacco Enforcement                     | 268,200                    | 261,000                      | 261,000                      | 261,000                    | 261,000                    |
| <b>TOTAL EXPENDITURES</b>               | <b>2,825,400</b>           | <b>4,809,500</b>             | <b>4,257,500</b>             | <b>3,329,400</b>           | <b>3,409,900</b>           |

The Department of Alcoholic Beverage Control administers and enforces the laws and regulations relating to the manufacture, sale, transportation, storage, advertising and trafficking of alcoholic beverages, except for the collection of taxes, as set out in Chapters 241-244 of the Kentucky Revised Statutes and Title 804 of the Kentucky Administrative Regulations. House Bill 352, enacted during the 1998 General Assembly, codified Executive Order 97-26 reorganizing the Department in order to provide more efficient oversight and enforcement of the alcoholic beverage laws.

The Commissioner of the Department is its executive officer and serves as Chairman of the Alcoholic Beverage Control Board, which also includes the Administrators of the Malt Beverage and Distilled Spirits units, all three of whom are appointed by the Governor.

In exercising its quasi-judicial authority, the ABC Board may suspend, revoke, or cancel for cause, after hearing, any license issued relating to violation of alcoholic beverage laws; subpoena witnesses, administer and examine any person under oath, and require the production of documents; conduct hearings for and appeals from an applicant whose license is refused by city or county administrators; and revoke licenses and render decisions.

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

## Policy

The Department receives restricted funds from the Kentucky Department of Agriculture as a result of a Memorandum of Agreement to implement laws relating to the sale and use of tobacco products, pursuant to KRS 438.330.

House Bill 321 as enacted provides for a current year appropriation in the amount of \$340,500 and is included in the revised fiscal year 1998 appropriation. This current year appropriation will enable the Department to hire four additional staff as a result of the Department's reorganization. A detailed breakdown of expenditures includes \$301,500 for personnel and \$39,000 for operating. Recurring expenditures associated with the current year appropriation are \$260,000 in fiscal year 1999 and \$220,000 in fiscal year 2000.

House Bill 550 enacted during the 1998 General Assembly increases several alcoholic beverage license fees, which based on historical license issuances, are estimated to generate approximately \$3.9 million annually. The Budget of the Commonwealth does not reflect the fee increases authorized by House Bill 550. The Department will submit an appropriation increase for both years of the biennium to reflect the fee increase.

As a result of the fee increases, the Department will be expanding enforcement activities, providing hazardous duty retirement for enforcement officers, establishing an educational component, and automating the licensing process.

Part IX of House Bill 321 as enacted directs that the Department transfer \$500,000 in fiscal year 1999 and \$500,000 in fiscal year 2000 from restricted funds generated by fee, license, and permit charges authorized by House Bill 550 to the credit of the General Fund.

**PUBLIC PROTECTION AND REGULATION**  
**Financial Institutions**

|                                | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>         |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b> |                            |                              |                              |                            |                            |
| Balance Forward                | 3,100,000                  | 1,364,000                    | 2,037,500                    | 1,901,500                  | 1,053,500                  |
| Current Receipts               | 7,650,500                  | 8,212,000                    | 8,171,000                    | 8,347,500                  | 8,306,500                  |
| Non-Revenue Receipts           | 536,500                    | 360,500                      | 447,500                      | 360,500                    | 447,500                    |
| <b>TOTAL FUNDS</b>             | <b>11,287,000</b>          | <b>9,936,500</b>             | <b>10,656,000</b>            | <b>10,609,500</b>          | <b>9,807,500</b>           |
| <b>EXPENDITURES BY CLASS</b>   |                            |                              |                              |                            |                            |
| Personnel Costs                | 4,983,500                  | 6,329,000                    | 6,861,500                    | 5,807,000                  | 6,083,000                  |
| Operating Expenses             | 4,402,000                  | 1,332,000                    | 1,252,500                    | 3,749,000                  | 3,724,500                  |
| <b>TOTAL EXPENDITURES</b>      | <b>9,385,500</b>           | <b>7,661,000</b>             | <b>8,114,000</b>             | <b>9,556,000</b>           | <b>9,807,500</b>           |
| <b>EXPENDITURES BY UNIT</b>    |                            |                              |                              |                            |                            |
| Commissioner                   | 1,327,600                  | 1,116,000                    | 1,204,500                    | 940,000                    | 952,500                    |
| Administrative Services        | 965,900                    | 834,500                      | 897,000                      | 751,000                    | 774,500                    |
| Financial Institutions         | 5,639,500                  | 4,267,500                    | 4,478,000                    | 4,124,500                  | 4,318,000                  |
| Securities                     | 1,452,500                  | 1,443,000                    | 1,534,500                    | 3,740,500                  | 3,762,500                  |
| <b>TOTAL EXPENDITURES</b>      | <b>9,385,500</b>           | <b>7,661,000</b>             | <b>8,114,000</b>             | <b>9,556,000</b>           | <b>9,807,500</b>           |

The Department of Financial Institutions, established under KRS 287 administers the state supervisory and regulatory functions pertaining to banks, credit unions, savings and loans, consumer loan companies, industrial loan companies, mortgage loan companies, securities issuers, broker-dealers, agents and investment advisors. The Department is headed by a Commissioner, appointed by the Governor. House Bill 355 codified Executive Order 97-723 reorganizing the Department into the following units:

The Commissioner's Office is responsible for planning and monitoring progress thereof, managing, setting policies and determining the direction of the agency. Other functions of the office consists of the General Counsel's Office which provides legal support to the agency. The Public Affairs branch coordinates all communications with the media and acts as the agency's ombudsman in responding to complaints and requests for information.

The Division of Securities handles the registration of various security offerings for sale in the state, or where appropriate, and the registration and/or regulation of broker-dealers, agents, and investment advisers who either resides or conducts business in the state.

The Division of Financial Institutions is charged with licensing/chartering, examination and regulation of both state-chartered depository institutions and non-depository financial institutions.

The Division of Administrative Services is charged with the administration of the accounting, purchasing, inventory control, budgeting, payroll and personnel management functions for the Department. The Division is also responsible for the development of computer examination programs, system upgrade planning, maintenance of the computer network, and computer usage education for employees.

**Policy**

Notwithstanding KRS 287.485, included in the above appropriation is a transfer of \$2,500,000 in each fiscal year to the General Fund Surplus Account.

**PUBLIC PROTECTION AND REGULATION**  
**Racing Commission**

|  | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                     |                            |                              |                              |                            |                            |
| <b>General Fund</b>                        |                            |                              |                              |                            |                            |
| Regular Appropriation                      | 894,100                    | 1,250,500                    | 1,281,500                    | 1,419,100                  | 1,356,900                  |
| Current Year Appropriation                 | 350,000                    |                              |                              |                            |                            |
| <b>Total General Fund</b>                  | <b>1,244,100</b>           | <b>1,250,500</b>             | <b>1,281,500</b>             | <b>1,419,100</b>           | <b>1,356,900</b>           |
| <b>Restricted Agency Funds</b>             |                            |                              |                              |                            |                            |
| Balance Forward                            | 5,209,000                  | 2,005,600                    | 1,268,000                    | 2,549,800                  | 1,862,700                  |
| Current Receipts                           | 1,335,000                  | 1,209,900                    | 1,757,000                    | 1,209,900                  | 1,757,000                  |
| Non-Revenue Receipts                       | 11,555,000                 | 12,120,000                   | 12,465,000                   | 12,120,000                 | 12,465,000                 |
| <b>Total Restricted Agency Funds</b>       | <b>18,099,000</b>          | <b>15,335,500</b>            | <b>15,490,000</b>            | <b>15,879,700</b>          | <b>16,084,700</b>          |
| <b>TOTAL FUNDS</b>                         | <b>19,343,100</b>          | <b>16,586,000</b>            | <b>16,771,500</b>            | <b>17,298,800</b>          | <b>17,441,600</b>          |
| <b>EXPENDITURES BY CLASS</b>               |                            |                              |                              |                            |                            |
| Personnel Costs                            | 1,592,000                  | 1,645,000                    | 1,724,500                    | 1,893,000                  | 1,972,000                  |
| Operating Expenses                         | 746,000                    | 668,000                      | 678,000                      | 588,100                    | 594,400                    |
| Grants, Loans or Benefits                  | 14,434,300                 | 13,005,000                   | 12,945,000                   | 12,955,000                 | 12,510,000                 |
| Capital Outlay                             | 21,000                     |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>                  | <b>16,793,300</b>          | <b>15,318,000</b>            | <b>15,347,500</b>            | <b>15,436,100</b>          | <b>15,076,400</b>          |
| <b>EXPENDITURES BY UNIT</b>                |                            |                              |                              |                            |                            |
| Administration and Regulation of<br>Racing | 2,303,000                  | 2,235,500                    | 2,321,500                    | 2,404,100                  | 2,486,900                  |
| Breeders Award Fund                        | 4,120,100                  | 2,500,000                    | 2,900,000                    | 2,500,000                  | 2,500,000                  |
| Equine Drug Research Council               | 27,000                     | 255,000                      | 255,000                      | 255,000                    | 255,000                    |
| Standardbred Development Fund              | 378,500                    | 453,500                      | 503,500                      | 453,500                    | 503,500                    |
| Thoroughbred Development<br>Fund           | 9,500,000                  | 9,500,000                    | 9,000,000                    | 9,500,000                  | 9,000,000                  |
| Backside Improvement<br>Commission         | 304,700                    | 191,500                      | 170,000                      | 141,000                    | 133,500                    |
| County Fair Purses                         | 60,000                     | 60,000                       | 65,000                       | 60,000                     | 65,000                     |
| Standardbred Horsemen Fees                 | 100,000                    | 120,000                      | 130,000                      | 120,000                    | 130,000                    |
| Quarterhorse Development Fund              |                            | 2,500                        | 2,500                        | 2,500                      | 2,500                      |
| <b>TOTAL EXPENDITURES</b>                  | <b>16,793,300</b>          | <b>15,318,000</b>            | <b>15,347,500</b>            | <b>15,436,100</b>          | <b>15,076,400</b>          |

Under KRS 230, the Kentucky Racing Commission is responsible for the regulation of thoroughbred and harness horse racing and the fostering of thoroughbred and harness horse breeding within the Commonwealth.

The Commission has the authority to prescribe rules, regulations, and conditions under which all legitimate thoroughbred, harness horse, Quarter Horse, Appaloosa, and Arabian racing and wagering may be conducted in the Commonwealth.

The 1982 General Assembly, under KRS 230.265, created the Equine Drug Council to advise the Commission on research programs. Funding is provided under KRS 138.510, where one-tenth of one percent of the thoroughbred pari-mutuel handle is to be disbursed under the direction of the Racing Commission.

The Thoroughbred Development Fund was created by the 1978 General Assembly and operates under the provisions of KRS 230.400. The fund was created to promote interest in raising and racing thoroughbred horses in the Commonwealth; to attract breeders from other states to send their breeding stock to Kentucky; and to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three-fourths of one percent of the total pari-mutuel handle.

The Standardbred Development Fund was created to promote the raising and racing of harness horses sired by stallions standing in Kentucky; to attract 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. One percent of the pari-mutuel handle from the harness horse racing tracks is deposited in a revolving fund account for the Standardbred Development Fund.

Under the authority of KRS 230.398, the County Fair Purse Fund receives funding from uncashed pari-mutuel tickets and redistributes the funds in the form of purse supplements to county fairs.

The Backside Improvement Commission was created by the 1980 General Assembly and operates under provisions of KRS 230.218. KRS 138.510 stipulates that, racing associations with an average handle of \$1,200,000 or less per racing day are required to pay one-half of one percent to the Fund. Racing Associations with an average handle of \$1,200,000 or more per racing day are required to pay three and one-half percent to the Fund. The Backside Improvement Commission is charged with promoting, enhancing and improving the conditions of the backsides of Turfway and Ellis Parks.

The Breeders' Award Fund was created by the 1992 General Assembly as an incentive for the Kentucky breeding industry. The program makes awards to the owners of dams and stallions of eligible Kentucky horses which race in the state. Total receipts for this fund are divided in the following manner: Ninety percent (90%) to thoroughbred breeders; 7 percent to harness sires' stakes races; and 3 percent to harness purses at county fairs. Kentucky's off-track betting network provides the total funding for this program.

## **Policy**

The language provision in Part I of House Bill 321 as enacted suspends KRS 230.217(3), which guarantees a balance each year of \$3,750,000 effective July 1, 1993, for the Breeders' Award Fund and requires the General Fund to supplement restricted funds in the event that the balance is not met. Suspension of this statute relieves any General Fund obligation.

House Bill 321 as enacted provides for a current year appropriation in the amount of \$350,000 and is included in the revised fiscal year 1998 appropriation. This current year appropriation was needed to offset the costs incurred in the sponging of horses. A detailed breakdown of expenditures includes \$245,000 for personnel to hire three additional positions and \$105,000 for operating.

Recurring expenditures associated with the current year appropriation are \$343,000 in fiscal year 1999 and \$347,000 in fiscal year 2000.



**PUBLIC PROTECTION AND REGULATION**  
**Housing, Buildings and Construction**

|  | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                 |                            |                              |                              |                            |                            |
| <b>General Fund</b>                    |                            |                              |                              |                            |                            |
| Regular Appropriation                  | 3,446,100                  | 3,484,000                    | 3,588,000                    | 3,480,500                  | 3,576,800                  |
| <b>Restricted Agency Funds</b>         |                            |                              |                              |                            |                            |
| Balance Forward                        | 7,231,000                  | 7,552,000                    | 7,108,500                    | 7,655,600                  | 8,496,100                  |
| Current Receipts                       | 7,249,100                  | 7,467,500                    | 7,442,000                    | 7,467,500                  | 7,442,000                  |
| Non-Revenue Receipts                   | 22,400,500                 | 21,582,000                   | 21,604,000                   | 18,782,500                 | 18,284,000                 |
| <b>Total Restricted Agency Funds</b>   | <b>36,880,600</b>          | <b>36,601,500</b>            | <b>36,154,500</b>            | <b>33,905,600</b>          | <b>34,222,100</b>          |
| <b>TOTAL FUNDS</b>                     | <b>40,326,700</b>          | <b>40,085,500</b>            | <b>39,742,500</b>            | <b>37,386,100</b>          | <b>37,798,900</b>          |
| <b>EXPENDITURES BY CLASS</b>           |                            |                              |                              |                            |                            |
| Personnel Costs                        | 9,892,800                  | 10,396,000                   | 10,947,000                   | 10,670,000                 | 11,210,500                 |
| Operating Expenses                     | 2,863,300                  | 10,436,000                   | 10,182,000                   | 2,995,000                  | 3,016,800                  |
| Grants, Loans or Benefits              | 19,915,000                 | 12,024,000                   | 12,226,000                   | 15,104,000                 | 16,655,000                 |
| Capital Outlay                         |                            | 121,000                      | 121,000                      | 121,000                    | 121,000                    |
| <b>TOTAL EXPENDITURES</b>              | <b>32,671,100</b>          | <b>32,977,000</b>            | <b>33,476,000</b>            | <b>28,890,000</b>          | <b>31,003,300</b>          |
| <b>EXPENDITURES BY UNIT</b>            |                            |                              |                              |                            |                            |
| General Administration and Support     | 1,006,500                  | 1,036,500                    | 1,067,500                    | 1,033,000                  | 1,058,800                  |
| Plumbing                               | 3,177,500                  | 3,437,000                    | 3,599,000                    | 3,383,000                  | 3,530,000                  |
| Building Codes Enforcement             | 1,716,400                  | 1,908,000                    | 1,968,000                    | 1,908,000                  | 1,965,500                  |
| Firefighters Foundation Fund           | 22,400,000                 | 21,583,000                   | 21,605,000                   | 17,490,000                 | 19,184,000                 |
| Regulation of Minimum Safety Standards | 4,075,800                  | 4,580,500                    | 4,791,000                    | 4,675,500                  | 4,848,500                  |
| HVAC                                   | 294,900                    | 432,000                      | 445,500                      | 400,500                    | 416,500                    |
| <b>TOTAL EXPENDITURES</b>              | <b>32,671,100</b>          | <b>32,977,000</b>            | <b>33,476,000</b>            | <b>28,890,000</b>          | <b>31,003,300</b>          |

The Department of Housing, Buildings, and Construction was created by Executive Order 77-1156 and derives its authority from KRS 198B. Its primary purpose is to devise and enforce an effective building inspection program as well as to prevent fire and life-safety hazards. In this regard, the Board of Housing, Buildings, and Construction was established to adopt a uniform building code for Kentucky.

The General Administration and Support program provides overall planning, management, policy, direction, legal counsel, and support services for the Department.

The Regulation of Minimum Safety Standards program enforces life safety codes and state and federal laws and regulations including performing property inspections, reviewing plans for remodeled or improved property, regulating the use and storage of hazardous materials and responding to related emergencies. The program also includes the inspection and plan review of boilers and pressure piping as well as elevators, monitoring the construction and sales of mobile homes and recreational vehicles, testing and licensing of electrical inspectors, boiler contractors, underground petroleum storage tank contractors, and sprinkler system contractors.

The Building Codes Enforcement program was created by Executive Order 79-1146 to provide overall coordination and enforcement of the Kentucky Uniform Building Code and provides inspection, plans review and technical services to the building community. The program is funded primarily from plans review fees.

The Plumbing Division, a fee-supported program, has the responsibility to fulfill the mandate of the State Plumbing Law; i.e., the inspection of plumbing systems in all buildings throughout the state, the approval of plans in all types of public buildings, the renewal of master and journeyman plumber's licenses, assisting the State Plumbing Code Committee in its review of the plumbing code regulations and in the review and approval of new materials and techniques. This Division is also responsible for the annual licensing and oversight of the activities of heating, ventilation, and air conditioning contractors, mechanics and apprentices.

The Firefighters' Foundation Fund program was created by the 1992 General Assembly by combining the Professional Firefighters Foundation Program Fund and the State Aid Program for qualified volunteer fire departments. The program strives to reduce and prevent the loss of life or property by fire and other hazards through a better trained and equipped professional and volunteer firefighting force for the Commonwealth. The program provides educational incentive pay for firefighters, grants to volunteer fire departments, workers compensation for volunteer firefighters, regional training facility grants, a revolving low interest loan program for volunteer fire departments, survivor's benefits to families of deceased firefighters, and Hepatitis B inoculations for all firefighters.

## **Policy**

Additional restricted funds are provided in the following areas:

Building Code Enforcement - \$70,500 in fiscal year 1999 and \$70,000 in fiscal year 2000 for an additional inspector and administrative support position; \$30,000 in fiscal year 1999 and \$20,000 in fiscal year 2000 for new imaging software and hardware; and \$45,000 in fiscal year 1999 and \$30,000 in fiscal year 2000 for computers and furniture.

HVAC - \$43,000 in fiscal year 1999 and \$41,500 in fiscal year 2000 for a HVAC Field Supervisor; and \$26,000 in fiscal year 1999 and \$26,000 in fiscal year 2000 for four new vehicles.

Regulation of Minimum Safety Standards - \$160,500 in fiscal year 1999 and \$162,000 in fiscal year 2000 for five additional General Inspection positions; and \$95,000 in fiscal year 1999 and \$95,000 in fiscal year 2000 for ten new vehicles for Hazardous Material Inspectors. House Bill 321 as enacted provides additional restricted funds in the amount of \$16,000 in fiscal year 1999 to purchase and distribute via grants, through volunteer fire departments, smoke detectors for senior citizen centers.

Plumbing - Continuation of \$161,000 in fiscal year 1999 and \$160,000 in fiscal year 2000 for additional investigator positions and four student co-ops.

Firefighter's Foundation Fund:

- Continuation of \$200,000 in fiscal years 1999 and 2000 for Regional Training Centers; increase State Aid Grants to volunteer fire departments to \$6,500 in fiscal year 1999 and \$7,500 in fiscal year 2000; increase incentive payments to paid firefighters to \$2,750 in fiscal year 1999 and \$3,000 in fiscal year 2000.
- Language provisions in Part IX of House Bill 321 relating to Fire Dispatcher Training requires the Commission on Fire Protection Personnel Standards and Education to pay all expenses for fire dispatchers to attend dispatcher training at the Department of Criminal Justice Training at Eastern Kentucky University.
- Part V of House Bill 321 provides for a transfer in the amount of \$2.5 million in fiscal year 2000 will be made from the insurance premium surcharge to the General Fund. This deduction from the surcharge receipts will be made prior to the disbursement of funds to the Kentucky Law Enforcement Foundation Program Fund and the Professional Firefighters Foundation Program Fund.
- Language provisions in Part I of House Bill 321 suspends KRS 42.190 and KRS 95A.220(2), and requires that all funds remaining at the end of fiscal year 1999 and fiscal year 2000 in accounts established pursuant to KRS 95A.220(1) and KRS 95A.262 shall not lapse.

**PUBLIC PROTECTION AND REGULATION**  
**Insurance**

|   | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                  |                            |                              |                              |                            |                            |
| <b>General Fund</b>                     |                            |                              |                              |                            |                            |
| Special Appropriation                   | 10,000,000                 |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>          |                            |                              |                              |                            |                            |
| Balance Forward                         | 8,043,000                  | 6,370,000                    | 6,388,000                    | 13,103,600                 | 13,225,600                 |
| Current Receipts                        | 18,702,600                 | 20,032,000                   | 20,431,000                   | 20,064,500                 | 20,465,500                 |
| Non-Revenue Receipts                    | 8,491,500                  | 2,401,500                    | 2,388,500                    | 2,631,500                  | 2,607,500                  |
| <b>Total Restricted Agency Funds</b>    | <b>35,237,100</b>          | <b>28,803,500</b>            | <b>29,207,500</b>            | <b>35,799,600</b>          | <b>36,298,600</b>          |
| <b>TOTAL FUNDS</b>                      | <b>45,237,100</b>          | <b>28,803,500</b>            | <b>29,207,500</b>            | <b>35,799,600</b>          | <b>36,298,600</b>          |
| <b>EXPENDITURES BY CLASS</b>            |                            |                              |                              |                            |                            |
| Personnel Costs                         | 18,919,700                 | 19,294,500                   | 19,971,500                   | 19,809,500                 | 20,410,500                 |
| Operating Expenses                      | 13,203,800                 | 3,121,000                    | 3,120,500                    | 2,764,500                  | 2,796,000                  |
| Capital Outlay                          | 10,000                     |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>               | <b>32,133,500</b>          | <b>22,415,500</b>            | <b>23,092,000</b>            | <b>22,574,000</b>          | <b>23,206,500</b>          |
| <b>EXPENDITURES BY UNIT</b>             |                            |                              |                              |                            |                            |
| Administrative Services                 | 1,391,000                  | 1,671,500                    | 1,726,500                    | 1,561,500                  | 1,616,500                  |
| Agent Licensing                         | 778,700                    | 825,500                      | 856,500                      | 782,500                    | 819,000                    |
| Health Purchasing Alliance              | 8,266,100                  | 7,592,000                    | 7,833,000                    | 8,523,000                  | 8,567,000                  |
| Commissioner                            | 435,500                    | 584,000                      | 611,000                      | 579,000                    | 604,000                    |
| Consumer Protection                     | 359,500                    | 941,500                      | 984,000                      | 869,500                    | 911,500                    |
| Consumer Information                    | 40,000                     | 40,000                       | 40,000                       | 40,000                     | 40,000                     |
| General Counsel                         | 1,990,000                  | 2,112,500                    | 2,178,500                    | 2,090,000                  | 2,156,500                  |
| Fraud Investigation                     | 765,000                    | 800,000                      | 837,500                      | 738,000                    | 773,000                    |
| Life and Health                         | 11,991,500                 | 1,860,000                    | 1,902,000                    | 1,847,000                  | 1,893,500                  |
| Mine Subsidence Insurance               | 364,100                    | 366,000                      | 369,000                      | 331,000                    | 336,000                    |
| Property and Casualty                   | 628,600                    | 738,500                      | 772,500                      | 697,000                    | 802,000                    |
| State Risk and Insurance<br>Services    | 537,500                    | 559,000                      | 582,500                      | 522,500                    | 543,500                    |
| Financial Standards and<br>Examinations | 4,586,000                  | 4,325,000                    | 4,399,000                    | 3,993,000                  | 4,144,000                  |
| <b>TOTAL EXPENDITURES</b>               | <b>32,133,500</b>          | <b>22,415,500</b>            | <b>23,092,000</b>            | <b>22,574,000</b>          | <b>23,206,500</b>          |

The Department of Insurance has authority under KRS 304 to license, supervise, and regulate insurance companies doing business in Kentucky. The Department is comprised of two appropriations: General Operations and the Health Purchasing Alliance. General Operations consists of 12 other functions within the Department of Insurance.

The Division of Administrative Services provides general support including personnel, payroll, purchasing, inventory, building maintenance, data processing, accounts receivable, accounts payable, and fiscal functions for the Department.

The Division of Agent Licensing administers insurance laws and regulations which regulate the licensing of insurance agents. The objectives of this program are to examine prospective agents as to their knowledge of insurance laws, regulations, and ethics; to issue licenses; to renew licenses; and to enforce the insurance laws and regulations as specified under KRS 304.9.

The Financial Standards and Examinations Division assumes all functions of admission and licensing of insurers and is responsible for the financial and audit functions of insurers authorized to do business in Kentucky.

The Office of the General Counsel reviews agent and corporate activity, formation of new companies, changes in existing companies, rehabilitation, and insolvencies for compliance with the Kentucky Insurance Code.

The Life and Health Division protects insurance buyers through application of Kentucky Insurance Laws and Regulations pursuant to KRS 304 and KAR 806. The division regulates all admitted life and health insurers by approving or disapproving all policy filings, forms, rates, and advertising.

The Property and Casualty Division reviews and passes approval or disapproval judgment on the property and casualty coverage forms, rating manuals, and the company's underwriting guidelines to be used by insurers admitted to do business in the Commonwealth.

The Division of Insurance Fraud Investigation was created by Executive Order 96-931 and codified by Senate Bill 150. The Division is charged with the responsibility of investigating and prosecuting fraudulent acts involving all types of insurance claims, agents' activities, and workers' compensation.

The Consumer Information Program bears the responsibility for publishing consumer information reports per KRS 304.14-560.

The State Risk and Insurance Services Division determines state properties to be insured through State Fire and Tornado Fund. It appraises and values state properties and determines premium rates to be charged.

Pursuant to KRS 304 subchapter 44, the Kentucky Mine Subsidence Insurance Fund is established to provide insurance to protect against losses to property due to mine subsidence in the areas of Kentucky that have been underground coal mines.

The Consumer Protection and Education Division was created as a result of Executive Order 97-1609 and codified by House Bill 440. The Division's primary responsibility is to improve regulatory protection of the buying public. An Ombudsman is located in this Division and serves as a point of contact for those citizens that need additional assistance.

The Health Purchasing Alliance was created in July, 1995 under KRS 304.17A-020. It operates a statewide health purchasing alliance for public sector employers, small business commercial employers, and individuals located throughout the Commonwealth. Senate Bill 152, enacted by the 1998 General Assembly, codified Executive Order 96-884 reorganizing the Health Purchasing Alliance. This reorganization transferred the Alliance and its duties from the Human Resources Cabinet to the Department of Insurance, Public Protection and Regulation Cabinet.

## **Policy**

Language provisions in Part I of House Bill 321 suspends KRS 304.2-400(3) to provide that all funds remaining at the end of fiscal years 1999 and 2000 shall not lapse.

The enacted appropriation for the Health Purchasing Alliance exceeds the agency's request as a result of an appropriation increase approved after the budget request was submitted.

House Bill 315 revised health insurance reforms enacted in 1994 and 1996 General Assemblies. The bill also specifies that the Health Purchasing Alliance will suspend issuing or renewing any business after the effective date of this Act. In addition, the Commissioner of the Department of Insurance will oversee the termination of the Health Purchasing Alliance no later than June 30, 1999.

House Bill 315 created the Guaranteed Acceptance Program and provided a special appropriation of \$10 million in fiscal year 1998. This appropriation will act as the seed money to reimburse insurance companies that issue coverage to high risk applicants in the individual health insurance market. The reimbursement will assist insurance companies to the extent that the claims paid on behalf of those individuals exceed the premiums collected. To ensure the solvency of this program, the Department is directed to issue assessments against companies that do not issue coverage to high risk individuals during fiscal years 1999 and 2000. Expenditures associated with the Guaranteed Acceptance Program will be realized during the 1998-2000 biennial budget.

**PUBLIC PROTECTION AND REGULATION  
Mines and Minerals**

|                                       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|---------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                |                            |                              |                              |                            |                            |
| <b>General Fund</b>                   |                            |                              |                              |                            |                            |
| Regular Appropriation                 | 9,785,200                  | 11,812,000                   | 11,341,000                   | 10,380,300                 | 10,074,400                 |
| <b>Restricted Agency Funds</b>        |                            |                              |                              |                            |                            |
| Balance Forward                       | 781,500                    | 795,000                      | 786,000                      | 796,500                    | 787,500                    |
| Current Receipts                      | 873,100                    | 801,000                      | 801,000                      | 801,000                    | 801,000                    |
| Non-Revenue Receipts                  | 9,000                      |                              |                              |                            |                            |
| <b>Total Restricted Agency Funds</b>  | <b>1,663,600</b>           | <b>1,596,000</b>             | <b>1,587,000</b>             | <b>1,597,500</b>           | <b>1,588,500</b>           |
| <b>Federal Funds</b>                  |                            |                              |                              |                            |                            |
| Balance Forward                       | 24,500                     |                              |                              | 24,500                     | 24,500                     |
| Current Receipts                      | 671,000                    | 629,500                      | 591,000                      | 629,500                    | 591,000                    |
| <b>Total Federal Funds</b>            | <b>695,500</b>             | <b>629,500</b>               | <b>591,000</b>               | <b>654,000</b>             | <b>615,500</b>             |
| <b>TOTAL FUNDS</b>                    | <b>12,144,300</b>          | <b>14,037,500</b>            | <b>13,519,000</b>            | <b>12,631,800</b>          | <b>12,278,400</b>          |
| <b>EXPENDITURES BY CLASS</b>          |                            |                              |                              |                            |                            |
| Personnel Costs                       | 8,830,800                  | 9,867,500                    | 10,346,000                   | 9,012,000                  | 9,427,500                  |
| Operating Expenses                    | 2,492,500                  | 2,437,500                    | 2,396,000                    | 2,101,300                  | 2,047,900                  |
| Capital Outlay                        |                            | 946,500                      |                              | 706,500                    |                            |
| <b>TOTAL EXPENDITURES</b>             | <b>11,323,300</b>          | <b>13,251,500</b>            | <b>12,742,000</b>            | <b>11,819,800</b>          | <b>11,475,400</b>          |
| <b>EXPENDITURES BY UNIT</b>           |                            |                              |                              |                            |                            |
| Commissioner                          | 784,800                    | 897,500                      | 943,000                      | 732,800                    | 761,400                    |
| Administration and Support            | 418,500                    | 361,000                      | 341,500                      | 326,000                    | 302,500                    |
| Mine Licensing                        | 289,500                    | 308,500                      | 317,500                      | 269,500                    | 276,000                    |
| Explosives and Blasting               | 733,000                    | 819,500                      | 865,000                      | 747,500                    | 780,500                    |
| Mine Safety Analysis                  | 1,888,500                  | 1,933,500                    | 1,980,500                    | 1,821,500                  | 1,895,500                  |
| Training, Education and Certification | 1,152,000                  | 1,278,500                    | 1,319,000                    | 1,115,500                  | 1,166,000                  |
| Mine Safety Inspection                | 4,730,000                  | 6,116,000                    | 5,299,000                    | 5,468,500                  | 4,911,500                  |
| Oil and Gas Conservation              | 1,327,000                  | 1,537,000                    | 1,676,500                    | 1,338,500                  | 1,382,000                  |
| <b>TOTAL EXPENDITURES</b>             | <b>11,323,300</b>          | <b>13,251,500</b>            | <b>12,742,000</b>            | <b>11,819,800</b>          | <b>11,475,400</b>          |

The Department of Mines and Minerals, established in 1880 by KRS 351, is responsible for the regulation of mining practices for the prevention of injuries and fatalities in underground, strip, and auger mines. House Bill 366, as enacted, codified Executive Order 97-1386 reorganizing the Department into the following units:

The Commissioner's Office provides executive policy and management guidance for the Department. Additional duties of the Office include operating as Chief Mine Inspector and providing Legal Counsel for the Department.

The Division of Administration and Support provides personnel administration, accounting, budgeting, and other support services for the Department.

The Division of Mine Licensing is responsible for issuance of mine licenses and special permits. In addition, the Division develops and maintains databases to track various information about each mining operation including the number of miners employed by the mine, type of operations, type of worker's compensation insurance, and the number and type of mining law violations, closures, and abatements for each mine and/or mine operator.

The Division of Mine Safety Inspection is required by law to conduct a minimum of two inspections per mine annually and additional inspections as needed to correct deficiencies; to license all commercial coal and clay mines in the Commonwealth; to investigate all serious and fatal accidents occurring in the Commonwealth's coal and clay mining operations; to investigate all reported fires, ignitions, and explosions occurring in the Commonwealth's coal and clay mining operations; and to investigate all complaints. The Division operates six mine rescue stations and twelve rescue teams across the state that augment company maintained rescue teams during emergencies.

The Oil and Gas Conservation program is responsible for the conservation of oil and gas resources of the Commonwealth and for the protection of correlative rights of mineral owners. The program is also charged with the collection of geological data, obtained from the drilling of oil and gas wells, for deposit in the Kentucky Geological Survey.

In response to the 1976 Scotia mine disaster, the Deep Mining Safety Commission was created to investigate the causes of mine disasters and recommend changes to stop accidents such as Scotia from happening again. From the recommendations of the Deep Mining Safety Commission, the Division of Mine Safety Analysis was created by the 1976 Extraordinary Session of the General Assembly and is charged with the enforcement of KRS 351 regarding the regulations of mining operations by analyzing the work habits of the underground coal and/or clay miners.

The Division of Explosives and Blasting regulates the manufacture, sale, transport, storage, and use of explosives within the Commonwealth. The Division also trains, tests, and licenses those applicants qualified to be blasters.

The Division of Miner Training, Education, and Certification, also created by the 1976 Extraordinary Session of the General Assembly, is charged with the enforcement of KRS 351 concerning the training, education, and certification by the Board of Miner Training, Education, and Certification of underground coal and clay miners. The program is funded through a grant from the U. S. Department of Labor, Mine Safety Health Administration. It provides training and education courses to mine personnel to support the industry, which is required to maintain certification for local miners.

## **Policy**

An additional General Fund appropriation of \$706,500 is provided in fiscal year 1999 to purchase new oxygen breathing apparatuses for the twelve rescue teams.

House Bill 321, enacted by the 1998 General Assembly, provides funding to hire four mine safety analysts located in the Division of Mine Safety Analysis. Additional General Funds associated with the four positions are \$171,000 in fiscal year 1999 and \$179,000 in fiscal year 2000.

Part I of House Bill 321 includes language that suspends KRS 353.590, and establishes a \$25 fee for an oil and gas permit transfer.

**PUBLIC PROTECTION AND REGULATION**  
**Public Advocacy**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 13,643,200                 | 15,584,500                   | 15,957,500                   | 16,637,100                 | 17,182,100                 |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 2,257,000                  | 1,497,000                    | 829,500                      | 1,179,800                  | 666,800                    |
| Current Receipts                     | 1,642,500                  | 2,051,000                    | 2,089,000                    | 2,030,000                  | 2,068,000                  |
| Non-Revenue Receipts                 | 1,463,200                  | 1,566,000                    | 1,599,000                    | 1,146,000                  | 1,169,000                  |
| <b>Total Restricted Agency Funds</b> | <b>5,362,700</b>           | <b>5,114,000</b>             | <b>4,517,500</b>             | <b>4,355,800</b>           | <b>3,903,800</b>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 50,500                     | 19,500                       | 14,000                       | 19,500                     | 117,500                    |
| Current Receipts                     | 1,010,200                  | 1,012,000                    | 1,063,500                    | 1,127,000                  | 1,184,000                  |
| Non-Revenue Receipts                 | 46,000                     | 46,000                       | 46,000                       | 46,000                     | 46,000                     |
| <b>Total Federal Funds</b>           | <b>1,106,700</b>           | <b>1,077,500</b>             | <b>1,123,500</b>             | <b>1,192,500</b>           | <b>1,347,500</b>           |
| <b>TOTAL FUNDS</b>                   | <b>20,112,600</b>          | <b>21,776,000</b>            | <b>21,598,500</b>            | <b>22,185,400</b>          | <b>22,433,400</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 9,851,000                  | 10,558,000                   | 11,222,000                   | 12,268,500                 | 13,110,300                 |
| Operating Expenses                   | 1,960,100                  | 2,164,000                    | 2,105,500                    | 2,131,100                  | 2,138,300                  |
| Grants, Loans or Benefits            | 7,102,200                  | 8,199,500                    | 8,097,500                    | 6,945,500                  | 6,928,500                  |
| Capital Outlay                       |                            | 18,000                       |                              | 56,000                     | 28,000                     |
| <b>TOTAL EXPENDITURES</b>            | <b>18,913,300</b>          | <b>20,939,500</b>            | <b>21,425,000</b>            | <b>21,401,100</b>          | <b>22,205,100</b>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Law Operations                       | 986,500                    | 1,489,000                    | 1,412,500                    | 1,020,600                  | 1,032,600                  |
| Defense Services                     | 16,486,800                 | 17,932,500                   | 18,425,000                   | 18,885,500                 | 19,611,500                 |
| Protection and Advocacy              | 1,440,000                  | 1,518,000                    | 1,587,500                    | 1,495,000                  | 1,561,000                  |
| <b>TOTAL EXPENDITURES</b>            | <b>18,913,300</b>          | <b>20,939,500</b>            | <b>21,425,000</b>            | <b>21,401,100</b>          | <b>22,205,100</b>          |

The Kentucky Department of Public Advocacy (DPA) was established by the 1972 General Assembly when it enacted KRS Chapter 31 to provide for the representation of indigent persons accused of crimes or mental states which may result in their incarceration or confinement.

Kentucky's mandated public defender services are delivered by a "mixed" system consisting of full-time state employed public defenders, full-time non-state public defenders, and part-time private attorneys contracting with the Department to provide services.

The Law Operations Division provides budget, strategic planning, personnel, administrative, training, library services, research, and management support for the efficient and effective delivery of defender and protection and advocacy services pursuant to KRS 31 and KRS 31.030(7)(8)(10).

The Defense Services Division provides legal representation to all needy persons accused or convicted of crimes punishable by loss of liberty or a fine of \$500 or more and all needy persons faced with involuntary commitments due to mental state or condition. House Bill 359 enacted during the 1998 General Assembly codified Executive Order 97-734 reorganizing the Department. This reorganization created the Division of Trial Services and the Division of Post Trial Services.

The Department's Protection and Advocacy Division was established pursuant to Public Law 99-319, Public Law 101-496, and KRS 31.030 and provides for the legal, administrative, and other appropriate remedies to insure the protection of Kentuckians with developmental disabilities and mental illnesses. Most of the funds in this division's budget are federal funds that have strict non-supplanting requirements.

## **Policy**

House Bill 321 provides additional restricted funds in the amount of \$317,700 in fiscal year 1998 for the Grants to Counties Program.

House Bill 321 as enacted provides an additional General Fund appropriation of \$1,790,000 for fiscal year 1999 and \$1,948,000 in fiscal year 2000 to expand juvenile defense services in 22 counties. A detailed breakdown of additional funds includes \$758,900 for 37 new positions; \$279,800 for operating; \$56,000 for capital outlay in fiscal year 1999; \$965,600 for 11 new positions; \$260,000 for operating; and \$28,000 for capital outlay for fiscal year 2000. Additional General Fund dollars of \$195,300 in fiscal year 1999 and \$194,400 in fiscal year 2000 are provided for payment of compensatory time to staff attorneys. Also included in the additional General Fund appropriation is \$500,000 in both fiscal years for the Grants to Counties Program in Fayette and Jefferson Counties.

Additional funding in the amount of \$493,500 in fiscal year 1999 and \$490,000 in fiscal year 2000 is provided for seven positions in Capital Post-Conviction Program. This function was defunded with the loss of a federal grant at the beginning of fiscal year 1998. In addition, \$340,000 in fiscal year 1999 and \$340,000 in fiscal year 2000 is transferred from the Department of Juvenile Justice to the Department of Public Advocacy to fund the Juvenile program. This program was established to comply with the Federal Consent Decree. During the last biennium, the Justice Cabinet contracted with the Department to provide legal representation for juveniles.



**PUBLIC PROTECTION AND REGULATION**  
**Public Service Commission**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 7,260,700                  | 8,892,000                    | 8,567,000                    | 9,177,400                  | 8,656,400                  |
| Special Appropriation                |                            |                              |                              | 150,000                    |                            |
| Continuing Appropriation             | 427,200                    |                              |                              |                            |                            |
| <b>Total General Fund</b>            | <b>7,687,900</b>           | <b>8,892,000</b>             | <b>8,567,000</b>             | <b>9,327,400</b>           | <b>8,656,400</b>           |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Current Receipts                     | 22,500                     | 22,500                       | 22,500                       | 22,500                     | 22,500                     |
| <b>Total Restricted Agency Funds</b> | <b>22,500</b>              | <b>22,500</b>                | <b>22,500</b>                | <b>22,500</b>              | <b>22,500</b>              |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 70,500                     |                              |                              |                            |                            |
| Current Receipts                     | 133,500                    | 219,000                      | 229,000                      | 219,000                    | 229,000                    |
| Non-Revenue Receipts                 | 38,100                     |                              |                              |                            |                            |
| <b>Total Federal Funds</b>           | <b>242,100</b>             | <b>219,000</b>               | <b>229,000</b>               | <b>219,000</b>             | <b>229,000</b>             |
| <b>TOTAL FUNDS</b>                   | <b>7,952,500</b>           | <b>9,133,500</b>             | <b>8,818,500</b>             | <b>9,568,900</b>           | <b>8,907,900</b>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 6,223,200                  | 7,480,000                    | 7,849,500                    | 7,480,000                  | 7,849,500                  |
| Operating Expenses                   | 1,227,300                  | 1,379,000                    | 969,000                      | 1,814,400                  | 949,400                    |
| Debt Service                         | 457,000                    |                              |                              |                            | 109,000                    |
| Capital Outlay                       | 45,000                     | 274,500                      |                              | 274,500                    |                            |
| <b>TOTAL EXPENDITURES</b>            | <b>7,952,500</b>           | <b>9,133,500</b>             | <b>8,818,500</b>             | <b>9,568,900</b>           | <b>8,907,900</b>           |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Executive Director                   | 1,088,500                  | 1,341,500                    | 1,300,000                    | 1,791,500                  | 1,300,000                  |
| Administrative Services              | 758,200                    | 809,000                      | 429,000                      | 794,400                    | 518,400                    |
| Legal Counsel                        | 576,000                    | 685,500                      | 715,000                      | 685,500                    | 715,000                    |
| Financial Analysis                   | 1,386,200                  | 1,571,500                    | 1,648,500                    | 1,571,500                  | 1,648,500                  |
| Gas Pipeline Safety                  | 446,100                    | 438,000                      | 458,000                      | 438,000                    | 458,000                    |
| Research                             | 402,000                    | 533,500                      | 556,500                      | 533,500                    | 556,500                    |
| Commissioner                         | 621,000                    | 667,500                      | 700,000                      | 667,500                    | 700,000                    |
| Engineering                          | 1,251,500                  | 1,681,500                    | 1,544,000                    | 1,681,500                  | 1,544,000                  |
| Filings                              | 677,000                    | 901,500                      | 944,500                      | 901,500                    | 944,500                    |
| Consumer Services                    | 289,000                    | 504,000                      | 523,000                      | 504,000                    | 523,000                    |
| Building                             | 457,000                    |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <b>7,952,500</b>           | <b>9,133,500</b>             | <b>8,818,500</b>             | <b>9,568,900</b>           | <b>8,907,900</b>           |

The Public Service Commission is a three-member administrative body with quasi-legislative and quasi-judicial duties.

Created by the 1934 General Assembly, the Commission regulates the intrastate rates and services of over 500 investor-owned electric, natural gas, telephone, water and sewage utilities, rural electric and telephone cooperatives, and water districts. The Commission performs its regulatory functions through written orders following adjudicative and rulemaking procedures outlined in Chapter 278 of the Kentucky Revised Statutes and administrative regulations promulgated by the Commission in Chapter 807 of the Kentucky Administrative Regulations.

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

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

House Bill 363 ratified Executive Order 97-1114 reorganizing the Public Service Commission. This reorganization created the Division of Research, Division of Consumer Services, and the Division of Filings. In addition, the reorganization renamed the Division of Engineering and Services to the Division of Engineering.

### **Policy**

Additional funding includes: \$100,000 in fiscal year 1999 and \$10,000 in fiscal year 2000 for a video conference unit; \$39,500 in fiscal year 1999 to replace outdated and inoperative inspection equipment; \$29,500 in fiscal year 1999 for a gas chromatograph used to test gas samples; and \$130,000 in fiscal year 1999 for standard calibration equipment used to calibrate electric watt-hour reference standards.

The language provision in Part I of House Bill 321 provides an additional General Fund appropriation of \$300,000 in fiscal year 1999 to support a comprehensive study of the taxation of public service companies. House Joint Resolution 89, enacted during the 1998 General Assembly, creates a Task Force on Utility Tax Policy that will be responsible for directing this study.

House Joint Resolution 95 as enacted by the 1998 General Assembly establishes an Electricity Restructuring Task Force that will direct a study of the electric restructuring during the 1998-2000 legislative interim. This resolution provides additional General Funds in the amount of \$150,000 (Special Appropriation) to accomplish this study and requires the Public Service Commission to provide staffing assistance to the Task Force.

Included in the General Fund appropriation is \$109,000 in fiscal year 2000 for debt service for a new office building. Part IX of House Bill 321 provides language that proceeds from the sale of the Meter Lab Building at the University of Kentucky shall be utilized exclusively for reducing the amount of bonds authorized for the construction of the new Public Service Commission building.

**PUBLIC PROTECTION AND REGULATION  
Secretary**

|  | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                                 |                            |                              |                              |                            |                            |
| <b>General Fund</b>                                    |                            |                              |                              |                            |                            |
| Regular Appropriation                                  | 335,400                    |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>                         |                            |                              |                              |                            |                            |
| Balance Forward  | 92,104,000                 | 94,149,700                   | 98,097,500                   | 94,149,700                 | 98,426,500                 |
| Current Receipts                                       | 4,101,000                  | 5,089,300                    | 5,136,500                    | 5,089,300                  | 5,136,500                  |
| Non-Revenue Receipts                                   | 38,957,000                 | 41,117,000                   | 41,779,500                   | 41,024,000                 | 41,679,000                 |
| <b>Total Restricted Agency Funds</b>                   | <b>135,162,000</b>         | <b>140,356,000</b>           | <b>145,013,500</b>           | <b>140,263,000</b>         | <b>145,242,000</b>         |
| <b>TOTAL FUNDS</b>                                     | <b>135,497,400</b>         | <b>140,356,000</b>           | <b>145,013,500</b>           | <b>140,263,000</b>         | <b>145,242,000</b>         |
| <b>EXPENDITURES BY CLASS</b>                           |                            |                              |                              |                            |                            |
| Personnel Costs  | 1,154,600                  | 3,563,000                    | 3,881,500                    | 3,157,500                  | 3,316,000                  |
| Operating Expenses                                     | 39,676,100                 | 38,195,500                   | 38,591,000                   | 38,179,000                 | 38,568,500                 |
| Capital Outlay   | 17,000                     |                              |                              |                            |                            |
| Construction   | 500,000                    | 500,000                      | 500,000                      | 500,000                    | 500,000                    |
| <b>TOTAL EXPENDITURES</b>                              | <b>41,347,700</b>          | <b>42,258,500</b>            | <b>42,972,500</b>            | <b>41,836,500</b>          | <b>42,384,500</b>          |
| <b>EXPENDITURES BY UNIT</b>                            |                            |                              |                              |                            |                            |
| General Operations                                     | 335,400                    | 1,576,000                    | 1,654,500                    | 1,483,000                  | 1,554,000                  |
| Petroleum Storage Tank<br>Environmental Assurance Fund | 41,012,300                 | 40,682,500                   | 41,318,000                   | 40,353,500                 | 40,830,500                 |
| <b>TOTAL EXPENDITURES</b>                              | <b>41,347,700</b>          | <b>42,258,500</b>            | <b>42,972,500</b>            | <b>41,836,500</b>          | <b>42,384,500</b>          |

The Office of the Secretary serves the Governor as advisor and liaison for the overall direction and coordination of the ten departments, boards, commissions, and the Petroleum Storage Tank Environmental Assurance Fund under this Cabinet as outlined in KRS 12.265. The Secretary guides Cabinet 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 public. The Secretary is also responsible for providing Cabinet agencies with legislative leadership and for establishing good working relationships with members of the Kentucky General Assembly and other state and federal agencies.

The Office of the Secretary is comprised of two appropriations: General Operations and the Petroleum Storage Tank Environmental Assurance Fund. House Bill 361 codified Executive Order 97-1092 reorganizing the Secretary's Office (General Operations). General Operations incorporates all functions in the Office which include the Secretary's Office, the Office of General Counsel, and the Division of Administrative Services.

The Secretary's Office is responsible for policy development and implementation, oversight and implementation of the budget, and strategic planning functions for the Cabinet.

The Office of General Counsel provides legal counsel to the Cabinet Secretary, reviews regulations and statutes, and represents the Cabinet in legal hearings.

The Division of Administrative Services is responsible for budget preparation and the processing of all fiscal and personnel transactions.

KRS 224.60-100 through 224.60-160 created and specified the duties and authority of the Petroleum Storage Tank Environmental Assurance Fund. The Fund serves as a mechanism for petroleum storage tank owners or operators to demonstrate compliance with federal financial assistance responsibility requirements of 40CFR, subpart H. In addition, the Fund provides financial assistance to owners or operators in performing remedial cleanups at contaminated facilities. Senate Bill 164 codified Executive Order 96-485 transferred the Petroleum Storage Tank Environmental Assurance Fund and its duties from the Natural Resources and Environmental Protection Cabinet to the Office of the Secretary, Public Protection and Regulation Cabinet.

House Bill 282, enacted during the 1998 General Assembly, directs the Petroleum Storage Tank Environmental Assurance Fund to develop and implement a number of measures to curb abuses and protect the financial solvency of the fund.

### **Policy**

The Secretary's Office will fund its operations with 100 percent restricted funds by assessing the agencies in the Cabinet an administrative fee.

Additional funding includes \$978,000 in fiscal year 1999 and \$895,500 in fiscal year 2000 for the Petroleum Storage Tank Environmental Assurance Fund to hire 16 additional Environmental Technologists to monitor on a statewide basis, the site investigation and contamination cleanup activities performed by remedial contractors.

**PUBLIC PROTECTION AND REGULATION  
Tax Appeals**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 541,200                    | 411,000                      | 423,000                      | 410,200                    | 422,000                    |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 475,300                    | 346,000                      | 358,000                      | 343,500                    | 354,500                    |
| Operating Expenses           | 65,900                     | 65,000                       | 65,000                       | 66,700                     | 67,500                     |
| <b>TOTAL EXPENDITURES</b>    | <b>541,200</b>             | <b>411,000</b>               | <b>423,000</b>               | <b>410,200</b>             | <b>422,000</b>             |

The Board of Tax Appeals was created by the 1964 General Assembly as an independent administrative review agency with exclusive jurisdiction to hear and determine appeals from final rulings, orders, and determinations of any agency of state or county government relating to revenue and taxation as detailed in KRS 131.

The Board consists of three members appointed by the Governor for staggered four-year terms. One member is designated by the Governor as chairman.

Any party aggrieved by a final order, decision, or determination of the Board of Tax Appeals, except on appeals from a county board of assessment appeals, may file an appeal with the Franklin Circuit Court or the Circuit Court of the county in which the aggrieved party resides or operates their place of business. Persons aggrieved by final rulings of cases appealed to the Board from county boards of assessment appeals, may appeal to the Circuit Court in the county where the appeals originated.

## REVENUE

| SOURCE OF FUNDS                      | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>General Fund</b>                  |                    |                      |                      |                    |                    |
| Regular Appropriation                | 77,699,400         | 85,615,500           | 87,550,500           | 80,049,900         | 83,209,400         |
| <b>Restricted Agency Funds</b>       |                    |                      |                      |                    |                    |
| Balance Forward                      | 3,523,000          | 3,257,000            | 2,385,500            | 3,307,200          | 2,153,200          |
| Current Receipts                     | 4,944,500          | 3,968,000            | 3,946,000            | 4,161,500          | 4,229,000          |
| <b>Total Restricted Agency Funds</b> | <b>8,467,500</b>   | <b>7,225,000</b>     | <b>6,331,500</b>     | <b>7,468,700</b>   | <b>6,382,200</b>   |
| <b>Federal Funds</b>                 |                    |                      |                      |                    |                    |
| Current Receipts                     | 90,000             | 40,000               | 40,000               | 40,000             | 40,000             |
| <b>Road Fund</b>                     |                    |                      |                      |                    |                    |
| Regular Appropriation                | 1,352,000          | 1,352,000            | 1,352,000            | 1,352,000          | 1,352,000          |
| <b>TOTAL FUNDS</b>                   | <b>87,608,900</b>  | <b>94,232,500</b>    | <b>95,274,000</b>    | <b>88,910,600</b>  | <b>90,983,600</b>  |
| <b>EXPENDITURES BY CLASS</b>         |                    |                      |                      |                    |                    |
| Personnel Costs                      | 64,333,900         | 68,508,500           | 71,848,500           | 67,084,600         | 70,405,800         |
| Operating Expenses                   | 19,816,800         | 23,168,500           | 21,885,500           | 19,672,800         | 19,467,100         |
| Capital Outlay                       | 151,000            | 170,000              | 170,000              |                    |                    |
| <b>TOTAL EXPENDITURES</b>            | <b>84,301,700</b>  | <b>91,847,000</b>    | <b>93,904,000</b>    | <b>86,757,400</b>  | <b>89,872,900</b>  |
| <b>EXPENDITURES BY UNIT</b>          |                    |                      |                      |                    |                    |
| Secretary                            | 18,881,500         | 24,839,000           | 24,238,000           | 18,673,900         | 18,561,400         |
| Tax Administration                   | 24,998,300         | 25,036,000           | 26,022,000           | 25,213,500         | 26,523,500         |
| Property Valuation                   | 6,444,800          | 5,557,500            | 5,718,000            | 5,965,500          | 6,080,500          |
| Law                                  | 8,895,000          | 8,987,000            | 9,404,000            | 9,219,500          | 9,634,500          |
| Information Technology               | 2,527,500          | 2,594,500            | 2,717,000            | 3,395,500          | 3,551,000          |
| Property Valuation<br>Administrators | 22,554,600         | 24,833,000           | 25,805,000           | 24,289,500         | 25,522,000         |
| <b>TOTAL EXPENDITURES</b>            | <b>84,301,700</b>  | <b>91,847,000</b>    | <b>93,904,000</b>    | <b>86,757,400</b>  | <b>89,872,900</b>  |

The Revenue Cabinet is the statutory agency of state government responsible for the thorough and equitable administration of all state revenue laws, and for the assessment and collection of 44 separate state taxes. In fulfilling this responsibility, the Cabinet seeks to ensure the taxpayer's voluntary compliance with the revenue laws, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in their implementation of the property tax laws.

The Revenue Cabinet is a central service agency with its level of effort depending on the requirements of the various tax laws it administers and the needs of taxpayers in complying with those laws. The principal beneficiaries of the programs managed by the Cabinet are all Kentucky taxpayers.

There are two separate appropriations included in the Revenue Cabinet: Revenue Cabinet and the Property Valuation Administrators.

**Policy**

House Bill 503 ratified Executive Order 97-715 reorganizing the Revenue Cabinet. The new structure consists of: Office of the Secretary, Department of Law, Department of Tax Administration, Department of Information Technology, Department of Property Valuation, and the Property Valuation Administrators.

**REVENUE  
Secretary**

| <b>SOURCE OF FUNDS</b>               | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 18,861,500                 | 24,779,000                   | 24,218,000                   | 18,598,900                 | 18,526,400                 |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 51,500                     | 41,500                       | 11,500                       | 41,500                     | 17,000                     |
| Current Receipts                     | 10,000                     | 30,000                       | 10,000                       | 50,500                     | 18,000                     |
| <b>Total Restricted Agency Funds</b> | <b>61,500</b>              | <b>71,500</b>                | <b>21,500</b>                | <b>92,000</b>              | <b>35,000</b>              |
| <b>TOTAL FUNDS</b>                   | <b>18,923,000</b>          | <b>24,850,500</b>            | <b>24,239,500</b>            | <b>18,690,900</b>          | <b>18,561,400</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 3,304,500                  | 5,627,000                    | 5,909,500                    | 2,773,100                  | 2,925,300                  |
| Operating Expenses                   | 15,426,000                 | 19,042,000                   | 18,158,500                   | 15,900,800                 | 15,636,100                 |
| Capital Outlay                       | 151,000                    | 170,000                      | 170,000                      |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <b>18,881,500</b>          | <b>24,839,000</b>            | <b>24,238,000</b>            | <b>18,673,900</b>          | <b>18,561,400</b>          |

The Office of the Secretary is comprised of the functions that include the Secretary's Office staff, Ombudsman, Internal Auditor, and the Office of Financial and Administrative Services. Each office functions as a separate unit and reports directly to the Cabinet Secretary.

The Office of the Secretary established under KRS 131 is responsible for the management and leadership of all Cabinet employees in fulfilling the agency's mission. The Secretary provides strategic direction to the Cabinet and is responsible for the effectiveness of programs and the efficient management of resources. The Secretary sets program priorities and is responsible for providing the Executive and Legislative branches with timely revenue information.

The Office of the Taxpayer Ombudsman ensures the rights of taxpayers under KRS 131.041-131.081, the Kentucky Taxpayers' Bill of Rights.

The Office of Financial and Administrative Services has the responsibility for providing general management support services for all Cabinet programs. Functions of the Office include: budgeting, purchasing, personnel and payroll, property and mail services, employee training and development, public information, tax forms management, and Cabinet publications development. The Office is also responsible for assisting Property Valuation Administrators in budgetary and personnel matters.



**REVENUE**  
**Tax Administration**

| <b>SOURCE OF FUNDS</b>               | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 23,065,300                 | 23,160,000                   | 24,146,000                   | 23,168,500                 | 24,482,000                 |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 218,500                    | 271,500                      | 311,500                      | 271,500                    | 160,500                    |
| Current Receipts                     | 830,000                    | 810,000                      | 810,000                      | 828,000                    | 825,000                    |
| <b>Total Restricted Agency Funds</b> | <b>1,048,500</b>           | <b>1,081,500</b>             | <b>1,121,500</b>             | <b>1,099,500</b>           | <b>985,500</b>             |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Current Receipts                     | 90,000                     | 40,000                       | 40,000                       | 40,000                     | 40,000                     |
| <b>Road Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                | 1,066,000                  | 1,066,000                    | 1,066,000                    | 1,066,000                  | 1,066,000                  |
| <b>TOTAL FUNDS</b>                   | <b>25,269,800</b>          | <b>25,347,500</b>            | <b>26,373,500</b>            | <b>25,374,000</b>          | <b>26,573,500</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 23,005,300                 | 23,107,500                   | 24,158,500                   | 23,439,000                 | 24,554,500                 |
| Operating Expenses                   | 1,993,000                  | 1,928,500                    | 1,863,500                    | 1,774,500                  | 1,969,000                  |
| <b>TOTAL EXPENDITURES</b>            | <b>24,998,300</b>          | <b>25,036,000</b>            | <b>26,022,000</b>            | <b>25,213,500</b>          | <b>26,523,500</b>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Field Operations                     | 10,183,000                 | 10,695,000                   | 11,201,000                   | 10,595,000                 | 10,910,500                 |
| Revenue Operations                   | 5,711,300                  | 5,780,000                    | 5,908,500                    | 5,712,000                  | 5,789,500                  |
| Compliance and Taxpayer Assistance   | 9,104,000                  | 8,561,000                    | 8,912,500                    | 8,906,500                  | 9,823,500                  |
| <b>TOTAL EXPENDITURES</b>            | <b>24,998,300</b>          | <b>25,036,000</b>            | <b>26,022,000</b>            | <b>25,213,500</b>          | <b>26,523,500</b>          |

The Department of Tax Administration was reorganized by Executive Order 97-715 and codified by House Bill 503. Under authority granted the Revenue Cabinet in KRS 131.030 and 131.130, the Department of Tax Administration consists of three divisions: Field Operations, Compliance and Taxpayer Assistance, and Revenue Operations.

The Division of Field Operations has 11 offices located throughout the state and is responsible for field audits and providing taxpayer assistance.

The Division of Compliance and Taxpayer Assistance is responsible for conducting office audits of tax returns, administering compliance, providing liaison with federal and state agencies, and rendering taxpayer assistance.

The Division of Revenue Operations' duties include: the processing of all tax receipts, documents and correspondence; registration of businesses; individual income tax returns and refund processing; and maintaining appropriate storage, retrieval and management of all related tax records for the Commonwealth.

**Policy**

KRS 365.390 (Cigarette Enforcement and Administration Fund) is suspended and allows the Cabinet to expend restricted funds of \$111,000 in fiscal year 1999 and \$110,500 in fiscal year 2000 for administrative functions of the Cabinet. The suspension of KRS 365.390 will only be for a one-time basis, for purposes beyond those provided in the statutes.

**REVENUE**  
**Property Valuation**

| <b>SOURCE OF FUNDS</b>               | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 4,277,000                  | 3,959,500                    | 4,120,000                    | 4,090,500                  | 4,393,000                  |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 1,058,000                  | 1,071,000                    | 634,000                      | 1,121,200                  | 532,200                    |
| Current Receipts                     | 1,945,000                  | 875,000                      | 775,000                      | 1,000,000                  | 975,000                    |
| <b>Total Restricted Agency Funds</b> | <b>3,003,000</b>           | <b>1,946,000</b>             | <b>1,409,000</b>             | <b>2,121,200</b>           | <b>1,507,200</b>           |
| <b>Road Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                | 286,000                    | 286,000                      | 286,000                      | 286,000                    | 286,000                    |
| <b>TOTAL FUNDS</b>                   | <b>7,566,000</b>           | <b>6,191,500</b>             | <b>5,815,000</b>             | <b>6,497,700</b>           | <b>6,186,200</b>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 5,137,000                  | 4,809,500                    | 4,976,500                    | 5,034,500                  | 5,256,500                  |
| Operating Expenses                   | 1,307,800                  | 748,000                      | 741,500                      | 931,000                    | 824,000                    |
| <b>TOTAL EXPENDITURES</b>            | <b>6,444,800</b>           | <b>5,557,500</b>             | <b>5,718,000</b>             | <b>5,965,500</b>           | <b>6,080,500</b>           |

The Department of Property Valuation was reorganized by Executive Order 97-715 and codified by House Bill 503.

The Department of Property Valuation administers and supervises the programs and processes involved in state and local property tax assessment and in state property tax collection. Numerous provisions in KRS 131, 132, 133, 134, and 136 define and describe the Department's responsibilities. These include providing administrative support, technical assistance, and supervision to 120 Property Valuation Administrator (PVA) offices, and coordinating the property tax activities of sheriffs, county clerks, and other local officials. In addition, the Department directly assesses public service companies and several other classes of property.

The Department also administers the centralized Motor Vehicle Tax System (MOTAX), the Personal Property Tax Assessment System, and a program to audit taxpayer compliance in listing intangible and tangible personal property. In addition, the Department initiates various compliance programs to collect delinquent and omitted property taxes as well as mapping property throughout the state.

**Policy**

KRS 136.180 (Public Service Corporation Fund) is suspended and allows the Cabinet to expend restricted funds of \$189,000 in fiscal year 1999 and \$89,500 in fiscal year 2000 for administrative functions of the Cabinet. The suspension of KRS 136.180 will only be for a one-time basis, for purposes beyond those provided in the statutes.

**REVENUE  
Law**

| <b>SOURCE OF FUNDS</b>  | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>   |                            |                              |                              |                            |                            |
| Regular Appropriation   | 8,585,000                  | 8,677,000                    | 9,094,000                    | 8,894,500                  | 9,284,500                  |
| <b>Restricted Agency Funds</b>  |                            |                              |                              |                            |                            |
| Balance Forward   | 106,500                    | 86,500                       | 66,500                       | 86,500                     | 81,500                     |
| Current Receipts  | 290,000                    | 290,000                      | 290,000                      | 320,000                    | 350,000                    |
| <b>Total Restricted Agency Funds</b>                                  | <b>396,500</b>             | <b>376,500</b>               | <b>356,500</b>               | <b>406,500</b>             | <b>431,500</b>             |
| <b>TOTAL FUNDS</b>  | <b>8,981,500</b>           | <b>9,053,500</b>             | <b>9,450,500</b>             | <b>9,301,000</b>           | <b>9,716,000</b>           |
| <b>EXPENDITURES BY CLASS</b>  |                            |                              |                              |                            |                            |
| Personnel Costs   | 8,323,000                  | 8,405,000                    | 8,842,000                    | 8,721,000                  | 9,156,500                  |
| Operating Expenses  | 572,000                    | 582,000                      | 562,000                      | 498,500                    | 478,000                    |
| <b>TOTAL EXPENDITURES</b>   | <b>8,895,000</b>           | <b>8,987,000</b>             | <b>9,404,000</b>             | <b>9,219,500</b>           | <b>9,634,500</b>           |
| <b>EXPENDITURES BY UNIT</b>   |                            |                              |                              |                            |                            |
| Tax Policy, Protest Resolution,<br>Research, and Legal<br>Collections | 3,310,500                  | 3,483,500                    | 3,654,000                    | 3,400,500                  | 3,541,500                  |
|   | 5,584,500                  | 5,503,500                    | 5,750,000                    | 5,819,000                  | 6,093,000                  |
| <b>TOTAL EXPENDITURES</b>   | <b>8,895,000</b>           | <b>8,987,000</b>             | <b>9,404,000</b>             | <b>9,219,500</b>           | <b>9,634,500</b>           |

The Department of Law was established by Executive Order 97-715 and codified by House Bill 503.

The duties of the Department include: establishing tax policy, providing legal services, administering the legislative program, conducting tax research, and administering protested audits. In addition, this department is responsible for collecting delinquent taxes through both legal and administrative methods.

The Department of Law consists of five divisions: Legal Services, Tax Policy, Research, Protest Resolution, and Collections.

**REVENUE**  
**Information Technology**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 2,527,500                  | 2,594,500                    | 2,717,000                    | 3,395,500                  | 3,551,000                  |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 2,471,500                  | 2,538,500                    | 2,669,000                    | 3,339,500                  | 3,503,000                  |
| Operating Expenses           | 56,000                     | 56,000                       | 48,000                       | 56,000                     | 48,000                     |
| <b>TOTAL EXPENDITURES</b>    | <b>2,527,500</b>           | <b>2,594,500</b>             | <b>2,717,000</b>             | <b>3,395,500</b>           | <b>3,551,000</b>           |

The Department of Information Technology was established by Executive Order 97-715 and codified by House Bill 503.

The duties of the Department of Information Technology include: information technology, planning and implementation, computer application, development and analysis, network administration, technology procurement and installation, and mainframe systems oversight.

The Department is headed by a Chief Information Officer who is responsible for providing senior management with leadership and direction in information technology. The Department of Information Technology consists of two divisions: Systems Planning and Development and Technology Infrastructure Support. The new divisions will be funded from the above allotments and will not require any additional funds.

**REVENUE CABINET**  
**Property Valuation Administrators**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 20,383,100                 | 22,445,500                   | 23,255,500                   | 21,902,000                 | 22,972,500                 |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 2,088,500                  | 1,786,500                    | 1,362,000                    | 1,786,500                  | 1,362,000                  |
| Current Receipts                     | 1,869,500                  | 1,963,000                    | 2,061,000                    | 1,963,000                  | 2,061,000                  |
| <b>Total Restricted Agency Funds</b> | <b>3,958,000</b>           | <b>3,749,500</b>             | <b>3,423,000</b>             | <b>3,749,500</b>           | <b>3,423,000</b>           |
| <b>TOTAL FUNDS</b>                   | <b>24,341,100</b>          | <b>26,195,000</b>            | <b>26,678,500</b>            | <b>25,651,500</b>          | <b>26,395,500</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 22,092,600                 | 24,021,000                   | 25,293,000                   | 23,777,500                 | 25,010,000                 |
| Operating Expenses                   | 462,000                    | 812,000                      | 512,000                      | 512,000                    | 512,000                    |
| <b>TOTAL EXPENDITURES</b>            | <b>22,554,600</b>          | <b>24,833,000</b>            | <b>25,805,000</b>            | <b>24,289,500</b>          | <b>25,522,000</b>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Property Valuation Administrators    | 20,383,100                 | 22,445,500                   | 23,255,500                   | 21,902,000                 | 22,972,500                 |
| PVA Personnel Hiring Program         | 2,141,500                  | 2,307,500                    | 2,469,500                    | 2,307,500                  | 2,469,500                  |
| PVA Operating Expense                | 30,000                     | 30,000                       | 30,000                       | 30,000                     | 30,000                     |
| CKA SKA Deputies                     |                            | 50,000                       | 50,000                       | 50,000                     | 50,000                     |
| <b>TOTAL EXPENDITURES</b>            | <b>22,554,600</b>          | <b>24,833,000</b>            | <b>25,805,000</b>            | <b>24,289,500</b>          | <b>25,522,000</b>          |

Each of the state's 120 counties has a locally elected Property Valuation Administrator (PVA). The PVA and an appointed staff is responsible for locating, identifying and assessing at fair market value all taxable real (land and improvements), tangible personal, and intangible personal property in the county. The Revenue Cabinet is responsible for the supervision and coordination of this program. Substantial portions of KRS 132 and 133 cover the duties of the PVAs and their offices.

**Policy**

Additional General Funds are provided in the amount of \$500,000 in fiscal years 1999 and 2000 to hire 21 new Deputy Property Valuation Administrators.

## TOURISM DEVELOPMENT

|                                      | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>               |                    |                      |                      |                    |                    |
| <b>General Fund</b>                  |                    |                      |                      |                    |                    |
| Regular Appropriation                | 54,828,600         | 47,553,000           | 55,683,000           | 37,740,500         | 39,318,500         |
| Current Year Appropriation           | 1,867,000          |                      |                      |                    |                    |
| <b>Total General Fund</b>            | <b>56,695,600</b>  | <b>47,553,000</b>    | <b>55,683,000</b>    | <b>37,740,500</b>  | <b>39,318,500</b>  |
| <b>Restricted Agency Funds</b>       |                    |                      |                      |                    |                    |
| Balance Forward                      | 17,774,400         | 28,582,500           | 25,428,500           | 28,582,500         | 25,559,000         |
| Current Receipts                     | 93,730,900         | 97,702,000           | 99,990,000           | 97,703,500         | 99,990,500         |
| Non-Revenue Receipts                 | 7,263,500          | -2,190,000           | -1,390,000           | -2,990,000         | -2,490,000         |
| <b>Total Restricted Agency Funds</b> | <b>118,768,800</b> | <b>124,094,500</b>   | <b>124,028,500</b>   | <b>123,296,000</b> | <b>123,059,500</b> |
| <b>Federal Funds</b>                 |                    |                      |                      |                    |                    |
| Balance Forward                      | 646,900            |                      |                      |                    |                    |
| Current Receipts                     | 7,681,400          | 7,164,000            | 7,331,500            | 7,164,000          | 7,331,500          |
| Non-Revenue Receipts                 | -644,500           |                      |                      |                    |                    |
| <b>Total Federal Funds</b>           | <b>7,683,800</b>   | <b>7,164,000</b>     | <b>7,331,500</b>     | <b>7,164,000</b>   | <b>7,331,500</b>   |
| <b>TOTAL FUNDS</b>                   | <b>183,148,200</b> | <b>178,811,500</b>   | <b>187,043,000</b>   | <b>168,200,500</b> | <b>169,709,500</b> |
| <b>EXPENDITURES BY CLASS</b>         |                    |                      |                      |                    |                    |
| Personnel Costs                      | 85,522,400         | 93,548,000           | 97,958,500           | 89,091,800         | 92,645,600         |
| Operating Expenses                   | 43,156,800         | 50,959,000           | 52,603,000           | 47,474,200         | 49,206,400         |
| Grants, Loans or Benefits            | 2,613,500          | 2,736,500            | 2,795,500            | 2,723,500          | 2,718,500          |
| Debt Service                         | 21,150,000         | 2,452,000            | 8,579,000            | 371,000            | 896,000            |
| Capital Outlay                       | 2,123,000          | 3,687,500            | 3,740,500            | 2,981,000          | 3,048,500          |
| <b>TOTAL EXPENDITURES</b>            | <b>154,565,700</b> | <b>153,383,000</b>   | <b>165,676,500</b>   | <b>142,641,500</b> | <b>148,515,000</b> |
| <b>EXPENDITURES BY UNIT</b>          |                    |                      |                      |                    |                    |
| Secretary                            | 1,418,600          | 1,291,500            | 1,330,000            | 1,232,800          | 1,276,100          |
| Breaks Interstate Park               | 200,000            | 200,000              | 200,000              | 200,000            | 200,000            |
| Travel                               | 6,390,100          | 8,807,500            | 9,011,500            | 6,996,400          | 7,181,800          |
| Parks                                | 75,688,000         | 79,245,500           | 86,036,000           | 71,759,800         | 74,310,100         |
| Kentucky Horse Park                  | 6,864,000          | 6,143,000            | 6,398,500            | 5,490,500          | 5,614,000          |
| Kentucky State Fair Board            | 35,828,500         | 27,188,500           | 30,716,500           | 26,536,000         | 28,109,000         |
| Fish and Wildlife Resources          | 28,176,500         | 30,507,000           | 31,984,000           | 30,426,000         | 31,824,000         |
| <b>TOTAL EXPENDITURES</b>            | <b>154,565,700</b> | <b>153,383,000</b>   | <b>165,676,500</b>   | <b>142,641,500</b> | <b>148,515,000</b> |

The Tourism Development Cabinet was established by KRS 148.522 to facilitate efficiency and improved administration by the Commonwealth in promoting the tourism industry in Kentucky. Estimates project tourism spending in excess of \$7.4 billion annually, making tourism Kentucky's third-largest industry. The tourism industry, Kentucky's second-largest private employer, provides employment for approximately 146,000 Kentuckians. In addition, tourism related industries and businesses generate approximately \$820 million of state and local tax revenues in the Commonwealth.

**TOURISM DEVELOPMENT  
Secretary**

| <b>SOURCE OF FUNDS</b>          | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|---------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>             |                            |                              |                              |                            |                            |
| Regular Appropriation           | 1,288,900                  | 1,291,500                    | 1,330,000                    | 1,232,800                  | 1,276,100                  |
| <b>Federal Funds</b>            |                            |                              |                              |                            |                            |
| Balance Forward                 | 35,800                     |                              |                              |                            |                            |
| Current Receipts                | 93,900                     |                              |                              |                            |                            |
| <b>Total Federal Funds</b>      | <b>129,700</b>             |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>              | <b>1,418,600</b>           | <b>1,291,500</b>             | <b>1,330,000</b>             | <b>1,232,800</b>           | <b>1,276,100</b>           |
| <b>EXPENDITURES BY CLASS</b>    |                            |                              |                              |                            |                            |
| Personnel Costs                 | 856,300                    | 819,000                      | 861,000                      | 802,000                    | 841,000                    |
| Operating Expenses              | 292,300                    | 252,500                      | 249,000                      | 160,800                    | 165,100                    |
| Grants, Loans or Benefits       | 270,000                    | 220,000                      | 220,000                      | 270,000                    | 270,000                    |
| <b>TOTAL EXPENDITURES</b>       | <b>1,418,600</b>           | <b>1,291,500</b>             | <b>1,330,000</b>             | <b>1,232,800</b>           | <b>1,276,100</b>           |
| <b>EXPENDITURES BY UNIT</b>     |                            |                              |                              |                            |                            |
| Executive Policy and Management | 1,199,600                  | 1,123,000                    | 1,156,500                    | 1,069,000                  | 1,105,000                  |
| Administrative Services         | 219,000                    | 168,500                      | 173,500                      | 163,800                    | 171,100                    |
| <b>TOTAL EXPENDITURES</b>       | <b>1,418,600</b>           | <b>1,291,500</b>             | <b>1,330,000</b>             | <b>1,232,800</b>           | <b>1,276,100</b>           |

The Office of the Secretary of the Tourism Development Cabinet coordinates efforts for improved management and effective service among the various agencies within the Cabinet.

The Executive Policy and Management program provides the central coordination and administrative direction for the overall planning and management of the agencies within the Cabinet. This program is responsible for developing plans to assure orderly growth and improved management, to recommend executive actions and legislative measures, and to evaluate agency budget requests. This program also markets and promotes our state to the film industries in order to attract television and feature movie productions to Kentucky.

The Administrative Services program oversees accounting, budgetary, and personnel functions, as well as providing support services, including purchasing controls and property management, to other Cabinet agencies.

Funding of \$270,000 is provided in each year of the biennium for Outdoor Drama Grants.



**TOURISM DEVELOPMENT**  
**Breaks Interstate Park**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 170,000                    | 200,000                      | 200,000                      | 200,000                    | 200,000                    |
| Current Year Appropriation   | 30,000                     |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>           | <b>200,000</b>             | <b>200,000</b>               | <b>200,000</b>               | <b>200,000</b>             | <b>200,000</b>             |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Grants, Loans or Benefits    | 200,000                    | 200,000                      | 200,000                      | 200,000                    | 200,000                    |

This program provides funds for the maintenance and operation of the Breaks Interstate Park to preserve and protect the scenic and natural values of the Park for the benefit of present and future generations. The Park, created by KRS 148.220 in 1954 by joint action of the Kentucky and Virginia legislatures, is governed by the Breaks Interstate Park Commission which is composed of three members from each state appointed by the respective governors. Kentucky provides financial support for the Park in the form of a grant to the Commission.

The Park, which contains 4,500 acres of woodlands, mountains, and the largest canyon east of the Mississippi River, attracts approximately 370,000 visitors each year. Breaks Interstate Park provides recreation for the people of Kentucky and Virginia in an area where recreational opportunities are limited.

**TOURISM DEVELOPMENT**  
**Travel**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 6,375,100                  | 8,805,000                    | 9,009,000                    | 6,992,400                  | 7,177,800                  |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 6,900                      |                              |                              |                            |                            |
| Current Receipts                     | 2,100                      | 2,500                        | 2,500                        | 4,000                      | 4,000                      |
| <b>Total Restricted Agency Funds</b> | <b>9,000</b>               | <b>2,500</b>                 | <b>2,500</b>                 | <b>4,000</b>               | <b>4,000</b>               |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Current Receipts                     | 6,000                      |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>                   | <b>6,390,100</b>           | <b>8,807,500</b>             | <b>9,011,500</b>             | <b>6,996,400</b>           | <b>7,181,800</b>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 4,180,000                  | 6,216,000                    | 6,326,500                    | 4,719,700                  | 4,886,300                  |
| Operating Expenses                   | 1,380,100                  | 1,661,500                    | 1,755,000                    | 1,446,700                  | 1,465,500                  |
| Grants, Loans or Benefits            | 830,000                    | 930,000                      | 930,000                      | 830,000                    | 830,000                    |
| <b>TOTAL EXPENDITURES</b>            | <b>6,390,100</b>           | <b>8,807,500</b>             | <b>9,011,500</b>             | <b>6,996,400</b>           | <b>7,181,800</b>           |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Executive Policy and Management      | 343,400                    | 360,000                      | 371,000                      | 377,000                    | 394,000                    |
| Tourism Services                     | 1,697,000                  | 1,779,500                    | 1,835,000                    | 1,704,400                  | 1,752,800                  |
| Marketing and Advertising            | 4,349,700                  | 6,668,000                    | 6,805,500                    | 4,915,000                  | 5,035,000                  |
| <b>TOTAL EXPENDITURES</b>            | <b>6,390,100</b>           | <b>8,807,500</b>             | <b>9,011,500</b>             | <b>6,996,400</b>           | <b>7,181,800</b>           |

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

**TOURISM DEVELOPMENT**  
**Travel**  
**Executive Policy and Management**

|                              | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 343,400                    | 360,000                      | 371,000                      | 377,000                    | 394,000                    |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 287,400                    | 295,500                      | 310,500                      | 309,000                    | 324,000                    |
| Operating Expenses           | 56,000                     | 64,500                       | 60,500                       | 68,000                     | 70,000                     |
| <b>TOTAL EXPENDITURES</b>    | <u>343,400</u>             | <u>360,000</u>               | <u>371,000</u>               | <u>377,000</u>             | <u>394,000</u>             |

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

**TOURISM DEVELOPMENT**  
**Travel**  
**Tourism Services**

|                              | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 1,691,000                  | 1,779,500                    | 1,835,000                    | 1,704,400                  | 1,752,800                  |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Current Receipts             | 6,000                      |                              |                              |                            |                            |
| <b>Total Federal Funds</b>   | <u>6,000</u>               |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>           | <u>1,697,000</u>           | <u>1,779,500</u>             | <u>1,835,000</u>             | <u>1,704,400</u>           | <u>1,752,800</u>           |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 1,095,000                  | 1,131,000                    | 1,190,500                    | 1,120,700                  | 1,177,300                  |
| Operating Expenses           | 572,000                    | 618,500                      | 614,500                      | 553,700                    | 545,500                    |
| Grants, Loans or Benefits    | 30,000                     | 30,000                       | 30,000                       | 30,000                     | 30,000                     |
| <b>TOTAL EXPENDITURES</b>    | <u>1,697,000</u>           | <u>1,779,500</u>             | <u>1,835,000</u>             | <u>1,704,400</u>           | <u>1,752,800</u>           |

The Tourism Services Division operates highway welcome centers in Florence, Franklin, Grayson, Hopkinsville, Paducah, Shelbyville, Shepherdsville, and Williamsburg; generates sales revenue to Kentucky's tourism industry through trade show participation and pursuit of group, commercial, and individual markets; and disseminates tourism information to tourists and potential visitors via a telephone system, direct mail, and the highway welcome centers.

The goal of the Tourism Services Division is to conduct a comprehensive travel promotion campaign and to serve Kentucky's private sector tourism industry.

**Policy**

Funding of \$30,000 is provided in each year of the biennium to fund a 50 percent cash match from local and/or regional entities for international tourism activity including trade missions, advertising, and multi-lingual brochure translations.

Additional funding of \$62,000 is included in fiscal year 1999 and \$66,000 in fiscal year 2000 for operating costs and staffing (three permanent) for the new Shelby County Welcome Center.

**TOURISM DEVELOPMENT**  
**Travel**  
**Marketing and Advertising**

| <b>SOURCE OF FUNDS</b>               | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 4,340,700                  | 6,665,500                    | 6,803,000                    | 4,911,000                  | 5,031,000                  |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 6,900                      |                              |                              |                            |                            |
| Current Receipts                     | 2,100                      | 2,500                        | 2,500                        | 4,000                      | 4,000                      |
| <b>Total Restricted Agency Funds</b> | <u>9,000</u>               | <u>2,500</u>                 | <u>2,500</u>                 | <u>4,000</u>               | <u>4,000</u>               |
| <b>TOTAL FUNDS</b>                   | <u>4,349,700</u>           | <u>6,668,000</u>             | <u>6,805,500</u>             | <u>4,915,000</u>           | <u>5,035,000</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 2,797,600                  | 4,789,500                    | 4,825,500                    | 3,290,000                  | 3,385,000                  |
| Operating Expenses                   | 752,100                    | 978,500                      | 1,080,000                    | 825,000                    | 850,000                    |
| Grants, Loans or Benefits            | 800,000                    | 900,000                      | 900,000                      | 800,000                    | 800,000                    |
| <b>TOTAL EXPENDITURES</b>            | <u>4,349,700</u>           | <u>6,668,000</u>             | <u>6,805,500</u>             | <u>4,915,000</u>           | <u>5,035,000</u>           |

The Marketing and Advertising Division develops and coordinates state tourism advertising and tourism media placement; coordinates and produces tourism brochures and sales promotion materials; assists non-profit private sector groups with advertising and promotion costs through matching funds and cooperative advertising programs; and develops and maintains a marketing and research data base on Kentucky's tourism industry.

The goal of this program is to develop, coordinate, and maintain a comprehensive advertising campaign to promote Kentucky as a tourism destination.

**Policy**

Included is \$2,592,000 in fiscal year 1999 and \$2,655,000 in fiscal year 2000 for the comprehensive advertising program contract. Also included is \$800,000 in each year of the biennium for the matching funds advertising program to be used for regional cooperative advertising campaigns.

Funds are provided in each year of the biennium to match Transportation Cabinet funds to reimburse the Mississippi River Parkway Commission for expenses (KRS 176.500).

**TOURISM DEVELOPMENT  
Parks**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 32,493,900                 | 34,662,500                   | 40,240,500                   | 27,276,800                 | 28,625,600                 |
| Current Year Appropriation           | 1,837,000                  |                              |                              |                            |                            |
| <b>Total General Fund</b>            | <u>34,330,900</u>          | <u>34,662,500</u>            | <u>40,240,500</u>            | <u>27,276,800</u>          | <u>28,625,600</u>          |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 1,489,000                  | 2,000,000                    | 2,000,000                    | 2,000,000                  | 2,100,000                  |
| Current Receipts                     | 41,867,500                 | 44,583,000                   | 45,795,500                   | 44,583,000                 | 45,794,500                 |
| <b>Total Restricted Agency Funds</b> | <u>43,356,500</u>          | <u>46,583,000</u>            | <u>47,795,500</u>            | <u>46,583,000</u>          | <u>47,894,500</u>          |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 600                        |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>                   | <u>77,688,000</u>          | <u>81,245,500</u>            | <u>88,036,000</u>            | <u>73,859,800</u>          | <u>76,520,100</u>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 43,045,100                 | 46,599,500                   | 48,659,000                   | 44,394,500                 | 45,778,300                 |
| Operating Expenses                   | 24,259,900                 | 29,815,000                   | 30,499,000                   | 27,115,300                 | 27,781,800                 |
| Grants, Loans or Benefits            | 25,000                     |                              |                              | 75,000                     | 50,000                     |
| Debt Service                         | 8,258,000                  | 2,081,000                    | 6,128,000                    |                            | 525,000                    |
| Capital Outlay                       | 100,000                    | 750,000                      | 750,000                      | 175,000                    | 175,000                    |
| <b>TOTAL EXPENDITURES</b>            | <u>75,688,000</u>          | <u>79,245,500</u>            | <u>86,036,000</u>            | <u>71,759,800</u>          | <u>74,310,100</u>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| General Administration and Support   | 8,814,800                  | 9,499,000                    | 9,784,500                    | 8,954,500                  | 9,199,000                  |
| Resort Parks                         | 46,158,000                 | 53,081,000                   | 54,967,500                   | 49,358,300                 | 50,636,600                 |
| Recreation Parks and Historic Sites  | 11,485,600                 | 13,622,500                   | 14,139,500                   | 12,488,500                 | 12,939,000                 |
| Cafeterias                           | 971,600                    | 962,000                      | 1,016,500                    | 958,500                    | 1,010,500                  |
| Debt Service                         | 8,258,000                  | 2,081,000                    | 6,128,000                    |                            | 525,000                    |
| <b>TOTAL EXPENDITURES</b>            | <u>75,688,000</u>          | <u>79,245,500</u>            | <u>86,036,000</u>            | <u>71,759,800</u>          | <u>74,310,100</u>          |

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

The activities of the Department include the operation and maintenance of 16 resort parks, 23 recreational parks, ten historic sites, and two Frankfort cafeterias. Blue Licks State Park will become the 17<sup>th</sup> resort park after completion of the new lodge in fiscal year 1999.

**TOURISM DEVELOPMENT  
Parks  
General Administration and Support**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 8,614,800                  | 9,249,000                    | 9,534,500                    | 8,695,000                  | 8,949,000                  |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 59,500                     | 59,500                       | 9,500                        | 59,500                     |                            |
| Current Receipts                     | 200,000                    | 200,000                      | 250,000                      | 200,000                    | 250,000                    |
| <b>Total Restricted Agency Funds</b> | <u>259,500</u>             | <u>259,500</u>               | <u>259,500</u>               | <u>259,500</u>             | <u>250,000</u>             |
| <b>TOTAL FUNDS</b>                   | <u>8,874,300</u>           | <u>9,508,500</u>             | <u>9,794,000</u>             | <u>8,954,500</u>           | <u>9,199,000</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 7,281,000                  | 7,731,000                    | 8,009,000                    | 7,399,500                  | 7,734,000                  |
| Operating Expenses                   | 1,508,800                  | 1,768,000                    | 1,775,500                    | 1,530,000                  | 1,465,000                  |
| Grants, Loans or Benefits            | 25,000                     |                              |                              | 25,000                     |                            |
| <b>TOTAL EXPENDITURES</b>            | <u>8,814,800</u>           | <u>9,499,000</u>             | <u>9,784,500</u>             | <u>8,954,500</u>           | <u>9,199,000</u>           |

The General Administration and Support program provides an organizational and administrative system which ensures that the park system's 51 operations are maintained and operated in an efficient manner.

**Policy**

Additional funding of \$240,000 is provided in fiscal year 1999 and \$150,000 in fiscal year 2000 for operating costs and staffing (three full-time) for an employee and customer service training program.

Additional funding of \$25,000 is provided in fiscal year 1999 to provide a grant for a study of the Little Shepherd's Trail from the junction of U.S. 119 in Letcher County to Kingdom Come State Park.

**TOURISM DEVELOPMENT**  
**Parks**  
**Resort Parks**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 10,424,700                 | 15,984,000                   | 16,861,000                   | 12,099,300                 | 12,630,600                 |
| Current Year Appropriation           | 1,797,000                  |                              |                              |                            |                            |
| <b>Total General Fund</b>            | <u>12,221,700</u>          | <u>15,984,000</u>            | <u>16,861,000</u>            | <u>12,099,300</u>          | <u>12,630,600</u>          |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 1,127,000                  | 1,894,700                    | 1,962,200                    | 1,894,700                  | 1,800,000                  |
| Current Receipts                     | 34,704,000                 | 37,164,500                   | 38,106,500                   | 37,164,300                 | 38,106,000                 |
| <b>Total Restricted Agency Funds</b> | <u>35,831,000</u>          | <u>39,059,200</u>            | <u>40,068,700</u>            | <u>39,059,000</u>          | <u>39,906,000</u>          |
| <b>TOTAL FUNDS</b>                   | <u>48,052,700</u>          | <u>55,043,200</u>            | <u>56,929,700</u>            | <u>51,158,300</u>          | <u>52,536,600</u>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 27,608,000                 | 29,882,500                   | 31,189,000                   | 28,296,000                 | 28,939,800                 |
| Operating Expenses                   | 18,450,000                 | 22,698,500                   | 23,278,500                   | 20,837,300                 | 21,471,800                 |
| Grants, Loans or Benefits            |                            |                              |                              | 50,000                     | 50,000                     |
| Capital Outlay                       | 100,000                    | 500,000                      | 500,000                      | 175,000                    | 175,000                    |
| <b>TOTAL EXPENDITURES</b>            | <u>46,158,000</u>          | <u>53,081,000</u>            | <u>54,967,500</u>            | <u>49,358,300</u>          | <u>50,636,600</u>          |

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 16 resort parks. The resort parks and their locations are:

|   |   |
|---|---|
| Barren River Resort Park - Barren County                  | Kenlake Resort Park - Marshall County           |
| Buckhorn Lake Resort Park - Perry County                  | Kentucky Dam Village Resort - Marshall County   |
| Carter Caves Resort Park - Carter County                  | Lake Barkley Resort Park - Trigg County         |
| Cumberland Falls Resort Park - Whitley County             | Lake Cumberland Resort Park - Russell County    |
| Dale Hollow Resort Park - Cumberland and Clinton Counties | Natural Bridge Resort Park - Powell County      |
| General Butler Resort Park - Carroll County               | Pennyrile Forest Resort Park - Christian County |
| Greenbo Lake Resort Park - Greenup County                 | Pine Mountain Resort Park - Bell County         |
| Jenny Wiley Resort Park - Floyd County                    | Rough River Resort Park - Grayson County        |

It is projected that in fiscal year 1999, the resort parks will provide overnight accommodations for 610,000 guests and serve 1.7 million meals.

**Policy**

Additional funding of \$811,000 is provided in fiscal year 1999 and \$848,000 in fiscal year 2000 for operating costs and staffing (26 permanent /17 seasonal) of Blue Licks State Park.

Additional General Fund support of \$1 million is provided in each year of the biennium for both large (over \$5,000) and small capital outlay items.



Funding of \$25,000 is provided in each year of the biennium to upgrade the salaries of the golf professionals at the Department's 18-hole golf courses.

Funding of \$50,000 is provided in each year of the biennium to provide a grant to the Glasgow Highland Games to prepare for the 2001 International Scottish Games.

**TOURISM DEVELOPMENT**  
**Parks**  
**Recreation Parks and Historic Sites**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 4,816,800                  | 6,954,000                    | 7,310,500                    | 6,091,500                  | 6,120,000                  |
| Current Year Appropriation           | 40,000                     |                              |                              |                            |                            |
| <b>Total General Fund</b>            | <u>4,856,800</u>           | <u>6,954,000</u>             | <u>7,310,500</u>             | <u>6,091,500</u>           | <u>6,120,000</u>           |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 273,500                    | 28,300                       | 28,300                       | 28,300                     | 300,000                    |
| Current Receipts                     | 6,383,000                  | 6,668,500                    | 6,829,000                    | 6,668,700                  | 6,829,000                  |
| <b>Total Restricted Agency Funds</b> | <u>6,656,500</u>           | <u>6,696,800</u>             | <u>6,857,300</u>             | <u>6,697,000</u>           | <u>7,129,000</u>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 600                        |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>                   | <u>11,513,900</u>          | <u>13,650,800</u>            | <u>14,167,800</u>            | <u>12,788,500</u>          | <u>13,249,000</u>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 7,651,600                  | 8,467,500                    | 8,916,000                    | 8,184,000                  | 8,565,500                  |
| Operating Expenses                   | 3,834,000                  | 4,905,000                    | 4,973,500                    | 4,304,500                  | 4,373,500                  |
| Capital Outlay                       |                            | 250,000                      | 250,000                      |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <u>11,485,600</u>          | <u>13,622,500</u>            | <u>14,139,500</u>            | <u>12,488,500</u>          | <u>12,939,000</u>          |

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines. In fiscal year 1999, the camping areas will attract approximately 325,000 visitors and museum visitation should approach 295,000.

**Park Facilities**

Ben Hawes State Park - Daviess County  
 Big Bone Lick State Park - Boone County  
 Blue Licks Battlefield State Park - Robertson County  
 Carr Creek State Park - Knott County  
 Columbus-Belmont Battlefield State Park - Hickman County  
 E. P. "Tom" Sawyer State Park - Jefferson County  
 Fort Boonesborough State Park - Madison County  
 General Burnside State Park - Pulaski County  
 Grayson Lake State Park - Elliott and Carter Counties  
 Green River Lake State Park - Taylor County  
 John James Audubon State Park - Henderson County  
 Kincaid Lake State Park - Pendleton County  
 Kingdom Come State Park - Harlan County  
 Lake Malone State Park - Muhlenberg County

**Historic Sites**

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

## **Park Facilities**

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Levi Jackson Wilderness Road State Park - Laurel County  
Lincoln Homestead State Park - Washington County  
Mineral Mound State Park - Lyon County  
My Old Kentucky Home State Park - Nelson County  
Nolin Lake State Park - Edmonson County  
Old Fort Harrod State Park - Mercer County  
Paintsville Lake State Park - Johnson County  
Taylorsville Lake State Park - Spencer County  
Yatesville Lake State Park - Lawrence County

### **Policy**

Additional funding of \$245,500 is provided in fiscal year 1999 and \$257,000 in fiscal year 2000 for operating costs and staffing (four permanent/seven seasonal) for the Yatesville Lake Marina.

Additional funding of \$58,000 is provided in fiscal year 1999 and \$60,000 in fiscal year 2000 for operating costs and staffing (one permanent/four seasonal) for Taylorsville Lake Campground.

Additional funding of \$25,000 is provided in fiscal year 1999 and \$46,000 in fiscal year 2000 for operating costs and staffing (four seasonal) for Yatesville Lake Campground.

Additional General Fund support of \$500,000 is provided in each year of the biennium for both large (over \$5,000) and small capital outlay items.

Funding of \$150,000 is provided in each year of the biennium for personnel and operating costs for the Sleepy Hollow Golf Course and the Coal Mine Museum.

Additional funding of \$35,000 in fiscal year 1999 and \$37,000 in fiscal year 2000 is provided for a park ranger (one full-time) at Carr Creek State Park.

**TOURISM DEVELOPMENT  
Parks  
Cafeterias**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 379,600                    | 394,500                      | 406,500                      | 391,000                    | 401,000                    |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 29,000                     | 17,500                       |                              | 17,500                     |                            |
| Current Receipts                     | 580,500                    | 550,000                      | 610,000                      | 550,000                    | 609,500                    |
| <b>Total Restricted Agency Funds</b> | <u>609,500</u>             | <u>567,500</u>               | <u>610,000</u>               | <u>567,500</u>             | <u>609,500</u>             |
| <b>TOTAL FUNDS</b>                   | <u>989,100</u>             | <u>962,000</u>               | <u>1,016,500</u>             | <u>958,500</u>             | <u>1,010,500</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 504,500                    | 518,500                      | 545,000                      | 515,000                    | 539,000                    |
| Operating Expenses                   | 467,100                    | 443,500                      | 471,500                      | 443,500                    | 471,500                    |
| <b>TOTAL EXPENDITURES</b>            | <u>971,600</u>             | <u>962,000</u>               | <u>1,016,500</u>             | <u>958,500</u>             | <u>1,010,500</u>           |

The Cafeteria program provides food service in the State Office Building and Capitol Annex for legislative members, state employees, and visitors to the state offices in the Frankfort area. The cafeterias should serve approximately 275,000 meals in fiscal year 1999 and should generate sales of approximately \$567,000.

**TOURISM DEVELOPMENT  
Parks  
Debt Service**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 8,258,000                  | 2,081,000                    | 6,128,000                    |                            | 525,000                    |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Debt Service                 | 8,258,000                  | 2,081,000                    | 6,128,000                    |                            | 525,000                    |
| <b>EXPENDITURES BY UNIT</b>  |                            |                              |                              |                            |                            |
| Project 53                   | 678,000                    |                              |                              |                            |                            |
| Project 54                   | 177,000                    |                              |                              |                            |                            |
| Project 55                   | 1,095,000                  |                              |                              |                            |                            |
| Project 59                   | 6,308,000                  |                              |                              |                            |                            |
| New Debt                     |                            | 2,081,000                    | 6,128,000                    |                            |                            |
| 1998 Enacted                 |                            |                              |                              |                            | 525,000                    |
| <b>TOTAL EXPENDITURES</b>    | <b>8,258,000</b>           | <b>2,081,000</b>             | <b>6,128,000</b>             |                            | <b>525,000</b>             |

The Department of Parks has outstanding debt service obligations for revenue bonds issued for Projects 53, 54, 55, and 59. Project 59 provided \$63.7 million to fund 50 renovation projects and refinanced Projects 48, 49, 50, 51, and 52.

All currently authorized General Fund debt service costs will be budgeted in the Finance and Administration Cabinet in the 1998-2000 biennium.

**Policy**

Additional funding of \$525,000 in fiscal year 2000 is provided to pay debt service for an 18-hole golf course and clubhouse at Dale Hollow State Resort Park in Clinton and Cumberland Counties.

**TOURISM DEVELOPMENT**  
**Kentucky Horse Park**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 2,924,700                  | 2,187,000                    | 2,416,500                    | 1,631,500                  | 1,632,000                  |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 114,000                    | 100,000                      | 100,000                      | 100,000                    | 197,000                    |
| Current Receipts                     | 3,915,300                  | 3,946,000                    | 3,972,000                    | 3,946,000                  | 3,972,000                  |
| Non-Revenue Receipts                 | 10,000                     | 10,000                       | 10,000                       | 10,000                     | 10,000                     |
| <b>Total Restricted Agency Funds</b> | <b>4,039,300</b>           | <b>4,056,000</b>             | <b>4,082,000</b>             | <b>4,056,000</b>           | <b>4,179,000</b>           |
| <b>TOTAL FUNDS</b>                   | <b>6,964,000</b>           | <b>6,243,000</b>             | <b>6,498,500</b>             | <b>5,687,500</b>           | <b>5,811,000</b>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 3,505,500                  | 3,798,000                    | 4,022,000                    | 3,413,600                  | 3,494,000                  |
| Operating Expenses                   | 2,006,500                  | 2,190,000                    | 2,265,500                    | 2,052,900                  | 2,096,000                  |
| Debt Service                         | 1,352,000                  |                              |                              |                            |                            |
| Capital Outlay                       |                            | 155,000                      | 111,000                      | 24,000                     | 24,000                     |
| <b>TOTAL EXPENDITURES</b>            | <b>6,864,000</b>           | <b>6,143,000</b>             | <b>6,398,500</b>             | <b>5,490,500</b>           | <b>5,614,000</b>           |

The 1,032-acre Kentucky Horse Park is a recreational and educational park featuring an exclusive movie, a farrier shop and a harness shop, a parade of breeds show, horse-drawn tours, the International Museum of the Horse, and the American Saddlebred Museum. Other attractions include: the Man O'War Memorial, Hall of Champions, Secretariat Memorial, a gift shop, an art gallery, two food service facilities, and horseback riding. Other facilities include a 260-site campground with a grocery, souvenir shop, pool, croquet, tennis, and basketball courts; 826 stalls for horse shows and some of the finest equine eventing facilities in the world, including a covered arena, six polo fields, show rings, and a steeplechase course. Central Kentucky Riding for the Handicapped and the National Horse Center Office Complex, which includes 11 horse-related organizations, are also located at the Park.

The purpose of the Kentucky Horse Park is to be the world's definitive equestrian educational facility dedicated to all breeds of horses; to provide show facilities capable of hosting national and international equestrian competitions in many disciplines; and to provide a positive impact on both the local and state economies by establishing itself as a nationally recognized tourist attraction.

The Horse Park provides recreational and educational activities for over 700,000 visitors a year through its regular activities and special events. In addition, the Park serves as an educational facility for approximately 20,000 student visitors from the Commonwealth.

**Policy**

Debt service for Projects 53, 54, and 55 is included in fiscal year 1998. All currently authorized General Fund debt service costs will be budgeted in the Finance and Administration Cabinet in the 1998-2000 biennium.

**TOURISM DEVELOPMENT**  
**Kentucky State Fair Board**

|                                      | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>               |                    |                      |                      |                    |                    |
| <b>General Fund</b>                  |                    |                      |                      |                    |                    |
| Regular Appropriation                | 11,576,000         | 407,000              | 2,487,000            | 407,000            | 407,000            |
| <b>Restricted Agency Funds</b>       |                    |                      |                      |                    |                    |
| Balance Forward                      | 3,090,500          | 3,784,000            | 3,173,000            | 3,784,000          | 3,025,500          |
| Current Receipts                     | 26,446,000         | 27,670,500           | 28,720,000           | 27,670,500         | 28,720,000         |
| Non-Revenue Receipts                 | -1,500,000         | -1,500,000           | -700,000             | -2,300,000         | -1,800,000         |
| <b>Total Restricted Agency Funds</b> | <b>28,036,500</b>  | <b>29,954,500</b>    | <b>31,193,000</b>    | <b>29,154,500</b>  | <b>29,945,500</b>  |
| <b>TOTAL FUNDS</b>                   | <b>39,612,500</b>  | <b>30,361,500</b>    | <b>33,680,000</b>    | <b>29,561,500</b>  | <b>30,352,500</b>  |
| <b>EXPENDITURES BY CLASS</b>         |                    |                      |                      |                    |                    |
| Personnel Costs                      | 13,783,000         | 15,020,500           | 15,942,500           | 14,748,000         | 15,628,500         |
| Operating Expenses                   | 8,969,500          | 9,885,500            | 10,339,500           | 9,544,000          | 10,203,000         |
| Grants, Loans or Benefits            | 1,288,500          | 1,326,500            | 1,365,500            | 1,288,500          | 1,288,500          |
| Debt Service                         | 11,540,000         | 371,000              | 2,451,000            | 371,000            | 371,000            |
| Capital Outlay                       | 247,500            | 585,000              | 618,000              | 584,500            | 618,000            |
| <b>TOTAL EXPENDITURES</b>            | <b>35,828,500</b>  | <b>27,188,500</b>    | <b>30,716,500</b>    | <b>26,536,000</b>  | <b>28,109,000</b>  |
| <b>EXPENDITURES BY UNIT</b>          |                    |                      |                      |                    |                    |
| Kentucky Fair and Exposition Center  | 21,499,000         | 23,104,500           | 23,718,500           | 22,541,500         | 23,275,500         |
| Commonwealth Convention Center       | 2,789,500          | 3,713,000            | 4,547,000            | 3,623,500          | 4,462,500          |
| Debt Service                         | 11,540,000         | 371,000              | 2,451,000            | 371,000            | 371,000            |
| <b>TOTAL EXPENDITURES</b>            | <b>35,828,500</b>  | <b>27,188,500</b>    | <b>30,716,500</b>    | <b>26,536,000</b>  | <b>28,109,000</b>  |

The Kentucky State Fair Board is composed of 15 members: the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky, and 12 members appointed by the Governor. Five of the 12 members appointed by the Governor are selected from nominations from the Kentucky Association of Fairs and Horse Shows, the Kentucky Livestock Improvements Association, the Kentucky State National Farmers Organization, the American Saddle Horse Breeders Association, and the Kentucky Farm Bureau Federation. The Board has control and custody of the funds, buildings, grounds, and equipment of the Kentucky Fair and Exposition Center and the Commonwealth Convention Center in Louisville, as outlined in KRS 247. A president is appointed by the Board to manage the Centers.

**TOURISM DEVELOPMENT  
Kentucky State Fair Board  
Kentucky Fair and Exposition Center**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 407,000                    | 407,000                      | 407,000                      | 407,000                    | 407,000                    |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 2,256,000                  | 2,342,000                    | 2,072,500                    | 2,342,000                  | 1,835,500                  |
| Current Receipts                     | 22,678,000                 | 23,928,000                   | 24,416,500                   | 23,928,000                 | 24,416,500                 |
| Non-Revenue Receipts                 | -1,500,000                 | -1,500,000                   | -700,000                     | -2,300,000                 | -1,800,000                 |
| <b>Total Restricted Agency Funds</b> | <u>23,434,000</u>          | <u>24,770,000</u>            | <u>25,789,000</u>            | <u>23,970,000</u>          | <u>24,452,000</u>          |
| <b>TOTAL FUNDS</b>                   | <u>23,841,000</u>          | <u>25,177,000</u>            | <u>26,196,000</u>            | <u>24,377,000</u>          | <u>24,859,000</u>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 12,063,500                 | 13,085,500                   | 13,630,000                   | 12,866,000                 | 13,378,000                 |
| Operating Expenses                   | 7,919,500                  | 8,528,000                    | 8,584,000                    | 8,223,000                  | 8,470,000                  |
| Grants, Loans or Benefits            | 1,288,500                  | 1,326,500                    | 1,365,500                    | 1,288,500                  | 1,288,500                  |
| Capital Outlay                       | 227,500                    | 164,500                      | 139,000                      | 164,000                    | 139,000                    |
| <b>TOTAL EXPENDITURES</b>            | <u>21,499,000</u>          | <u>23,104,500</u>            | <u>23,718,500</u>            | <u>22,541,500</u>          | <u>23,275,500</u>          |

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

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

**Policy**

The enacted budget includes \$407,000 in General Funds in each year of the biennium for the North American International Livestock Exposition program.



**TOURISM DEVELOPMENT  
Kentucky State Fair Board  
Commonwealth Convention Center**

|                                | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>         |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b> |                            |                              |                              |                            |                            |
| Balance Forward                | 834,500                    | 1,442,000                    | 1,100,500                    | 1,442,000                  | 1,190,000                  |
| Current Receipts               | 3,768,000                  | 3,742,500                    | 4,303,500                    | 3,742,500                  | 4,303,500                  |
| Non-Revenue Receipts           | -371,000                   | -371,000                     | -371,000                     | -371,000                   | -371,000                   |
| <b>TOTAL FUNDS</b>             | <u>4,231,500</u>           | <u>4,813,500</u>             | <u>5,033,000</u>             | <u>4,813,500</u>           | <u>5,122,500</u>           |
| <b>EXPENDITURES BY CLASS</b>   |                            |                              |                              |                            |                            |
| Personnel Costs                | 1,719,500                  | 1,935,000                    | 2,312,500                    | 1,882,000                  | 2,250,500                  |
| Operating Expenses             | 1,050,000                  | 1,357,500                    | 1,755,500                    | 1,321,000                  | 1,733,000                  |
| Capital Outlay                 | 20,000                     | 420,500                      | 479,000                      | 420,500                    | 479,000                    |
| <b>TOTAL EXPENDITURES</b>      | <u>2,789,500</u>           | <u>3,713,000</u>             | <u>4,547,000</u>             | <u>3,623,500</u>           | <u>4,462,500</u>           |

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

The Commonwealth Convention Center includes 100,000 square feet of exhibit space that can be divided into three separate areas. It also includes 37 meeting rooms holding from 25 to 1,200 people. All phases of the current renovation and expansion project are scheduled to be completed by December, 1999. At that time the Center will include 191,000 total square feet of exhibit space, a 30,000 square foot ballroom and nearly 70,000 square feet of potential meeting space.

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

**Policy**

Additional funding of \$740,500 is provided in fiscal year 1999 and \$1,458,000 in fiscal year 2000 for operating costs, equipment, and staffing (11 permanent) for the expanded Commonwealth Convention Center.

**TOURISM DEVELOPMENT**  
**Kentucky State Fair Board**  
**Debt Service**

|                                | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>         |                    |                      |                      |                    |                    |
| <b>General Fund</b>            |                    |                      |                      |                    |                    |
| Regular Appropriation          | 11,169,000         |                      | 2,080,000            |                    |                    |
| <b>Restricted Agency Funds</b> |                    |                      |                      |                    |                    |
| Non-Revenue Receipts           | 371,000            | 371,000              | 371,000              | 371,000            | 371,000            |
| <b>TOTAL FUNDS</b>             | <b>11,540,000</b>  | <b>371,000</b>       | <b>2,451,000</b>     | <b>371,000</b>     | <b>371,000</b>     |
| <b>EXPENDITURES BY CLASS</b>   |                    |                      |                      |                    |                    |
| Debt Service                   | 11,540,000         | 371,000              | 2,451,000            | 371,000            | 371,000            |
| <b>EXPENDITURES BY UNIT</b>    |                    |                      |                      |                    |                    |
| Project 26                     | 3,205,000          |                      |                      |                    |                    |
| Project 54                     | 715,000            |                      |                      |                    |                    |
| Project 55                     | 4,929,000          | 371,000              | 371,000              | 371,000            | 371,000            |
| Project 59                     | 2,691,000          |                      |                      |                    |                    |
| New Debt                       |                    |                      | 2,080,000            |                    |                    |
| <b>TOTAL EXPENDITURES</b>      | <b>11,540,000</b>  | <b>371,000</b>       | <b>2,451,000</b>     | <b>371,000</b>     | <b>371,000</b>     |

The Debt Service program is responsible for the annual debt service payments on all outstanding Fair Board bonds issued by the State Property and Buildings Commission for Projects 26, 54, 55, and 59.

Project 26 financed the implementation of the Master Facilities Development Plan at the Kentucky Fair and Exposition Center and the Cowger Parking Garage in downtown Louisville.

Project 54 partially refinanced Project 48 which provided funding for the new South Wing exhibition space adjacent to the East Hall at the Kentucky Fair and Exposition Center.

Project 55 provided funding for an expansion of the new South Wing - Phase II, Access Road Completion, the new Maintenance Building, and the refinancing of Projects 21 and 38. Restricted funds (\$371,000) are included in each year of the 1998-2000 biennium for Project 55 debt service payments.

Project 59 provided the funding for the renovation and expansion of the Commonwealth Convention Center and the refinancing of Projects 48 and 50.

All currently authorized General Fund debt service costs will be budgeted in the Finance and Administration Cabinet in the 1998-2000 biennium.

**TOURISM DEVELOPMENT  
Fish and Wildlife Resources**

|                                      | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>               |                    |                      |                      |                    |                    |
| <b>Restricted Agency Funds</b>       |                    |                      |                      |                    |                    |
| Balance Forward                      | 13,074,000         | 22,698,500           | 20,155,500           | 22,698,500         | 20,236,500         |
| Current Receipts                     | 21,500,000         | 21,500,000           | 21,500,000           | 21,500,000         | 21,500,000         |
| Non-Revenue Receipts                 | 8,753,500          | -700,000             | -700,000             | -700,000           | -700,000           |
| <b>Total Restricted Agency Funds</b> | <b>43,327,500</b>  | <b>43,498,500</b>    | <b>40,955,500</b>    | <b>43,498,500</b>  | <b>41,036,500</b>  |
| <b>Federal Funds</b>                 |                    |                      |                      |                    |                    |
| Balance Forward                      | 610,500            |                      |                      |                    |                    |
| Current Receipts                     | 7,581,500          | 7,164,000            | 7,331,500            | 7,164,000          | 7,331,500          |
| Non-Revenue Receipts                 | -644,500           |                      |                      |                    |                    |
| <b>Total Federal Funds</b>           | <b>7,547,500</b>   | <b>7,164,000</b>     | <b>7,331,500</b>     | <b>7,164,000</b>   | <b>7,331,500</b>   |
| <b>TOTAL FUNDS</b>                   | <b>50,875,000</b>  | <b>50,662,500</b>    | <b>48,287,000</b>    | <b>50,662,500</b>  | <b>48,368,000</b>  |
| <b>EXPENDITURES BY CLASS</b>         |                    |                      |                      |                    |                    |
| Personnel Costs                      | 20,152,500         | 21,095,000           | 22,147,500           | 21,014,000         | 22,017,500         |
| Operating Expenses                   | 6,248,500          | 7,154,500            | 7,495,000            | 7,154,500          | 7,495,000          |
| Grants, Loans or Benefits            |                    | 60,000               | 80,000               | 60,000             | 80,000             |
| Capital Outlay                       | 1,775,500          | 2,197,500            | 2,261,500            | 2,197,500          | 2,231,500          |
| <b>TOTAL EXPENDITURES</b>            | <b>28,176,500</b>  | <b>30,507,000</b>    | <b>31,984,000</b>    | <b>30,426,000</b>  | <b>31,824,000</b>  |
| <b>EXPENDITURES BY UNIT</b>          |                    |                      |                      |                    |                    |
| General Administration and Support   | 3,687,000          | 4,193,500            | 4,385,500            | 4,171,000          | 4,360,500          |
| Wildlife Management                  | 6,196,000          | 6,741,000            | 7,050,000            | 6,705,000          | 7,002,500          |
| Fisheries Management                 | 4,071,000          | 4,465,500            | 4,717,000            | 4,439,500          | 4,682,500          |
| Information and Education            | 4,302,500          | 4,516,000            | 4,749,500            | 4,494,500          | 4,721,500          |
| Law Enforcement                      | 9,920,000          | 10,591,000           | 11,082,000           | 10,616,000         | 11,057,000         |
| <b>TOTAL EXPENDITURES</b>            | <b>28,176,500</b>  | <b>30,507,000</b>    | <b>31,984,000</b>    | <b>30,426,000</b>  | <b>31,824,000</b>  |

The Department of Fish and Wildlife Resources, as established by KRS 150, is responsible for the protection and improvement of fish and wildlife resources in Kentucky. The Department is headed by a Commissioner appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine member bipartisan body appointed by the Governor from a list of five candidates provided by sportsmen's organizations in each of nine districts.

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

Currently, the Department owns approximately 116,200 acres of land in Kentucky which are used to further its program activities. This acreage includes the State Game Farm, 73 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 1,336,000 acres of land and water are under lease or license by the Department for Wildlife Management activities.

**TOURISM DEVELOPMENT  
Fish and Wildlife Resources  
General Administration and Support**

|                                | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>         |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b> |                            |                              |                              |                            |                            |
| Balance Forward                | 5,268,000                  | 12,190,000                   | 9,796,500                    | 12,190,000                 | 9,819,000                  |
| Current Receipts               | 2,500,000                  | 2,500,000                    | 2,500,000                    | 2,500,000                  | 2,500,000                  |
| Non-Revenue Receipts           | 8,109,000                  | -700,000                     | -700,000                     | -700,000                   | -700,000                   |
| <b>TOTAL FUNDS</b>             | <u>15,877,000</u>          | <u>13,990,000</u>            | <u>11,596,500</u>            | <u>13,990,000</u>          | <u>11,619,000</u>          |
| <b>EXPENDITURES BY CLASS</b>   |                            |                              |                              |                            |                            |
| Personnel Costs                | 2,372,500                  | 2,778,000                    | 2,919,000                    | 2,755,500                  | 2,894,000                  |
| Operating Expenses             | 1,235,500                  | 1,306,500                    | 1,381,500                    | 1,306,500                  | 1,381,500                  |
| Capital Outlay                 | 79,000                     | 109,000                      | 85,000                       | 109,000                    | 85,000                     |
| <b>TOTAL EXPENDITURES</b>      | <u>3,687,000</u>           | <u>4,193,500</u>             | <u>4,385,500</u>             | <u>4,171,000</u>           | <u>4,360,500</u>           |

This program provides guidance for efficient operation of the Department by implementing policy and proper purchasing procedures, and maintaining financial records.

The Public Affairs Division is responsible for facilitating public involvement in departmental policy and regulations. Administrative Services maintains accounting records, ensures that proper purchasing and inventory procedures are followed, and distributes licenses to county clerks. The Engineering Division provides the labor and technical engineering services required for the Department's small construction projects. Duties include building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

**Policy**

Additional funding of \$62,000 is included in fiscal year 1999 and \$65,500 in fiscal year 2000 for two permanent, full-time employees to survey and delineate approximately 50 miles of boundaries at 17 of the Department's wildlife management areas.

**TOURISM DEVELOPMENT  
Fish and Wildlife Resources  
Wildlife Management**

|                                      | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>               |                    |                      |                      |                    |                    |
| <b>Restricted Agency Funds</b>       |                    |                      |                      |                    |                    |
| Balance Forward                      | 2,166,500          | 2,634,500            | 2,093,500            | 2,634,500          | 2,129,500          |
| Current Receipts                     | 3,500,000          | 3,700,000            | 3,700,000            | 3,700,000          | 3,700,000          |
| <b>Total Restricted Agency Funds</b> | <b>5,666,500</b>   | <b>6,334,500</b>     | <b>5,793,500</b>     | <b>6,334,500</b>   | <b>5,829,500</b>   |
| <b>Federal Funds</b>                 |                    |                      |                      |                    |                    |
| Balance Forward                      | 24,000             |                      |                      |                    |                    |
| Current Receipts                     | 3,140,000          | 2,500,000            | 2,500,000            | 2,500,000          | 2,500,000          |
| <b>Total Federal Funds</b>           | <b>3,164,000</b>   | <b>2,500,000</b>     | <b>2,500,000</b>     | <b>2,500,000</b>   | <b>2,500,000</b>   |
| <b>TOTAL FUNDS</b>                   | <b>8,830,500</b>   | <b>8,834,500</b>     | <b>8,293,500</b>     | <b>8,834,500</b>   | <b>8,329,500</b>   |
| <b>EXPENDITURES BY CLASS</b>         |                    |                      |                      |                    |                    |
| Personnel Costs                      | 4,153,000          | 4,332,000            | 4,533,500            | 4,296,000          | 4,486,000          |
| Operating Expenses                   | 1,598,000          | 1,900,500            | 1,989,000            | 1,900,500          | 1,989,000          |
| Capital Outlay                       | 445,000            | 508,500              | 527,500              | 508,500            | 527,500            |
| <b>TOTAL EXPENDITURES</b>            | <b>6,196,000</b>   | <b>6,741,000</b>     | <b>7,050,000</b>     | <b>6,705,000</b>   | <b>7,002,500</b>   |

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

**Policy**

Included is \$200,000 in each year of the biennium to provide cost share incentives for private land owners to implement agricultural practices that are beneficial to the management of migratory birds.

**TOURISM DEVELOPMENT  
Fish and Wildlife Resources  
Fisheries Management**

|                                      | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>               |                    |                      |                      |                    |                    |
| <b>Restricted Agency Funds</b>       |                    |                      |                      |                    |                    |
| Balance Forward                      | 2,424,000          | 3,831,000            | 5,010,500            | 3,831,000          | 5,036,500          |
| Current Receipts                     | 2,500,000          | 2,500,000            | 2,500,000            | 2,500,000          | 2,500,000          |
| <b>Total Restricted Agency Funds</b> | <b>4,924,000</b>   | <b>6,331,000</b>     | <b>7,510,500</b>     | <b>6,331,000</b>   | <b>7,536,500</b>   |
| <b>Federal Funds</b>                 |                    |                      |                      |                    |                    |
| Balance Forward                      | 384,000            |                      |                      |                    |                    |
| Current Receipts                     | 2,594,000          | 3,145,000            | 3,260,000            | 3,145,000          | 3,260,000          |
| <b>Total Federal Funds</b>           | <b>2,978,000</b>   | <b>3,145,000</b>     | <b>3,260,000</b>     | <b>3,145,000</b>   | <b>3,260,000</b>   |
| <b>TOTAL FUNDS</b>                   | <b>7,902,000</b>   | <b>9,476,000</b>     | <b>10,770,500</b>    | <b>9,476,000</b>   | <b>10,796,500</b>  |
| <b>EXPENDITURES BY CLASS</b>         |                    |                      |                      |                    |                    |
| Personnel Costs                      | 2,949,500          | 3,070,000            | 3,217,000            | 3,044,000          | 3,182,500          |
| Operating Expenses                   | 912,500            | 995,500              | 1,048,000            | 995,500            | 1,048,000          |
| Grants, Loans or Benefits            |                    | 60,000               | 80,000               | 60,000             | 80,000             |
| Capital Outlay                       | 209,000            | 340,000              | 372,000              | 340,000            | 372,000            |
| <b>TOTAL EXPENDITURES</b>            | <b>4,071,000</b>   | <b>4,465,500</b>     | <b>4,717,000</b>     | <b>4,439,500</b>   | <b>4,682,500</b>   |

The Fisheries Management program manages Kentucky's fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices.

**Policy**

Additional funding of \$60,000 in fiscal year 1999 and \$80,000 in fiscal year 2000 is included to provide the Commonwealth's share of the cost of non-mitigation trout production at the Wolf Creek National Fish Hatchery near Jamestown.

**TOURISM DEVELOPMENT  
Fish and Wildlife Resources  
Information and Education**

|                                      | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>               |                    |                      |                      |                    |                    |
| <b>Restricted Agency Funds</b>       |                    |                      |                      |                    |                    |
| Balance Forward                      | 590,000            | 1,793,000            | 2,796,000            | 1,793,000          | 2,817,500          |
| Current Receipts                     | 4,500,000          | 4,500,000            | 4,500,000            | 4,500,000          | 4,500,000          |
| <b>Total Restricted Agency Funds</b> | <b>5,090,000</b>   | <b>6,293,000</b>     | <b>7,296,000</b>     | <b>6,293,000</b>   | <b>7,317,500</b>   |
| <b>Federal Funds</b>                 |                    |                      |                      |                    |                    |
| Balance Forward                      | 171,000            |                      |                      |                    |                    |
| Current Receipts                     | 834,500            | 1,019,000            | 1,071,500            | 1,019,000          | 1,071,500          |
| <b>Total Federal Funds</b>           | <b>1,005,500</b>   | <b>1,019,000</b>     | <b>1,071,500</b>     | <b>1,019,000</b>   | <b>1,071,500</b>   |
| <b>TOTAL FUNDS</b>                   | <b>6,095,500</b>   | <b>7,312,000</b>     | <b>8,367,500</b>     | <b>7,312,000</b>   | <b>8,389,000</b>   |
| <b>EXPENDITURES BY CLASS</b>         |                    |                      |                      |                    |                    |
| Personnel Costs                      | 2,684,000          | 2,754,500            | 2,899,500            | 2,733,000          | 2,871,500          |
| Operating Expenses                   | 1,443,500          | 1,521,500            | 1,603,000            | 1,521,500          | 1,603,000          |
| Capital Outlay                       | 175,000            | 240,000              | 247,000              | 240,000            | 247,000            |
| <b>TOTAL EXPENDITURES</b>            | <b>4,302,500</b>   | <b>4,516,000</b>     | <b>4,749,500</b>     | <b>4,494,500</b>   | <b>4,721,500</b>   |

The objective of the Information and Education program is to teach Kentuckians to safely enjoy the recreational opportunities provided by fish and wildlife resources and to create an appreciation and understanding of the need to conserve these resources.

Conservation Education leaders teach approximately 1,200 classes each month for seven months of the school year involving some 100,000 students in the fifth and sixth grades. In addition, they also conduct a conservation camp program during the summer for up to 6,500 students at Camp John Currie, Benton; Camp Earl Wallace, Monticello; and Camp Robert Webb, Grayson. Hunter training officers conduct hunter education classes throughout the state to certify safe hunters.

The Salato Wildlife Education Center at the Game Farm in Frankfort includes a new facility, native landscaping, and nature trails where visitors can learn to appreciate Kentucky's habitat and restoration efforts for wildlife. The Center is expected to draw 125,000 visitors annually.

The Public Information program is responsible for the publication and distribution of the bimonthly magazine, Kentucky Afield, and the production of the weekly Kentucky Afield television program. In addition, this program is responsible for providing information about all Department activities and programs to sportspersons and the general public.

**TOURISM DEVELOPMENT  
Fish and Wildlife Resources  
Law Enforcement**

| <b>SOURCE OF FUNDS</b>               | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 2,625,500                  | 2,250,000                    | 459,000                      | 2,250,000                  | 434,000                    |
| Current Receipts                     | 8,500,000                  | 8,300,000                    | 8,300,000                    | 8,300,000                  | 8,300,000                  |
| Non-Revenue Receipts                 | 644,500                    |                              |                              |                            |                            |
| <b>Total Restricted Agency Funds</b> | <b>11,770,000</b>          | <b>10,550,000</b>            | <b>8,759,000</b>             | <b>10,550,000</b>          | <b>8,734,000</b>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 31,500                     |                              |                              |                            |                            |
| Current Receipts                     | 1,013,000                  | 500,000                      | 500,000                      | 500,000                    | 500,000                    |
| Non-Revenue Receipts                 | -644,500                   |                              |                              |                            |                            |
| <b>Total Federal Funds</b>           | <b>400,000</b>             | <b>500,000</b>               | <b>500,000</b>               | <b>500,000</b>             | <b>500,000</b>             |
| <b>TOTAL FUNDS</b>                   | <b>12,170,000</b>          | <b>11,050,000</b>            | <b>9,259,000</b>             | <b>11,050,000</b>          | <b>9,234,000</b>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 7,993,500                  | 8,160,500                    | 8,578,500                    | 8,185,500                  | 8,583,500                  |
| Operating Expenses                   | 1,059,000                  | 1,430,500                    | 1,473,500                    | 1,430,500                  | 1,473,500                  |
| Capital Outlay                       | 867,500                    | 1,000,000                    | 1,030,000                    | 1,000,000                  | 1,000,000                  |
| <b>TOTAL EXPENDITURES</b>            | <b>9,920,000</b>           | <b>10,591,000</b>            | <b>11,082,000</b>            | <b>10,616,000</b>          | <b>11,057,000</b>          |

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

Conservation officers contact approximately 134,000 resource users, initiate approximately 7,300 prosecutions, issue approximately 1,600 warning notices, and assist approximately 1,500 motorists each year. An officer's average patrol area is 340 square miles.



## TRANSPORTATION

|                                      | Revised<br>FY 1998   | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999   | Enacted<br>FY 2000   |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>SOURCE OF FUNDS</b>               |                      |                      |                      |                      |                      |
| <b>General Fund</b>                  |                      |                      |                      |                      |                      |
| Regular Appropriation                | 5,526,300            | 9,535,000            | 9,543,000            | 6,186,500            | 6,346,000            |
| Continuing Appropriation             | 4,301,100            | 4,301,000            | 4,301,000            | 4,301,100            | 4,301,100            |
| <b>Total General Fund</b>            | <u>9,827,400</u>     | <u>13,836,000</u>    | <u>13,844,000</u>    | <u>10,487,600</u>    | <u>10,647,100</u>    |
| <b>Restricted Agency Funds</b>       |                      |                      |                      |                      |                      |
| Balance Forward                      | 181,118,000          | 25,783,000           | 3,450,000            | 25,783,000           | 3,450,000            |
| Current Receipts                     | 26,435,500           | 43,895,000           | 29,423,000           | 43,895,000           | 29,423,000           |
| Non-Revenue Receipts                 | 20,152,000           | 68,838,500           | 71,468,500           | 68,838,500           | 71,468,500           |
| <b>Total Restricted Agency Funds</b> | <u>227,705,500</u>   | <u>138,516,500</u>   | <u>104,341,500</u>   | <u>138,516,500</u>   | <u>104,341,500</u>   |
| <b>Federal Funds</b>                 |                      |                      |                      |                      |                      |
| Balance Forward                      | -2,260,500           | -2,431,500           | -2,431,500           | -2,431,500           | -2,431,500           |
| Current Receipts                     | 346,494,500          | 381,311,000          | 365,532,500          | 406,455,000          | 389,563,500          |
| <b>Total Federal Funds</b>           | <u>344,234,000</u>   | <u>378,879,500</u>   | <u>363,101,000</u>   | <u>404,023,500</u>   | <u>387,132,000</u>   |
| <b>Road Fund</b>                     |                      |                      |                      |                      |                      |
| Regular Appropriation                | 939,302,000          | 976,823,500          | 1,027,240,500        | 974,547,000          | 1,032,902,000        |
| Surplus Plan                         | 10,361,500           |                      |                      |                      |                      |
| Current Year Appropriation           | 2,300,000            |                      |                      |                      |                      |
| <b>Total Road Fund</b>               | <u>951,963,500</u>   | <u>976,823,500</u>   | <u>1,027,240,500</u> | <u>974,547,000</u>   | <u>1,032,902,000</u> |
| <b>Highway Bonds</b>                 |                      |                      |                      |                      |                      |
|                                      |                      | 100,000,000          | 105,000,000          | 100,000,000          | 105,000,000          |
| <b>TOTAL FUNDS</b>                   | <u>1,533,730,400</u> | <u>1,608,055,500</u> | <u>1,613,527,000</u> | <u>1,627,574,600</u> | <u>1,640,022,600</u> |
| <b>EXPENDITURES BY CLASS</b>         |                      |                      |                      |                      |                      |
| Personnel Costs                      | 284,218,800          | 304,881,500          | 318,572,500          | 303,417,500          | 316,940,000          |
| Operating Expenses                   | 146,343,000          | 146,872,500          | 147,161,500          | 146,514,500          | 147,684,500          |
| Grants, Loans or Benefits            | 117,847,500          | 170,099,000          | 174,783,000          | 167,756,000          | 171,591,500          |
| Debt Service                         | 154,400,500          | 166,183,000          | 179,700,500          | 155,010,000          | 177,084,500          |
| Capital Outlay                       | 12,029,000           | 16,936,500           | 16,956,000           | 16,936,500           | 16,956,000           |
| Construction                         | 791,239,000          | 797,763,500          | 772,020,500          | 832,620,500          | 805,433,000          |
| <b>TOTAL EXPENDITURES</b>            | <u>1,506,077,800</u> | <u>1,602,736,000</u> | <u>1,609,194,000</u> | <u>1,622,255,000</u> | <u>1,635,689,500</u> |
| <b>EXPENDITURES BY UNIT</b>          |                      |                      |                      |                      |                      |
| General Administration and Support   | 73,259,500           | 79,378,500           | 87,441,000           | 77,884,500           | 85,344,000           |
| Air Transportation                   | 2,231,500            | 5,589,500            | 5,656,500            | 2,589,500            | 2,656,500            |
| Rail Transportation                  | 66,800               | 75,000               | 77,500               | 69,500               | 72,000               |
| Public Transportation                | 7,382,000            | 57,294,000           | 59,369,000           | 57,951,000           | 59,177,500           |
| Revenue Sharing                      | 203,464,000          | 204,091,500          | 208,717,000          | 204,091,500          | 208,717,000          |
| Highways                             | 1,030,345,000        | 1,061,152,500        | 1,045,099,500        | 1,095,261,000        | 1,077,713,000        |

|                           | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|---------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| Vehicle Regulation        | 31,015,500                 | 32,218,500                   | 33,376,000                   | 31,380,500                 | 33,376,000                 |
| Debt Service              | 152,330,000                | 162,936,500                  | 169,457,500                  | 153,027,500                | 168,633,500                |
| Judgments                 | 5,983,500                  |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b> | <u>1,506,077,800</u>       | <u>1,602,736,000</u>         | <u>1,609,194,000</u>         | <u>1,622,255,000</u>       | <u>1,635,689,500</u>       |

The Transportation Cabinet had its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. The scope of this original unit was significantly broadened by Executive Orders 72-288 and 73-54 (confirmed by 1974 legislation), which created the Department of Transportation as a consolidation of the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. Pursuant to action by the 1982 General Assembly, the Transportation Cabinet was established as a successor to the Department of Transportation and assumed all of the duties formerly associated with it.

The Transportation Cabinet is responsible for maintaining and improving the delivery of transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public mass transit, and highways. The organization is headed by the Secretary of Transportation, who is appointed by the Governor. The duties and responsibilities of the Cabinet are specified by the Kentucky Revised Statutes, principally in Titles XV and XVI, which deal with roads, waterways, aviation, and motor vehicles.

The Cabinet receives funding from a variety of sources, mainly the state Road Fund, proceeds from bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources are agency receipts, non-highway federal aid, and the state General Fund. The major revenue components of the Road Fund are the motor fuels tax, motor vehicle usage taxes, license and privilege taxes, toll road receipts, interest income, and miscellaneous departmental fees, permits, and sales.

Nine major budget units comprise the Transportation Cabinet: General Administration and Support, Air Transportation, Rail Transportation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, Debt Service, and Judgments. Organizationally, the agency is divided into five departments and seven offices. The departments, each headed by a commissioner directly responsible to the Secretary, are: Administrative Services, Fiscal Management, Vehicle Regulation, Rural and Municipal Aid, and Highways. The remaining units are the Offices of Public Relations, General Counsel, Environmental Affairs, Personnel Management, Minority Affairs, and Policy and Budget, all of which are responsible to the Office of the Secretary.

## Policy

The enacted Road Fund budget approves expenditures from the following sources:

|                             | <u>Fiscal Year<br/>1998</u> | <u>Fiscal Year<br/>1999</u> | <u>Fiscal Year<br/>2000</u> |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Official Road Fund Estimate |                             | 1,021,407,90                | 1,062,707,30                |
|                             |                             | 0                           | 0                           |
| Non-Revenue Receipts        |                             | 125,000                     | 125,000                     |
| Road Fund Surplus Account   | 2,300,000                   |                             | 10,659,700                  |
| Total Available Road Funds  | <u>2,300,000</u>            | <u>1,021,532,90</u>         | <u>1,073,492,00</u>         |
|                             |                             | 0                           | 0                           |

Road Fund appropriations are provided as follows:

| <b>Operating Budget</b>            |           |             |              |
|------------------------------------|-----------|-------------|--------------|
| Transportation Cabinet             | 2,300,000 | 974,547,000 | 1,032,902,00 |
|                                    |           |             | 0            |
| Justice Cabinet                    |           | 35,000,000  | 30,000,000   |
| Revenue Cabinet                    |           | 1,352,000   | 1,352,000    |
| Finance and Administration Cabinet |           | 382,000     | 395,000      |

**Capital Budget**

Transportation Cabinet

Total Road Fund Appropriations

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
|  | <u>2,300,000</u> | <u>9,302,000</u> | <u>8,843,000</u> |
|  |                  | 1,020,583,00     | 1,073,492,00     |
|  |                  | 0                | 0                |

The Consensus Forecasting Group revised the Road Fund revenue estimates for fiscal years 1998, 1999, and 2000 as of May 18, 1998. The revised estimates of \$1,002,700,000 for fiscal year 1998, \$1,029,300,000 for fiscal year 1999, and \$1,062,000,000 for fiscal year 2000 are not reflected in the enacted budget for the Transportation Cabinet, as shown above; however, the revised revenues and expenditures will be integrated into the budget through the Enacted Road Fund Surplus Expenditure Plan, as executed each fiscal year.

**TRANSPORTATION**  
**General Administration and Support**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 2,205,500                  | 1,809,500                    | 1,461,500                    | 1,809,500                  | 1,461,500                  |
| Current Receipts                     | 50,000                     | 50,000                       | 50,000                       | 50,000                     | 50,000                     |
| Non-Revenue Receipts                 | 20,250,000                 | 20,800,000                   | 21,400,000                   | 20,800,000                 | 21,400,000                 |
| <b>Total Restricted Agency Funds</b> | <b>22,505,500</b>          | <b>22,659,500</b>            | <b>22,911,500</b>            | <b>22,659,500</b>          | <b>22,911,500</b>          |
| <b>Road Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                | 52,868,000                 | 58,180,500                   | 65,299,000                   | 56,686,500                 | 63,202,000                 |
| Reorganization Adjustment            | -304,500                   |                              |                              |                            |                            |
| <b>Total Road Fund</b>               | <b>52,563,500</b>          | <b>58,180,500</b>            | <b>65,299,000</b>            | <b>56,686,500</b>          | <b>63,202,000</b>          |
| <b>TOTAL FUNDS</b>                   | <b>75,069,000</b>          | <b>80,840,000</b>            | <b>88,210,500</b>            | <b>79,346,000</b>          | <b>86,113,500</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 30,458,500                 | 31,790,000                   | 33,323,000                   | 31,560,000                 | 33,018,000                 |
| Operating Expenses                   | 29,498,000                 | 27,674,500                   | 27,194,000                   | 27,674,500                 | 27,194,000                 |
| Grants, Loans or Benefits            | 20,000                     | 22,000                       | 22,500                       | 22,000                     | 22,500                     |
| Debt Service                         | 2,070,500                  | 3,246,500                    | 10,243,000                   | 1,982,500                  | 8,451,000                  |
| Capital Outlay                       | 11,081,500                 | 16,590,500                   | 16,602,500                   | 16,590,500                 | 16,602,500                 |
| Construction                         | 131,000                    | 55,000                       | 56,000                       | 55,000                     | 56,000                     |
| <b>TOTAL EXPENDITURES</b>            | <b>73,259,500</b>          | <b>79,378,500</b>            | <b>87,441,000</b>            | <b>77,884,500</b>          | <b>85,344,000</b>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Secretary                            | 11,454,000                 | 10,909,000                   | 11,275,500                   | 10,909,000                 | 11,275,500                 |
| Administrative Services              | 51,222,500                 | 57,532,000                   | 64,644,500                   | 56,268,000                 | 62,852,500                 |
| Fiscal Management                    | 10,583,000                 | 10,937,500                   | 11,521,000                   | 10,707,500                 | 11,216,000                 |
| <b>TOTAL EXPENDITURES</b>            | <b>73,259,500</b>          | <b>79,378,500</b>            | <b>87,441,000</b>            | <b>77,884,500</b>          | <b>85,344,000</b>          |

The General Administration and Support appropriation unit provides the Transportation Cabinet with the broad range of management and administrative capabilities required for both general policy making and efficient day-to-day operations. Included within this unit are three separate department level programs: Office of Secretary, Administrative Services, and Fiscal Management.

The Office of Secretary encompasses the Office of the Secretary of Transportation, the Office of Policy and Budget, the Office of Environmental Affairs, the Office of Personnel Management, the Office of Minority Affairs, the Office of General Counsel, and the Office of Public Relations. These units provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary the managerial tools necessary to operate the Cabinet. The Office of Policy and Budget manages the Cabinet's financial resources. The Office of Environmental Affairs is responsible for assuring the agency's compliance with environmental laws and regulations. The Office of Personnel Management oversees the recruitment, administration, and management of the Cabinet's personnel. The Office of Minority Affairs conducts programs to assist minorities in employment and procurement of highway construction contracts. The Office of General Counsel provides the agency with the required legal representation in matters before administrative boards and all levels of the court system. The Office of Public Relations is responsible for the Cabinet's communications with the news media and the general public.

The Department of Administrative Services encompasses the sub-programs of: Information Technology, Property and Supply, Administration, and Fleet Management. The Division of Information Technology handles the Information Technology program area and is responsible for all information processing functions in the Cabinet. The Divisions of Service and Supply and Real Property make up the Property and Supply program area. They purchase, receive, store, inventory, and issue to each Cabinet unit the office, engineering and laboratory supplies, equipment, and furniture necessary to operate. Also, this program area maintains the Cabinet's real property, which totals some 900 buildings located throughout the state. The Administration program area is comprised of the Commissioner of Administrative Services, the Division of Employee Safety and Health, the Division of Management Services, and the Division of Purchases. This program area also contains an Administrative Earnings account which accrues reimbursement from non-Road Fund supported units for the various types of administrative support provided by Road Fund units. The Fleet Management program area is operated by the Division of Fleet Management and encompasses the state-wide Motor Pool. The Motor Pool encompasses the passenger vehicles of all state agencies.

The Department of Fiscal Management is composed of the Office of the Commissioner of Fiscal Management, the Division of Accounts, the Division of Audit Review, and the Division of Toll Facilities. The Office of the Commissioner and the Divisions of Accounts and Audit Review are centralized service programs which coordinate the financial management, accounting, and auditing functions within the Cabinet. The Division of Toll Facilities administers the operational functions and programs relative to the Cabinet's toll parkways.

## **Policy**

The enacted budget provides Road Funds of \$1,160,000 in fiscal year 1999 and \$1,218,500 in fiscal year 2000 in order to continue existing services in this appropriation unit. These funds are required to: 1) cover increased expenses for activities recently transferred to the Cabinet from other agencies (including various legal expenses, costs related to Washington, D.C. functions, and the state's annual dues for the Appalachian Regional Commission); 2) employ adequate information technology support staff to keep the agency's automation efforts on track; and 3) to provide auditing services to assure compliance by highway users with Kentucky's tax laws.

In the department-level program Office of Secretary, funding from the Road Fund is proposed at \$106,000 in fiscal year 1999 and \$111,500 in fiscal year 2000 to allow the Cabinet to pursue its Quality Management initiative and to enhance its internal and external communication efforts.

The enacted budget contains additional funding to support Transportation's acquisition of state-of-the-art technology for several program areas. Road Funds are provided through five additional budget items, which total \$5,617,000 in fiscal year 1999 and \$3,881,500 in fiscal year 2000. These additional projects, as contained in the agency's Information Resources Plan, will enable the Highway Operations area's EMPOWER Kentucky project, the Department of Vehicle Regulation's CVISN project (a National Intelligent Transportation System initiative), the entire Cabinet's compliance with the Year 2000 computing impacts, plus various computing infrastructure enhancements, and the Division of Information Technology's effort to attract and retain information processing professionals who can manage the agency's technology challenges.

The enacted budget contains \$6,468,000 in Road Funds in fiscal year 2000 to pay the debt service on bonds for construction of a new transportation office building in Frankfort. This major project has been recommended by the Capital Planning Advisory Board and will allow for the future renovation of the State Office Building.

Finally, Road Funds of \$41,000 in fiscal year 1999 and \$41,000 in fiscal year 2000 are provided in the enacted budget to conduct a study of audit selection processes aimed at improving tax compliance.

**TRANSPORTATION**  
**Air Transportation**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 2,164,000                  | 5,201,000                    | 5,267,000                    | 2,201,000                  | 2,267,000                  |
| Continuing Appropriation             | 3,009,700                  | 3,009,500                    | 3,009,500                    | 3,009,700                  | 3,009,700                  |
| <b>Total General Fund</b>            | <b>5,173,700</b>           | <b>8,210,500</b>             | <b>8,276,500</b>             | <b>5,210,700</b>           | <b>5,276,700</b>           |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 34,000                     | 34,000                       | 34,000                       | 34,000                     | 34,000                     |
| Current Receipts                     | 53,500                     | 29,500                       | 30,500                       | 29,500                     | 30,500                     |
| <b>Total Restricted Agency Funds</b> | <b>87,500</b>              | <b>63,500</b>                | <b>64,500</b>                | <b>63,500</b>              | <b>64,500</b>              |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Current Receipts                     | 14,000                     | 359,000                      | 359,000                      | 359,000                    | 359,000                    |
| <b>TOTAL FUNDS</b>                   | <b>5,275,200</b>           | <b>8,633,000</b>             | <b>8,700,000</b>             | <b>5,633,200</b>           | <b>5,700,200</b>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 987,000                    | 1,023,500                    | 1,063,500                    | 1,023,500                  | 1,063,500                  |
| Operating Expenses                   | 217,000                    | 216,500                      | 223,500                      | 216,500                    | 223,500                    |
| Grants, Loans or Benefits            | 1,027,500                  | 3,999,500                    | 4,019,500                    | 999,500                    | 1,019,500                  |
| Construction                         |                            | 350,000                      | 350,000                      | 350,000                    | 350,000                    |
| <b>TOTAL EXPENDITURES</b>            | <b>2,231,500</b>           | <b>5,589,500</b>             | <b>5,656,500</b>             | <b>2,589,500</b>           | <b>2,656,500</b>           |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Airport Inspections                  | 14,000                     | 3,009,000                    | 3,009,000                    | 9,000                      | 9,000                      |
| Air Regulatory Administration        | 75,000                     | 77,500                       | 80,000                       | 77,500                     | 80,000                     |
| Airport Striping                     | 53,500                     | 29,500                       | 30,500                       | 29,500                     | 30,500                     |
| Air Development Construction         | 1,501,500                  | 1,807,500                    | 1,836,500                    | 1,807,500                  | 1,836,500                  |
| Aeronautics                          | 527,500                    | 578,500                      | 608,000                      | 578,500                    | 608,000                    |
| Flight Services                      | 60,000                     | 87,500                       | 92,500                       | 87,500                     | 92,500                     |
| <b>TOTAL EXPENDITURES</b>            | <b>2,231,500</b>           | <b>5,589,500</b>             | <b>5,656,500</b>             | <b>2,589,500</b>           | <b>2,656,500</b>           |

The Air Transportation program is charged under KRS 183.090(1) to inspect and determine the safety and adequacy of all airport facilities in the state. There are 135 airports and heliports which require the issuance of certificates of approval of licenses for operation. The legislative mandate, KRS 183.861, charges the Kentucky Airport Zoning Commission with the protection and safety of the navigable airspace within the state. The program also provides for the development of airports throughout the state with financial grants and administration, implementation, and management of airport construction, maintenance, striping, and flight services.

**TRANSPORTATION**  
**Rail Transportation**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 66,800                     | 75,000                       | 77,500                       | 69,500                     | 72,000                     |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 59,300                     | 67,500                       | 69,500                       | 62,000                     | 64,000                     |
| Operating Expenses           | 7,500                      | 7,500                        | 8,000                        | 7,500                      | 8,000                      |
| <b>TOTAL EXPENDITURES</b>    | <b>66,800</b>              | <b>75,000</b>                | <b>77,500</b>                | <b>69,500</b>              | <b>72,000</b>              |

The Rail Transportation program is comprised of two subprograms: the Kentucky Railroad Commission and Rail Development. Section 209 of the Kentucky Constitution and KRS Chapter 276 establish the Railroad Commission of Kentucky. The Commission is responsible for regulation and safety of Kentucky's railway system and they also regulate rates and tariffs. In recent years, the budget unit has received relatively small amounts of federal funds. The Rail Development program provides financial assistance under the federal Local Rail Service Assistance Program to assist in mitigating the adverse affects of railroad abandonment on shippers and communities by providing funds for rail rehabilitation and encouraging lines to be purchased and operated as short lines. However, Congress has only provided funding for existing projects under the Local Rail Service Assistance program in recent years and federal funding for new projects is not anticipated during the 1998-2000 biennium.

**TRANSPORTATION**  
**Public Transportation**

|   | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|---|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>                    |                    |                      |                      |                    |                    |
| <b>General Fund</b>                       |                    |                      |                      |                    |                    |
| Regular Appropriation                     | 3,295,500          | 4,259,000            | 4,198,500            | 3,916,000          | 4,007,000          |
| Continuing Appropriation                  | 1,291,400          | 1,291,500            | 1,291,500            | 1,291,400          | 1,291,400          |
| <b>Total General Fund</b>                 | <b>4,586,900</b>   | <b>5,550,500</b>     | <b>5,490,000</b>     | <b>5,207,400</b>   | <b>5,298,400</b>   |
| <b>Restricted Agency Funds</b>            |                    |                      |                      |                    |                    |
| Non-Revenue Receipts                      |                    | 48,038,500           | 50,068,500           | 48,038,500         | 50,068,500         |
| <b>Federal Funds</b>                      |                    |                      |                      |                    |                    |
| Balance Forward                           | -29,500            | -29,500              | -29,500              | -29,500            | -29,500            |
| Current Receipts                          | 4,086,500          | 4,996,500            | 5,102,000            | 5,996,500          | 5,102,000          |
| <b>Total Federal Funds</b>                | <b>4,057,000</b>   | <b>4,967,000</b>     | <b>5,072,500</b>     | <b>5,967,000</b>   | <b>5,072,500</b>   |
| <b>TOTAL FUNDS</b>                        | <b>8,643,900</b>   | <b>58,556,000</b>    | <b>60,631,000</b>    | <b>59,212,900</b>  | <b>60,439,400</b>  |
| <b>EXPENDITURES BY CLASS</b>              |                    |                      |                      |                    |                    |
| Personnel Costs                           | 692,500            | 1,081,000            | 1,127,500            | 1,081,000          | 1,127,500          |
| Operating Expenses                        | 33,500             | 715,500              | 729,000              | 715,500            | 729,000            |
| Grants, Loans or Benefits                 | 6,656,000          | 55,497,500           | 57,512,500           | 56,154,500         | 57,321,000         |
| <b>TOTAL EXPENDITURES</b>                 | <b>7,382,000</b>   | <b>57,294,000</b>    | <b>59,369,000</b>    | <b>57,951,000</b>  | <b>59,177,500</b>  |
| <b>EXPENDITURES BY UNIT</b>               |                    |                      |                      |                    |                    |
| Public Transportation                     | 4,902,500          | 6,686,500            | 6,676,000            | 6,843,500          | 5,984,500          |
| Non-Public School<br>Transportation       | 2,000,000          | 2,000,000            | 2,000,000            | 2,500,000          | 2,500,000          |
| Multi-Modal Planning                      | 479,500            | 569,000              | 624,500              | 569,000            | 624,500            |
| Human Services Transportation<br>Delivery |                    | 48,038,500           | 50,068,500           | 48,038,500         | 50,068,500         |
| <b>TOTAL EXPENDITURES</b>                 | <b>7,382,000</b>   | <b>57,294,000</b>    | <b>59,369,000</b>    | <b>57,951,000</b>  | <b>59,177,500</b>  |

The Public Transportation Development program provides technical and financial assistance to public transportation providers throughout the Commonwealth principally through the following federal programs: Section 5303 of the 1964 UMTA Act funds technical assistance; operating, administrative, and capital assistance is funded by Section 5311; additional capital assistance is afforded by Section 5309, 5310, and Section 5307. KRS 96A.095 and KAR 603 7:030 authorize state funding for these programs. Also located within this budget unit is the Multi-Modal Planning function, which is concerned with addressing the development of the various types of transportation modes as part of an efficient, interrelated system. Both activities are performed by the Division of Multi-Modal Programs.

This program area also handles the distribution of grants to county governments for the transportation of non-public school students.



## **Policy**

The enacted budget includes additional General Funds of \$500,000 in fiscal year 1999 and \$500,000 in fiscal year 2000 to provide for reimbursements to county government for costs relating to the transportation of non-public school students.

Additional non-revenue restricted funds in the amount of \$48,038,500 in fiscal year 1999 and \$50,068,500 in fiscal year 2000 are provided in the enacted budget from existing health and human service appropriations in the Cabinet for Health Services, Cabinet for Families and Children, and the Workforce Development Cabinet. The Empower Kentucky Human Service Transportation Delivery initiative is an inter-agency program where the Transportation Cabinet operates as a formal mechanism to serve the human service transportation needs of clients for Medicaid Non-Emergency Transportation (KRS 205.520), Transitional Assistance for Needy Families (TANF) (KRS 205.200), and Vocational Rehabilitation and Department for the Blind.

The enacted budget includes additional federal funds of \$1,000,000 for fiscal year 1999 to provide subsidies to transit authorities. Urban transit authorities will receive a sixty percent portion of the subsidies or \$600,000; rural transit authorities will receive a forty percent portion of the subsidies or \$400,000.

**TRANSPORTATION  
Revenue Sharing**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>Road Fund</b>             |                            |                              |                              |                            |                            |
| Regular Appropriation        | 203,462,500                | 204,091,500                  | 208,717,000                  | 204,091,500                | 208,717,000                |
| Reorganization Adjustment    | 1,500                      |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>           | <b>203,464,000</b>         | <b>204,091,500</b>           | <b>208,717,000</b>           | <b>204,091,500</b>         | <b>208,717,000</b>         |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 14,035,000                 | 14,752,000                   | 15,531,500                   | 14,752,000                 | 15,531,500                 |
| Operating Expenses           | 27,956,500                 | 28,728,500                   | 28,931,000                   | 28,728,500                 | 28,931,000                 |
| Grants, Loans or Benefits    | 109,236,500                | 109,590,000                  | 112,083,500                  | 109,590,000                | 112,083,500                |
| Construction                 | 52,236,000                 | 51,021,000                   | 52,171,000                   | 51,021,000                 | 52,171,000                 |
| <b>TOTAL EXPENDITURES</b>    | <b>203,464,000</b>         | <b>204,091,500</b>           | <b>208,717,000</b>           | <b>204,091,500</b>         | <b>208,717,000</b>         |
| <b>EXPENDITURES BY UNIT</b>  |                            |                              |                              |                            |                            |
| County Road Aid              | 76,885,500                 | 77,188,000                   | 78,946,000                   | 77,188,000                 | 78,946,000                 |
| Rural Secondary              | 93,272,500                 | 93,573,000                   | 95,702,000                   | 93,573,000                 | 95,702,000                 |
| Municipal Aid                | 32,351,000                 | 32,455,500                   | 33,194,000                   | 32,455,500                 | 33,194,000                 |
| Energy Recovery Road         | 950,000                    | 875,000                      | 875,000                      | 875,000                    | 875,000                    |
| Energy Recovery Coop         | 5,000                      |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>    | <b>203,464,000</b>         | <b>204,091,500</b>           | <b>208,717,000</b>           | <b>204,091,500</b>         | <b>208,717,000</b>         |

There are four components of the Revenue Sharing Program: County Road Aid, Rural Secondary, Municipal Road Aid, and the Energy Recovery Road Fund. All of these programs are mandated and controlled by statute, with the distribution of funds based on the amount of certain taxes or fees collected.

The County Road Aid Program and the Rural Secondary Program are set up to distribute a portion of the state's motor fuels tax collections to counties. Authorized by KRS 179.410-179.430, the County Road Aid Program distributes 18.3 percent of the total motor fuels tax collections, with the funds being sent to the counties monthly. The Rural Secondary Program, authorized by KRS 177.320, provides maintenance on secondary and rural roads and is funded by 22.2 percent of the motor fuels tax collections. This program is administered by the Department of Highways with the funds being expended on behalf of the counties.

Funds for both these programs are allocated through a formula known as the statutory "formula of fifths." Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid Program is established under the authority of KRS 177.365 and funding is also a statutory portion (7.7 percent) of the motor fuels tax collections. Distribution is made through a formula based on the population contained in each city or unincorporated urban area of 10,000 or more.

County Fiscal Courts and the governments of local municipalities may enter into contracts with the Transportation Cabinet to assist them in administering their County Road Aid and Municipal Road Aid funds.

KRS 177.977 - 177.979 establishes the Energy Recovery Road Fund, which allows for the transport of coal over certain roads at extended vehicle weights when a special fee is paid. The fees are then used for the upkeep of these same roads. In addition, the statutes allow for cooperative agreements between coal haulers and the Cabinet to provide funds for maintaining roads on which non-registered trucks may travel.

**TRANSPORATION  
Highways**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 176,361,500                | 21,532,500                   | -345,500                     | 21,532,500                 | -345,500                   |
| Current Receipts                     | 24,064,000                 | 41,450,000                   | 27,065,000                   | 41,450,000                 | 27,065,000                 |
| <b>Total Restricted Agency Funds</b> | <b>200,425,500</b>         | <b>62,982,500</b>            | <b>26,719,500</b>            | <b>62,982,500</b>          | <b>26,719,500</b>          |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | -846,500                   | -846,500                     | -846,500                     | -846,500                   | -846,500                   |
| Current Receipts                     | 341,005,500                | 374,455,500                  | 358,571,500                  | 398,599,500                | 382,602,500                |
| <b>Total Federal Funds</b>           | <b>340,159,000</b>         | <b>373,609,000</b>           | <b>357,725,000</b>           | <b>397,753,000</b>         | <b>381,756,000</b>         |
| <b>Road Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                | 499,723,000                | 523,369,000                  | 554,463,000                  | 533,333,500                | 563,045,500                |
| Surplus Plan                         | 10,361,500                 |                              |                              |                            |                            |
| Reorganization Adjustment            | 362,000                    |                              |                              |                            |                            |
| <b>Total Road Fund</b>               | <b>510,446,500</b>         | <b>523,369,000</b>           | <b>554,463,000</b>           | <b>533,333,500</b>         | <b>563,045,500</b>         |
| <b>Highway Bonds</b>                 |                            |                              |                              |                            |                            |
|                                      |                            | 100,000,000                  | 105,000,000                  | 100,000,000                | 105,000,000                |
| <b>TOTAL FUNDS</b>                   | <b>1,051,031,000</b>       | <b>1,059,960,500</b>         | <b>1,043,907,500</b>         | <b>1,094,069,000</b>       | <b>1,076,521,000</b>       |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 217,905,500                | 233,169,500                  | 242,780,500                  | 232,421,000                | 241,981,500                |
| Operating Expenses                   | 71,762,500                 | 80,395,500                   | 81,465,500                   | 80,395,500                 | 81,465,500                 |
| Grants, Loans or Benefits            | 907,500                    | 990,000                      | 1,145,000                    | 990,000                    | 1,145,000                  |
| Capital Outlay                       | 897,500                    | 260,000                      | 265,000                      | 260,000                    | 265,000                    |
| Construction                         | 738,872,000                | 746,337,500                  | 719,443,500                  | 781,194,500                | 752,856,000                |
| <b>TOTAL EXPENDITURES</b>            | <b>1,030,345,000</b>       | <b>1,061,152,500</b>         | <b>1,045,099,500</b>         | <b>1,095,261,000</b>       | <b>1,077,713,000</b>       |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Research                             | 2,003,500                  | 2,551,000                    | 2,686,000                    | 2,541,000                  | 2,666,000                  |
| Construction                         | 830,742,500                | 843,249,000                  | 818,409,000                  | 878,106,000                | 851,821,500                |
| Maintenance                          | 162,478,500                | 179,516,000                  | 186,531,500                  | 178,777,500                | 185,752,500                |
| Engineering Administration           | 6,800,500                  | 7,991,500                    | 8,317,500                    | 7,991,500                  | 8,317,500                  |
| Highway Planning                     | 8,280,000                  | 7,978,500                    | 8,320,500                    | 7,978,500                  | 8,320,500                  |
| Highway Operations                   | 17,540,000                 | 18,866,500                   | 19,835,000                   | 18,866,500                 | 19,835,000                 |
| Equipment Services                   | 2,500,000                  | 1,000,000                    | 1,000,000                    | 1,000,000                  | 1,000,000                  |
| <b>TOTAL EXPENDITURES</b>            | <b>1,030,345,000</b>       | <b>1,061,152,500</b>         | <b>1,045,099,500</b>         | <b>1,095,261,000</b>       | <b>1,077,713,000</b>       |

The Highways appropriation unit is the largest major program in the Transportation Cabinet. There are seven individual program areas which encompass the activities of this unit: Research, Construction, Maintenance, Engineering Administration,

Highway Planning, Highway Operations, and Equipment Services. The construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

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

Motor vehicles travel some 42 billion miles per year on Kentucky's 72,600 miles of roads and streets. The State Primary Road System carries approximately 85 percent of all traffic. This network consists of approximately 27,300 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and some 8,900 bridges. Kentucky's parkway system, consisting of 700 miles of state roads built to interstate standards, is the largest in the nation.

**TRANSPORTATION**  
**Highways**  
**Research**

|                              | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Current Receipts             | 1,050,000                  | 1,500,000                    | 1,600,000                    | 1,500,000                  | 1,600,000                  |
| <b>Road Fund</b>             |                            |                              |                              |                            |                            |
| Regular Appropriation        | 953,500                    | 1,051,000                    | 1,086,000                    | 1,041,000                  | 1,066,000                  |
| <b>TOTAL FUNDS</b>           | <u>2,003,500</u>           | <u>2,551,000</u>             | <u>2,686,000</u>             | <u>2,541,000</u>           | <u>2,666,000</u>           |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 1,713,500                  | 2,361,000                    | 2,496,000                    | 2,351,000                  | 2,476,000                  |
| Operating Expenses           | 290,000                    | 190,000                      | 190,000                      | 190,000                    | 190,000                    |
| <b>TOTAL EXPENDITURES</b>    | <u>2,003,500</u>           | <u>2,551,000</u>             | <u>2,686,000</u>             | <u>2,541,000</u>           | <u>2,666,000</u>           |

The Research Program is primarily a problem solving service available to the Department of Highways. The program provides studies relating to traffic safety and operations, pavement mechanics and performance, and materials characteristics and behavior. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code.

This program also distributes the statutory funding for the Kentucky Transportation Center at the University of Kentucky. The amount provided under KRS Chapter 177 is one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund. The 1992, 1994, and 1996 Budget Bills mandated the transfer of an additional \$100,000 per year from the Revenue Sharing appropriation unit to this program for the Kentucky Transportation Center. Total funding for the Center of \$290,000 each year was thereby provided in the stated fiscal biennia.

**Policy**

The enacted budget provides for the continuation of the transfer of \$100,000 per year from the Revenue Sharing appropriation unit to fund the Kentucky Transportation Center at an annual rate of \$290,000.

**TRANSPORTATION  
Highways  
Construction**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 176,707,000                | 21,878,000                   |                              | 21,878,000                 |                            |
| Current Receipts                     | 21,764,000                 | 38,350,000                   | 23,965,000                   | 38,350,000                 | 23,965,000                 |
| <b>Total Restricted Agency Funds</b> | <u>198,471,000</u>         | <u>60,228,000</u>            | <u>23,965,000</u>            | <u>60,228,000</u>          | <u>23,965,000</u>          |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | -846,500                   | -846,500                     | -846,500                     | -846,500                   | -846,500                   |
| Current Receipts                     | 329,372,500                | 367,102,500                  | 350,856,000                  | 391,246,500                | 374,887,000                |
| <b>Total Federal Funds</b>           | <u>328,526,000</u>         | <u>366,256,000</u>           | <u>350,009,500</u>           | <u>390,400,000</u>         | <u>374,040,500</u>         |
| <b>Road Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                | 314,415,500                | 315,918,500                  | 338,588,000                  | 326,631,500                | 347,969,500                |
| Surplus Plan                         | 10,361,500                 |                              |                              |                            |                            |
| <b>Total Road Fund</b>               | <u>324,777,000</u>         | <u>315,918,500</u>           | <u>338,588,000</u>           | <u>326,631,500</u>         | <u>347,969,500</u>         |
| <b>Highway Bonds</b>                 |                            |                              |                              |                            |                            |
|                                      |                            | 100,000,000                  | 105,000,000                  | 100,000,000                | 105,000,000                |
| <b>TOTAL FUNDS</b>                   | <u>851,774,000</u>         | <u>842,402,500</u>           | <u>817,562,500</u>           | <u>877,259,500</u>         | <u>850,975,000</u>         |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 95,201,000                 | 95,878,000                   | 97,698,500                   | 95,878,000                 | 97,698,500                 |
| Operating Expenses                   | 3,938,500                  | 4,950,000                    | 4,961,500                    | 4,950,000                  | 4,961,500                  |
| Grants, Loans or Benefits            | 907,500                    | 990,000                      | 1,145,000                    | 990,000                    | 1,145,000                  |
| Capital Outlay                       | 646,500                    |                              |                              |                            |                            |
| Construction                         | 730,049,000                | 741,431,000                  | 714,604,000                  | 776,288,000                | 748,016,500                |
| <b>TOTAL EXPENDITURES</b>            | <u>830,742,500</u>         | <u>843,249,000</u>           | <u>818,409,000</u>           | <u>878,106,000</u>         | <u>851,821,500</u>         |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Bond Funded Construction             | 173,949,500                | 127,878,000                  | 105,000,000                  | 127,878,000                | 105,000,000                |
| State Funded Construction            | 261,004,500                | 235,883,000                  | 261,003,000                  | 247,599,700                | 269,152,200                |
| Federal Funded Construction          | 395,788,500                | 479,488,000                  | 452,406,000                  | 502,628,300                | 477,669,300                |
| <b>TOTAL EXPENDITURES</b>            | <u>830,742,500</u>         | <u>843,249,000</u>           | <u>818,409,000</u>           | <u>878,106,000</u>         | <u>851,821,500</u>         |

The Construction Program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways which are a part of the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

Bond Funded Construction has been utilized by the Commonwealth for the construction of several different road "systems" over the past 40 years. General Obligation Bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky was created and sold revenue bonds to generate proceeds which were expended to build the Toll

Road System which criss-crosses the state. Resource Recovery Bonds were sold in the late 1970's for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. Finally, the Turnpike Authority sold bonds in 1984, 1987, 1990, 1993, and 1995 for projects identified as part of the Economic Development Road System. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired, at which time they are transferred to the Cabinet and become a part of the state highway system.

State Funded Construction provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects unsuited for federal funding. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads on the state maintained highway system.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of Interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the U.S. Code. Extensive changes in the programs which provide federal monies to the states were made by the Intermodal Surface Transportation Efficiency Act (ISTEA), which was enacted by Congress in 1991.

## **Policy**

The Bond Funded Construction program provides bond fund resources of \$100 million in fiscal year 1999 and \$105 million in fiscal year 2000 for highway construction projects listed in the Transportation Cabinet Six-Year Road Plan as state-funded projects. These bonds are proposed to be authorized by the General Assembly and issued by the Kentucky Turnpike Authority under existing statutory authority for the Economic Development Road Revenue Bond program.

Within the State Funded Construction Program, the enacted budget provides Road Fund moneys of \$61.3 million in fiscal year 1999 and \$63 million in fiscal year 2000 for state resurfacing projects and \$450,000 in each year of the biennium for the specialized contracts account. The State Resurfacing Program has been increased each year by approximately \$12.4 million above the current services level with funds made available through the suspension of statutory deposits to the Debt Payment Acceleration Fund (KRS 175.505). Road Funds are also provided in the amount of \$35 million in fiscal year 1999 and \$35 million in fiscal year 2000 for the Highway Construction Contingency Account.

Under the Federal Funded Construction Program, the amount of available funding from the Federal Highway Administration remained uncertain at the time of budget development. The federal funding act (ISTEA) expired on September 30, 1997, and a new reauthorization bill has not been enacted. Furthermore, there appears to be little prospect that Congress will soon reauthorize the highway and transit programs, other than with short-term, "continuing" appropriations. Given the uncertainty of Congressional action, the enacted budget for fiscal year 1999 and fiscal year 2000 uses the Transportation Cabinet's current best estimates of future federal funds based on an analysis of the various reauthorization proposals being circulated in Washington.

State Road Funds are provided in the Federal Funded Construction Program totaling \$87,381,800 in fiscal year 1999 and \$83,967,300 in fiscal year 2000 to provide the anticipated required state participation in federally funded projects.



**TRANSPORTATION  
Highways  
Maintenance**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | -361,000                   | -361,000                     | -361,000                     | -361,000                   | -361,000                   |
| Current Receipts                     | 1,800,000                  | 2,100,000                    | 2,100,000                    | 2,100,000                  | 2,100,000                  |
| <b>Total Restricted Agency Funds</b> | <u>1,439,000</u>           | <u>1,739,000</u>             | <u>1,739,000</u>             | <u>1,739,000</u>           | <u>1,739,000</u>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Current Receipts                     | 4,958,000                  |                              |                              |                            |                            |
| <b>Road Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                | 155,440,500                | 177,416,000                  | 184,431,500                  | 176,677,500                | 183,652,500                |
| Reorganization Adjustment            | 280,000                    |                              |                              |                            |                            |
| <b>Total Road Fund</b>               | <u>155,720,500</u>         | <u>177,416,000</u>           | <u>184,431,500</u>           | <u>176,677,500</u>         | <u>183,652,500</u>         |
| <b>TOTAL FUNDS</b>                   | <u>162,117,500</u>         | <u>179,155,000</u>           | <u>186,170,500</u>           | <u>178,416,500</u>         | <u>185,391,500</u>         |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 78,555,000                 | 88,823,000                   | 94,013,000                   | 88,084,500                 | 93,234,000                 |
| Operating Expenses                   | 82,273,500                 | 88,895,000                   | 90,685,500                   | 88,895,000                 | 90,685,500                 |
| Capital Outlay                       | 250,000                    | 248,000                      | 253,000                      | 248,000                    | 253,000                    |
| Construction                         | 1,400,000                  | 1,550,000                    | 1,580,000                    | 1,550,000                  | 1,580,000                  |
| <b>TOTAL EXPENDITURES</b>            | <u>162,478,500</u>         | <u>179,516,000</u>           | <u>186,531,500</u>           | <u>178,777,500</u>         | <u>185,752,500</u>         |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Roadway Maintenance                  | 113,548,000                | 128,473,500                  | 133,719,000                  | 127,788,000                | 132,995,900                |
| Rest Area Maintenance                | 7,896,000                  | 8,456,500                    | 8,955,500                    | 8,456,500                  | 8,955,500                  |
| Bridge Maintenance                   | 11,040,000                 | 9,885,000                    | 10,076,500                   | 9,885,000                  | 10,076,500                 |
| Traffic                              | 29,994,500                 | 32,701,000                   | 33,780,500                   | 32,648,000                 | 33,724,600                 |
| <b>TOTAL EXPENDITURES</b>            | <u>162,478,500</u>         | <u>179,516,000</u>           | <u>186,531,500</u>           | <u>178,777,500</u>         | <u>185,752,500</u>         |

The Maintenance program is the unit within the Department of Highways charged with the responsibility of ensuring that the State Primary Road System is maintained in such a manner as to ensure the safest and most serviceable roadways possible. The program goal is to provide the highway user maximum safety and comfort with minimum travel interruptions.

The Maintenance program incorporates four sub-programs consisting of: Roadway Maintenance, Bridge Maintenance, Rest Area Maintenance, and Traffic. The Roadway Maintenance unit is responsible for maintenance on the highways in the State Primary Road System. The unit handles routine upkeep such as surface repairs, ditch cleaning, mowing, litter pickup, snow and ice removal, and maintenance relating to drainage, shoulders, and guardrails on approximately 15,200 miles of highways in Kentucky.

The Rest Area Maintenance program provides upkeep and janitorial services at 29 rest area facilities across the state. Twenty of these sites are maintained under contracts with agencies that hire and train individuals with disabilities. Nine sites are maintained with state forces.

The Bridge Maintenance program performs preservation activities on bridges such as painting, deck repair, and structural work on the Commonwealth's 5,870 primary system bridges.

The Traffic program is responsible for the installation and maintenance of traffic control devices on approximately 25,000 miles of highways. It also maintains a statewide accident surveillance program and reviews all Department design plans for possible operational problems.

## **Policy**

The enacted budget provides Road Funds of \$5,292,000 in fiscal year 1999 and \$5,503,500 in fiscal year 2000 to continue existing services in this program area. These resources primarily support minimal staffing levels in the Cabinet's county maintenance crews for adequate capabilities in snow and ice emergencies and to prevent further deterioration in highway marking, signage, lighting, and signalization.

The enacted budget provides additional Road Funds in the amount of \$1,000,000 in fiscal year 1999 and \$1,000,000 in fiscal year 2000 to begin bringing into compliance an estimated 26,000 no-passing zones with revised National Highway design standards.

In conjunction with the EMPOWER Kentucky initiative, funding is provided totaling \$436,000 in fiscal year 1999 and \$895,000 in fiscal year 2000 to begin to upgrade the compensation levels for certain Maintenance Operations staff. This will allow the Cabinet to hire and retain personnel capable of performing the increasingly complex and demanding duties which EMPOWER will bring.

Additional Road Funds of \$603,000 in fiscal year 1999 and \$866,000 in fiscal year 2000 are provided to implement initiatives growing out of the Cabinet's Rest Area Operations EMPOWER process redesign. That will allow the agency to address safety concerns by providing more rest area parking for commercial trucks, install a weather information system, and also to operate a newly expanded Welcome Center in Shelby County.

Three separate additional funding initiatives are encompassed in the enacted budget which are each focused on maintenance activities with a direct infrastructure preservation mission. Road Funds of \$1,000,000 in fiscal year 1999 and \$1,000,000 in fiscal year 2000 are provided for bridge maintenance and repairs, roadway drainage structures repairs and replacement, and repair, replacement and installation of guardrails. This \$6 million in total additional funding over the biennium will allow the Cabinet to make substantial progress in reducing a documented backlog in these critical highway components.

**TRANSPORTATION  
Highways  
Engineering Administration**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>Road Fund</b>             |                            |                              |                              |                            |                            |
| Regular Appropriation        | 6,723,000                  | 7,991,500                    | 8,317,500                    | 7,991,500                  | 8,317,500                  |
| Reorganization Adjustment    | 77,500                     |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>           | <b>6,800,500</b>           | <b>7,991,500</b>             | <b>8,317,500</b>             | <b>7,991,500</b>           | <b>8,317,500</b>           |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 8,715,000                  | 9,608,000                    | 10,217,000                   | 9,608,000                  | 10,217,000                 |
| Operating Expenses           | 1,112,500                  | 1,640,000                    | 1,458,000                    | 1,640,000                  | 1,458,000                  |
| Capital Outlay               |                            | 3,000                        | 3,000                        | 3,000                      | 3,000                      |
| Construction                 | -3,027,000                 | -3,259,500                   | -3,360,500                   | -3,259,500                 | -3,360,500                 |
| <b>TOTAL EXPENDITURES</b>    | <b>6,800,500</b>           | <b>7,991,500</b>             | <b>8,317,500</b>             | <b>7,991,500</b>           | <b>8,317,500</b>           |

The Engineering Administration program area provides for the design, right of way acquisition, and construction of all major highway projects on the state-maintained roadway system, and oversees the maintenance and overall operation of the state and federal highway systems within the Commonwealth. This program accounts for general administration and supervision costs not associated with specific construction or maintenance projects. The engineering costs related to specific projects are charged directly to those project accounts and the funds for such charges are budgeted in each Construction sub-program. Although this program involves a large number of employees, only a fraction of the personnel costs for these individuals is funded through the Engineering Administration program unit.

**Policy**

The enacted budget provides additional Road Funds of \$433,000 for fiscal year 1999 and \$456,500 for fiscal year 2000 to facilitate the expanded Road Construction Program with additional engineering and support staff.

Additional Road Funds of \$750,000 for fiscal year 1999 and \$750,000 for fiscal year 2000 for the EMPOWER Kentucky Construction Management process are provided to streamline the administration and inspection of construction contracts for the Cabinet.

**TRANSPORTATION**  
**Highways**  
**Highway Planning**

|                              | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Current Receipts             | 5,525,000                  | 5,853,000                    | 6,115,500                    | 5,853,000                  | 6,115,500                  |
| <b>Road Fund</b>             |                            |                              |                              |                            |                            |
| Regular Appropriation        | 2,750,500                  | 2,125,500                    | 2,205,000                    | 2,125,500                  | 2,205,000                  |
| Reorganization Adjustment    | 4,500                      |                              |                              |                            |                            |
| <b>Total Road Fund</b>       | <u>2,755,000</u>           | <u>2,125,500</u>             | <u>2,205,000</u>             | <u>2,125,500</u>           | <u>2,205,000</u>           |
| <b>TOTAL FUNDS</b>           | <u>8,280,000</u>           | <u>7,978,500</u>             | <u>8,320,500</u>             | <u>7,978,500</u>           | <u>8,320,500</u>           |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 6,761,500                  | 7,689,500                    | 8,024,500                    | 7,689,500                  | 8,024,500                  |
| Operating Expenses           | 1,068,500                  | 288,500                      | 295,500                      | 288,500                    | 295,500                    |
| Construction                 | 450,000                    | 500                          | 500                          | 500                        | 500                        |
| <b>TOTAL EXPENDITURES</b>    | <u>8,280,000</u>           | <u>7,978,500</u>             | <u>8,320,500</u>             | <u>7,978,500</u>           | <u>8,320,500</u>           |

The Highway Planning area conducts a comprehensive program of roadway system evaluation for the approximately 70,000 miles of streets and highways in the Commonwealth. The goal of this function is to ensure that available state and federal highway funds are utilized to maximum efficiency. This program area collects and reviews information concerning the physical and operational characteristics of all highway systems in the state. This includes maintaining an inventory of all roadway classifications and preparing city, county, and state road maps for distribution. The unit performs engineering and planning studies for federal aid highway projects and state-financed construction. In addition, the program gathers and furnishes various statistics required by the Federal Highway Administration and state and local government decision makers.

This budget unit provides oversight for the Cabinet's Transportation Enhancement Program, which involves various beautification and historic preservation projects. The staff also coordinates statewide planning activities with the state's seven Metropolitan Planning Organizations and with the 15 Area Development Districts in the Commonwealth. Finally, this service unit is increasingly involved with the Cabinet's Intelligent Transportation Systems Program.

**TRANSPORTATION  
Highways  
Highway Operations**

|                              | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Current Receipts             | 100,000                    |                              |                              |                            |                            |
| <b>Road Fund</b>             |                            |                              |                              |                            |                            |
| Regular Appropriation        | 17,440,000                 | 18,866,500                   | 19,835,000                   | 18,866,500                 | 19,835,000                 |
| <b>TOTAL FUNDS</b>           | <u>17,540,000</u>          | <u>18,866,500</u>            | <u>19,835,000</u>            | <u>18,866,500</u>          | <u>19,835,000</u>          |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 16,297,500                 | 17,685,000                   | 18,616,500                   | 17,685,000                 | 18,616,500                 |
| Operating Expenses           | 1,242,500                  | 1,173,000                    | 1,210,000                    | 1,173,000                  | 1,210,000                  |
| Capital Outlay               |                            | 8,500                        | 8,500                        | 8,500                      | 8,500                      |
| <b>TOTAL EXPENDITURES</b>    | <u>17,540,000</u>          | <u>18,866,500</u>            | <u>19,835,000</u>            | <u>18,866,500</u>          | <u>19,835,000</u>          |

The Highway Operations program is charged with the administrative functions related directly to the Department of Highways. It encompasses the State Highway Engineer's Office, the Commissioner of Highways Office, the Division of Contract Procurement, and the 12 Highway District Offices located throughout the state. This area's functions include the management of the Department, the procurement of contract services relating to construction and maintenance activities, the assignment of personnel, and the handling of general policy matters relating to the operations of the Cabinet's regional office system. These offices assist and interact with virtually all other functions of the Department of Highways to provide efficient and effective maintenance and construction work throughout the Commonwealth.

**Policy**

The enacted budget provides additional Road Funds of \$62,000 in fiscal year 1999 and \$65,000 in fiscal year 2000 for clerical personnel needed to prepare and review construction contracts and award orders for accuracy and adherence to laws, rules, and regulations, and to handle scheduling of EEO and wage hour reviews.

**TRANSPORTATION  
Highways  
Equipment Services**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 15,500                     | 15,500                       | 15,500                       | 15,500                     | 15,500                     |
| Current Receipts                     | 500,000                    | 1,000,000                    | 1,000,000                    | 1,000,000                  | 1,000,000                  |
| <b>Total Restricted Agency Funds</b> | <u>515,500</u>             | <u>1,015,500</u>             | <u>1,015,500</u>             | <u>1,015,500</u>           | <u>1,015,500</u>           |
| <b>Road Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                | 2,000,000                  |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>                   | <u>2,515,500</u>           | <u>1,015,500</u>             | <u>1,015,500</u>             | <u>1,015,500</u>           | <u>1,015,500</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 10,662,000                 | 11,125,000                   | 11,715,000                   | 11,125,000                 | 11,715,000                 |
| Operating Expenses                   | -18,163,000                | -16,741,000                  | -17,335,000                  | -16,741,000                | -17,335,000                |
| Capital Outlay                       | 1,000                      | 500                          | 500                          | 500                        | 500                        |
| Construction                         | 10,000,000                 | 6,615,500                    | 6,619,500                    | 6,615,500                  | 6,619,500                  |
| <b>TOTAL EXPENDITURES</b>            | <u>2,500,000</u>           | <u>1,000,000</u>             | <u>1,000,000</u>             | <u>1,000,000</u>           | <u>1,000,000</u>           |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Equipment Operations                 | 31,415,000                 | 26,894,500                   | 27,687,500                   | 26,894,500                 | 27,687,500                 |
| New Maintenance and<br>Equipment     | 8,500,000                  | 6,400,000                    | 6,400,000                    | 6,400,000                  | 6,400,000                  |
| Estimated Equipment Rental           | -31,415,000                | -26,894,500                  | -27,687,500                  | -26,894,500                | -27,687,500                |
| Depreciation of Equipment            | -6,000,000                 | -5,400,000                   | -5,400,000                   | -5,400,000                 | -5,400,000                 |
| <b>TOTAL EXPENDITURES</b>            | <u>2,500,000</u>           | <u>1,000,000</u>             | <u>1,000,000</u>             | <u>1,000,000</u>           | <u>1,000,000</u>           |

The mission of the Equipment Services program area is to provide highway construction and maintenance equipment for use by the Department of Highways in the accomplishment of its objectives. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through a network of 18 repair garages located throughout the state.

Expenditures in this program are offset, for the most part, by depreciation earnings and rental charges made to other Cabinet programs for the use of equipment. The program effectively operates as an internal service unit, therefore, the only expenditures it ultimately posts against the Road Fund budget are those costs which are not offset by earnings.

**TRANSPORTATION  
Vehicle Regulation**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 2,517,000                  | 2,407,000                    | 2,300,000                    | 2,407,000                  | 2,300,000                  |
| Current Receipts                     | 2,268,000                  | 2,365,500                    | 2,277,500                    | 2,365,500                  | 2,277,500                  |
| Non-Revenue Receipts                 | -98,000                    |                              |                              |                            |                            |
| <b>Total Restricted Agency Funds</b> | <b>4,687,000</b>           | <b>4,772,500</b>             | <b>4,577,500</b>             | <b>4,772,500</b>           | <b>4,577,500</b>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | -1,384,500                 | -1,555,500                   | -1,555,500                   | -1,555,500                 | -1,555,500                 |
| Current Receipts                     | 1,388,500                  | 1,500,000                    | 1,500,000                    | 1,500,000                  | 1,500,000                  |
| <b>Total Federal Funds</b>           | <b>4,000</b>               | <b>-55,500</b>               | <b>-55,500</b>               | <b>-55,500</b>             | <b>-55,500</b>             |
| <b>Road Fund</b>                     |                            |                              |                              |                            |                            |
| Regular Appropriation                | 24,935,000                 | 28,246,000                   | 29,304,000                   | 27,408,000                 | 29,304,000                 |
| Current Year Appropriation           | 2,300,000                  |                              |                              |                            |                            |
| Reorganization Adjustment            | -59,000                    |                              |                              |                            |                            |
| <b>Total Road Fund</b>               | <b>27,176,000</b>          | <b>28,246,000</b>            | <b>29,304,000</b>            | <b>27,408,000</b>          | <b>29,304,000</b>          |
| <b>TOTAL FUNDS</b>                   | <b>31,867,000</b>          | <b>32,963,000</b>            | <b>33,826,000</b>            | <b>32,125,000</b>          | <b>33,826,000</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 20,081,000                 | 22,998,000                   | 24,677,000                   | 22,518,000                 | 24,154,000                 |
| Operating Expenses                   | 10,884,500                 | 9,134,500                    | 8,610,500                    | 8,776,500                  | 9,133,500                  |
| Capital Outlay                       | 50,000                     | 86,000                       | 88,500                       | 86,000                     | 88,500                     |
| <b>TOTAL EXPENDITURES</b>            | <b>31,015,500</b>          | <b>32,218,500</b>            | <b>33,376,000</b>            | <b>31,380,500</b>          | <b>33,376,000</b>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Commissioner                         | 548,000                    | 699,000                      | 732,500                      | 699,000                    | 732,500                    |
| Driver Licensing                     | 6,511,000                  | 7,149,000                    | 7,424,000                    | 7,149,000                  | 7,424,000                  |
| Motor Carriers                       | 1,964,000                  | 2,054,000                    | 2,158,500                    | 2,054,000                  | 2,158,500                  |
| Motor Vehicle Licensing              | 9,135,500                  | 6,105,500                    | 5,460,500                    | 5,267,500                  | 5,460,500                  |
| Motor Vehicle Enforcement            | 12,114,000                 | 15,467,500                   | 16,826,000                   | 15,467,500                 | 16,826,000                 |
| Motor Vehicle Commission             | 743,000                    | 743,500                      | 774,500                      | 743,500                    | 774,500                    |
| <b>TOTAL EXPENDITURES</b>            | <b>31,015,500</b>          | <b>32,218,500</b>            | <b>33,376,000</b>            | <b>31,380,500</b>          | <b>33,376,000</b>          |

The Department of Vehicle Regulation encompasses the Office of the Commissioner, the Division of Driver Licensing, the Division of Motor Carriers, the Division of Motor Vehicle Licensing, and the Division of Motor Vehicle Enforcement. Each division within the Department of Vehicle Regulation administers specific chapters of the Kentucky Revised Statutes.

The Administration unit, through the Commissioner's Office, coordinates and provides staff functions for the Vehicle Regulation program. This includes the development of central policies and administrative procedures for the implementation of legislatively-mandated programs, in addition to providing administrative support services.

The Division of Driver Licensing administers KRS Chapter 186, Chapter 187, Chapter 189A, Chapter 218, and Chapter 281A, along with 601 Kentucky Administrative Regulations, Chapter 11, 12, and 13. By law, this Division administers driver history records; enforces driver license suspensions, revocations, driver limitations programs; and provides state traffic school programs. Field offices are located in Louisville, Lexington, Crescent Springs, Prestonsburg, Bowling Green, Paducah, Elizabethtown, Hazard, Catlettsburg, Hopkinsville, and Madisonville, along with 141 Circuit Clerk Offices, which provide licensing services.

The Division of Motor Carriers performs the following statutory functions: collection and processing fuel and highway use tax from the motor carrier industry (KRS 138.655 through 138.725), register and assign apportioned plates to interstate motor carriers (KRS 186.050), qualify all for-hire transportation within the state (KRS Chapter 281), regulate the rates charged and services rendered by for-hire Kentucky motor carriers of passengers, permitting and routing of over-weight/over-dimensional loads (KRS 189.240), maintain a solid waste permitting system (KRS 174.400), and regulate the States U-Drive-It rental and leasing operations (KRS Chapter 138).

The Division of Motor Vehicle Licensing administers KRS 186.020, 186.050, 186A.010 and 186A.015. This Division operates and maintains a registration and licensing system for vehicles other than passenger-for-hire types. The Division also calculates and collects fees, issues tags, distributes proportional fees to participating states for trucks licensed under the International Registration Plan. The Division develops and maintains the Automated Vehicle Information System (AVIS), central title distribution function, and administers the boat numbering, registration, and titling requirements.

The Division of Motor Vehicle Enforcement administers KRS Chapters: 138, 174, 177, 186, 186A, 189, 189A, and 281. This Division consists of Central Office staff, sworn officers, and weigh station technicians who enforce all laws and regulations pertaining to vehicle size, weight, registration, operating authority, fuel tax reporting, insurance, and safety requirements for commercial vehicles. Also, this Division conducts vehicle safety and hazardous materials inspections.

The Division of Hearings is responsible for the administration of the provisions of KRS Chapter 281, Sections 620, 630, 632,640, 780, and 801. The Division conducts hearings and prepares legal opinions and briefs for the Department and other Cabinet units concerning the interpretation of statutes and regulations administered by the Department of Vehicle Regulation.

The Kentucky Motor Vehicle Commission, authorized by KRS Chapter 190 and attached for administrative purposes to this appropriation unit, licenses and regulates all vehicle manufacturers, dealers, and salespersons conducting business in the Commonwealth. The Commission is funded through various fees which are deposited to a restricted agency fund account.

## **Policy**

The enacted budget provides additional Road Funds in the amounts of \$1,430,000 in fiscal year 1999 and \$2,012,000 in fiscal year 2000 for continuing existing services throughout the Department of Vehicle Regulation. In all of the divisions, this funding will maintain staffing levels at approximately the same levels as authorized in the 1996-98 biennium. These levels are required to provide acceptable service to the motoring public in the issuance of drivers' licenses, the registration and titling of vehicles, the processing of permits and tax returns for the trucking industry, and the enforcement of motor carrier safety and regulatory laws.

In the Division of Motor Vehicle Licensing, the enacted budget provides Road Funds of \$2,300,000 in fiscal year 1998 (current year appropriation) for the statewide reissuance of license plates for passenger vehicles. This effort, which is required under state law, will allow for the replacement of nearly three million plates during calendar year 1998.

The following provisions are made in the enacted budget relating to motor vehicle license plates: "The Secretary of the Finance and Administration Cabinet shall determine, in consultation with the Secretaries of Transportation and Justice Cabinets, the unit price and total cost of license plates to be produced by Corrections/Industries. If sufficient monies are not provided in the Vehicle Regulation budget for this cost, the Secretary of the Finance and Administration Cabinet is authorized to transfer sufficient Road Fund monies from the state construction program in Highways to Vehicle Regulation to meet the supplemental costs."

The enacted budget provides Road Funds of \$325,500 in fiscal year 1999 and \$477,500 in fiscal year 2000 to be appropriated for an EMPOWER Kentucky project designed to improve the vehicle enforcement process through the application of modern technology and more effective deployment of personnel.

The enacted budget provides Road Funds of \$480,000 in fiscal year 1999 and \$523,000 in fiscal year 2000 for the purpose of allowing Motor Vehicle Enforcement (MVE) officers to participate in the Hazardous Duty Retirement System. This will enhance morale and improve the quality of the MVE officer complement.



**TRANSPORTATION  
Debt Service**

| <b>SOURCE OF FUNDS</b>            | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|-----------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>Road Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation             | 152,330,000                | 162,936,500                  | 169,457,500                  | 153,027,500                | 168,633,500                |
| <b>EXPENDITURES BY CLASS</b>      |                            |                              |                              |                            |                            |
| Debt Service                      | 152,330,000                | 162,936,500                  | 169,457,500                  | 153,027,500                | 168,633,500                |
| <b>EXPENDITURES BY UNIT</b>       |                            |                              |                              |                            |                            |
| Toll Roads Lease Rental           | 15,260,500                 | 14,589,500                   | 3,478,000                    | 14,589,500                 | 3,478,000                  |
| Resource Recovery Lease Rental    | 65,419,500                 | 43,670,000                   | 53,447,000                   | 43,670,000                 | 53,447,000                 |
| Economic Development Lease Rental | 71,650,000                 | 104,677,000                  | 112,532,500                  | 94,768,000                 | 111,708,500                |
| <b>TOTAL EXPENDITURES</b>         | <b>152,330,000</b>         | <b>162,936,500</b>           | <b>169,457,500</b>           | <b>153,027,500</b>         | <b>168,633,500</b>         |

The Debt Service Program is the budget entity through which payments of principal and interest are made on the revenue bonds the Commonwealth has issued to finance highway construction.

Revenue bonds for the construction of the Commonwealth's system of toll roads were sold by the Kentucky Turnpike Authority in the 1960's. Virtually all of the toll road bonds have been refunded in recent years to take advantage of lower interest rates. Debt service on the outstanding bonds is provided in the form of "lease rental payments" from the Transportation Cabinet to the Turnpike Authority.

The Energy Resource Recovery Act passed by the 1976 General Assembly authorized the issuance of Resource Recovery Road Bonds to finance construction and reconstruction of highways which bear a large portion of Kentucky's coal haul traffic. The original bonds were issued in 1977, 1978, and 1979, and have been refinanced to take advantage of falling interest rates.

In 1980, the General Assembly empowered the Turnpike Authority to issue bonds for the purpose of improving the Commonwealth's Economic Development Road System. The original issue of \$300 million was made in May of 1984 and has since been refunded. The 1990 General Assembly authorized another \$600 million of these bonds in KRS Chapter 175. Approximately \$300 million of these bonds were sold in October, 1991, as authorized in the 1990 Appropriations Act; \$150 million in bonds were sold in April, 1993, as provided in the 1992 Appropriations Act. The remaining \$150 million in bonds were sold in April, 1995, as provided in the 1994 Appropriations Act.

**Policy**

The enacted budget assumes suspension during the 1998-2000 biennium of KRS 175.505, which provides for deposits to the Debt Payment Acceleration Fund account. The funding made available by this suspension is proposed for use in the state funded construction program.

The enacted budget provides for the issuance of \$200 million in Economic Development Road Revenue Bonds by the Turnpike Authority of Kentucky. Additional Road Fund resources of \$18,994,000 in fiscal year 2000 are proposed to support the estimated lease rental for the projects constructed with these bonds.

**TRANSPORTATION  
Judgments**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>Road Fund</b>             |                            |                              |                              |                            |                            |
| Regular Appropriation        | 5,983,500                  |                              |                              |                            |                            |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Operating Expenses           | 5,983,500                  |                              |                              |                            |                            |
| <b>EXPENDITURES BY UNIT</b>  |                            |                              |                              |                            |                            |
| Paschall Inc. v. Trans. Cab. | 5,983,500                  |                              |                              |                            |                            |

The Judgments appropriation unit exists to record disbursements by the Transportation Cabinet in regard to court-ordered refunds and other costs of litigation. These payments are made in accordance with KRS 45A.270 and 45A.275.

**Policy**

The 1996 General Assembly added language to the Appropriations Act (HB 379) which stated that "Funds required to pay judgments shall be transferred from the State Construction Account at the time when actual payments must be disbursed from the State Treasury." This method of dealing with these unknown contingent liabilities is continued in the enacted budget; therefore, no funding for this budget unit is proposed in the form of regular appropriations.

## WORKFORCE DEVELOPMENT

|  | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>                           |                    |                      |                      |                    |                    |
| <b>General Fund</b>                              |                    |                      |                      |                    |                    |
| Regular Appropriation                            | 107,596,800        | 56,627,500           | 56,152,500           | 50,760,000         | 52,012,600         |
| Current Year Appropriation                       | 294,000            |                      |                      |                    |                    |
| Special Appropriation                            | 2,000,000          |                      |                      |                    |                    |
| <b>Total General Fund</b>                        | <b>109,890,800</b> | <b>56,627,500</b>    | <b>56,152,500</b>    | <b>50,760,000</b>  | <b>52,012,600</b>  |
| <b>Restricted Agency Funds</b>                   |                    |                      |                      |                    |                    |
| Balance Forward                                  | 5,435,100          | 2,469,500            | 1,408,000            | 2,468,000          | 1,407,500          |
| Current Receipts                                 | 34,330,100         | 15,230,500           | 15,459,500           | 15,231,000         | 15,459,500         |
| Non-Revenue Receipts                             | 18,611,000         | 20,168,000           | 21,800,000           | 20,168,500         | 21,800,000         |
| <b>Total Restricted Agency Funds</b>             | <b>58,376,200</b>  | <b>37,868,000</b>    | <b>38,667,500</b>    | <b>37,867,500</b>  | <b>38,667,000</b>  |
| <b>Federal Funds</b>                             |                    |                      |                      |                    |                    |
| Balance Forward                                  | 1,324,000          | 60,000               | 62,000               | 60,000             | 62,000             |
| Current Receipts                                 | 407,480,600        | 412,789,000          | 420,184,000          | 412,908,000        | 420,630,000        |
| Non-Revenue Receipts                             | 2,667,700          | 2,693,000            | 2,750,000            | 2,693,000          | 2,750,000          |
| Revenue Redistribution                           | -7,056,100         | -6,497,000           | -8,583,000           | -6,513,500         | -8,603,500         |
| <b>Total Federal Funds</b>                       | <b>404,416,200</b> | <b>409,045,000</b>   | <b>414,413,000</b>   | <b>409,147,500</b> | <b>414,838,500</b> |
| <b>TOTAL FUNDS</b>                               | <b>572,683,200</b> | <b>503,540,500</b>   | <b>509,233,000</b>   | <b>497,775,000</b> | <b>505,518,100</b> |
| <b>EXPENDITURES BY CLASS</b>                     |                    |                      |                      |                    |                    |
| Personnel Costs                                  | 164,788,500        | 104,448,000          | 106,016,500          | 104,307,200        | 105,692,200        |
| Operating Expenses                               | 44,957,500         | 31,125,000           | 29,988,500           | 29,193,300         | 29,182,400         |
| Grants, Loans or Benefits                        | 354,603,800        | 360,761,500          | 367,454,000          | 361,911,500        | 368,604,000        |
| Debt Service                                     | 3,641,000          |                      |                      |                    |                    |
| Capital Outlay                                   | 2,164,400          | 5,736,000            | 4,915,500            | 893,500            | 856,000            |
| <b>TOTAL EXPENDITURES</b>                        | <b>570,155,200</b> | <b>502,070,500</b>   | <b>508,374,500</b>   | <b>496,305,500</b> | <b>504,334,600</b> |
| <b>EXPENDITURES BY UNIT</b>                      |                    |                      |                      |                    |                    |
| General Administration and<br>Program Support    | 22,402,400         | 12,963,500           | 9,549,000            | 13,472,000         | 10,040,000         |
| State Board for Adult and<br>Technical Education | 33,600             | 30,000               | 30,500               | 30,000             | 30,500             |
| Technical Education                              | 131,038,300        | 60,053,000           | 58,858,500           | 53,549,600         | 54,131,700         |
| Adult Education and Literacy                     | 21,065,200         | 21,553,500           | 22,370,000           | 21,528,200         | 22,337,900         |
| Vocational Rehabilitation                        | 47,399,200         | 49,482,000           | 51,179,000           | 49,664,100         | 51,348,800         |
| Department for the Blind                         | 12,964,700         | 12,111,000           | 11,677,000           | 12,201,200         | 11,756,600         |
| Governor's Council on<br>Vocational<br>Education | 152,500            |                      |                      |                    |                    |
| State Board for Proprietary<br>Education         | 235,000            | 110,500              | 116,000              | 110,500            | 116,000            |
| Job Training Coordinating                        |                    |                      |                      |                    |                    |

| Council                                      | 138,900                    | 132,500                      | 139,000                      | 132,500                    | 139,000                    |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
|  | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
| Teachers' Retirement - Employer Contribution | 9,266,100                  | 4,313,500                    | 4,530,500                    | 4,313,500                  | 4,530,500                  |
| Training and Reemployment                    | 42,682,000                 | 36,824,500                   | 40,510,500                   | 36,824,500                 | 40,510,500                 |
| Employment Services                          | 282,777,300                | 304,496,500                  | 309,414,500                  | 304,479,400                | 309,393,100                |
| <b>TOTAL EXPENDITURES</b>                    | <b>570,155,200</b>         | <b>502,070,500</b>           | <b>508,374,500</b>           | <b>496,305,500</b>         | <b>504,334,600</b>         |

The Workforce Development Cabinet has experienced tremendous change since its inception over seven years ago, and continues to evolve in response to shifting economic, social and political environments. Creation of the Cabinet in 1990 reflected the comprehensive approach that is now understood to be absolutely fundamental—an approach to the broader definition of “workforce development” that is built on partnerships among employees, labor, education and all levels of government—and an approach to make workforce development an integral component of state and local economic development policies.

The Cabinet serves a broad constituency, each with its own unique characteristics and requirements. Clients who benefit from Cabinet programs include:

- business and industry;
- dislocated workers;
- adults requiring basic education and literacy training;
- incumbent workers needing upgrade training;
- individuals making the transition from welfare-to-work;
- new job force entrants;
- persons with disabilities seeking employment;
- economically disadvantaged youth;
- youth preparing for postsecondary education or work;
- career transitioning workers;
- other job seekers.

Recently, two major legislative initiatives have required that the Cabinet marshal resources and redesign programs to better serve customers. Passage of the Kentucky Postsecondary Education Improvement Act of 1997, along with federal welfare reform, has magnified the Cabinet's central role in the broader scope of workforce development. Subsequent to this sweeping legislation, new strategies and innovative approaches are being designed and the Cabinet is helping shape greater public awareness of the interdependence of a skilled workforce to Kentucky's social and economic development needs. Cabinet programs continue to serve as a linchpin to address Kentucky's current and long-term workforce needs.

Throughout fiscal biennium 1998-2000 and beyond, the Cabinet will seek to:

- Place more emphasis on secondary vocational-technical education through programs at the 54 area technology centers;
- Respond to permanent changes in traditional economic bases through One-Stop Career Centers, employment and training, as well as adult education programs;
- Empower educationally disadvantaged workers through adult education and literacy services and other employment services, such as the upgrade of training;
- Foster enactment of welfare reform in order that individuals may lead more enriched lives by virtue of Cabinet programs that can assist in breaking the cycle of dependency;
- Enable individuals with disabilities to participate in the workforce;
- Respond to federal consolidation legislation that will build integrated workforce development systems that are more customer-focused by improving system-wide accountability and adopting high performance practices.

**Policy**

The Budget of the Commonwealth reflects the organizational changes that will take place on July 1, 1998, when the postsecondary technical institutions currently housed in the Workforce Development Cabinet are transferred to the Kentucky Community and Technical College System as a result of the passage of the Kentucky Postsecondary Education Improvement Act during the First Extraordinary Session of 1997.

**WORKFORCE DEVELOPMENT**  
**General Administration and Program Support**

|                                       | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|---------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                |                            |                              |                              |                            |                            |
| <b>General Fund</b>                   |                            |                              |                              |                            |                            |
| Regular Appropriation                 | 7,521,900                  | 1,993,500                    | 2,062,500                    | 2,502,000                  | 2,553,500                  |
| <b>Restricted Agency Funds</b>        |                            |                              |                              |                            |                            |
| Balance Forward                       | 890,000                    | 288,500                      | 287,500                      | 288,500                    | 287,500                    |
| Non-Revenue Receipts                  | 4,364,000                  | 5,246,500                    | 5,468,000                    | 5,246,500                  | 5,468,000                  |
| <b>Total Restricted Agency Funds</b>  | <u>5,254,000</u>           | <u>5,535,000</u>             | <u>5,755,500</u>             | <u>5,535,000</u>           | <u>5,755,500</u>           |
| <b>Federal Funds</b>                  |                            |                              |                              |                            |                            |
| Balance Forward                       | 8,000                      | 9,500                        | 11,500                       | 9,500                      | 11,500                     |
| Current Receipts                      | 6,711,500                  | 2,389,500                    | 248,000                      | 2,389,500                  | 573,000                    |
| Revenue Redistribution                | 3,205,000                  | 3,335,000                    | 1,428,000                    | 3,335,000                  | 1,428,000                  |
| <b>Total Federal Funds</b>            | <u>9,924,500</u>           | <u>5,734,000</u>             | <u>1,687,500</u>             | <u>5,734,000</u>           | <u>2,012,500</u>           |
| <b>TOTAL FUNDS</b>                    | <u>22,700,400</u>          | <u>13,262,500</u>            | <u>9,505,500</u>             | <u>13,771,000</u>          | <u>10,321,500</u>          |
| <b>EXPENDITURES BY CLASS</b>          |                            |                              |                              |                            |                            |
| Personnel Costs                       | 6,455,400                  | 6,114,500                    | 6,432,500                    | 6,032,800                  | 6,339,600                  |
| Operating Expenses                    | 3,266,000                  | 1,953,000                    | 1,969,500                    | 1,843,200                  | 1,853,400                  |
| Grants, Loans or Benefits             | 9,040,000                  | 4,896,000                    | 1,147,000                    | 5,596,000                  | 1,847,000                  |
| Debt Service                          | 3,641,000                  |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>             | <u>22,402,400</u>          | <u>12,963,500</u>            | <u>9,549,000</u>             | <u>13,472,000</u>          | <u>10,040,000</u>          |
| <b>EXPENDITURES BY UNIT</b>           |                            |                              |                              |                            |                            |
| Secretary                             | 617,000                    | 772,500                      | 806,500                      | 745,100                    | 776,600                    |
| General Counsel                       | 406,000                    | 426,000                      | 447,500                      | 398,600                    | 417,600                    |
| Communications                        | 261,000                    | 271,000                      | 283,500                      | 243,600                    | 253,600                    |
| Development and Industry<br>Relations | 101,500                    | 105,500                      | 111,000                      | 78,400                     | 81,100                     |
| Workforce Analysis and<br>Research    | 143,800                    | 113,000                      | 118,500                      | 85,600                     | 88,900                     |
| School-to-Work                        | 6,200,000                  | 2,036,000                    | 325,000                      | 2,736,000                  | 1,025,000                  |
| One Stop Career Centers               | 2,300,500                  | 2,165,000                    |                              | 2,165,000                  |                            |
| Policy Budget/Personnel<br>Services   | 2,877,700                  | 3,000,000                    | 3,233,000                    | 2,972,600                  | 3,203,100                  |
| Administrative Services               | 4,537,400                  | 3,916,000                    | 4,064,500                    | 3,888,600                  | 4,034,600                  |
| Facilities Maintenance                | 1,316,500                  | 158,500                      | 159,500                      | 158,500                    | 159,500                    |
| Debt Service                          | 3,641,000                  |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>             | <u>22,402,400</u>          | <u>12,963,500</u>            | <u>9,549,000</u>             | <u>13,472,000</u>          | <u>10,040,000</u>          |

General Administration and Program Support provides central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. The program is responsible for policy and budget development, personnel transactions, legal services, including legislative and regulatory development, communications, economic analysis and research, as well as school-to-work activities. The following offices make up the General Administration program:

The Office of the Secretary provides the strategic direction and leadership for the Cabinet, including the coordination of Cabinet activities among the departments and agencies. The Secretary serves as the Chief Executive Officer for the Cabinet and is an advisor to the Governor and the General Assembly regarding workforce issues.

The Office of School-to-Work was created in 1994 by Executive Order 94-904. The Office is headed by an Executive Director appointed by the Secretary of the Workforce Cabinet. The Office is supported with federal funding. This federally-funded, time-limited program sunsets September of 1999 with responsibility to sustain the initiative falling back to the state.

One-Stop Career Centers System implementation began upon receipt of a federal grant on September 13, 1995. One of four states to initially receive this grant in conjunction with a School-to-Work grant, and the first of 16 nationwide, Kentucky was awarded a three-year grant totaling \$7,954,843. Intended to allow states more flexibility in designing a cohesive system, Kentucky's One-Stop is facilitating the local design and re-engineering of employment and training service delivery, integrating performance outcomes, customer satisfaction and quality initiatives, adopting a universal customer approach, and the streamlining of customer services. The rapid progression toward state-of-the-art technology and PC-based architecture has been the most critical challenge and investment for One-Stop. Staff for the System are attached to the Office of the Secretary. One-Stop is headed by a Statewide Coordinator, recommended by the State Workforce Partnership Council and appointed by the Secretary. The federal funds for this program expire at the end of fiscal year 1999.

The Office of General Counsel provides legal advice and representation, including review of contracts, memoranda of agreements, personnel legal actions, regulations, legislation and policy review.

The Office of Workforce Analysis and Research is responsible for data collection and analytical research on economic and employment trends. The Kentucky Occupational Information Coordinating Committee (KOICC) is administratively attached to this office. The KOICC coordinates the development and dissemination of occupational, labor market, education training, and career information for use by counselors, students, and others. It is federally funded.

The Office of Development and Industry Relations serves as the central point of contact for the private sector to access adult education and job training services. It performs both an outreach and a partnership function between the Cabinet and Kentucky businesses. This linkage will assist in fulfilling Kentucky's need to substantially increase the number of employees with globally competitive skills.

The Office of Communications provides internal and external communications, disseminating information about the Cabinet and its components to employees, the media and the general public. The Office also produces all departmental publications and distributes news releases.

Effective August 28, 1997, Executive Order 97-117 reorganized the Office for Policy, Budget and Personnel by separating the unit into two offices: establishing the Office of Personnel Services, and renaming the policy and budget unit, the Office for Policy and Budget.

The Office of Personnel Services is responsible for personnel activities which include processing personnel and payroll documents, providing benefit services to Cabinet employees, preparing an array of staffing reports, and monitoring compliance with statutes and regulations. In addition, the Office is responsible for auditing functions of the Cabinet which includes the general audit and student aid audit of schools within the Department for Technical Education, and other audits of various Cabinet units.

The Office for Policy and Budget provides assistance to the Cabinet Secretary by providing coordination and analysis for policy formation and Cabinet management; preparation and oversight of the biennial budget; coordination and monitoring of state and federal legislative activities; technical support to departments and offices; and a variety of programmatic and financial matters. Also attached to the Office is the Job Training Partnership Act (JTPA) Education and Coordination Branch and the Client Assistance Branch.

The JTPA Education and Coordination Branch is responsible for the administration of federal funds provided through the Job Training Partnership Act. These funds represent eight percent of the Titles IIA (year-round adult training) and IIC (year-round youth training) allocations. To be eligible for eight percent funds, an individual must be economically disadvantaged and have one other barrier to employment, such as a deficiency in basic skills.

The Client Assistant Branch is a federally mandated and funded program that ensures the protection of rights of disabled individuals under the Rehabilitation Act of 1973, as amended.

The Office of Administrative Services was established pursuant to Executive Order 95-289. The Computer Services Division within the Office serves as the central location for all Cabinet data processing programs statewide. The Division of Fiscal Services is responsible for all central office purchasing, auditing and processing of financial documents and maintenance of the STARS accounting system. The Division of Facilities Management is responsible for the physical management of all state-owned/state-operated facilities, equipment and property assigned to agencies within the Cabinet. Specific functions include programming and planning for new facilities; providing a quality learning and/or work environment for students and staff through comprehensive Major Plan Maintenance, Safety and Insurance programs; managing and accounting for all inventory owned or leased by the Cabinet; coordinating the leasing of space for use by Cabinet personnel and the processing of payment documents for same, as well as mail and supply service management.

## **Policy**

General Administration and Policy Support will be reorganized effective July 1, 1998, to reflect the separation of Postsecondary Technical Education from the Workforce Development Cabinet to the Kentucky Community and Technical College System (KCTCS), pursuant to House Bill 1 as enacted during the First Extraordinary Session of 1997. The change will occur within the Office of Administration and Policy Support as staff and operating functions necessary to provide facilities management/maintenance will be transferred to the KCTCS. The estimated value of this service is \$1,905,500 in fiscal year 1999 and \$1,954,500 in fiscal year 2000. The Budget of the Commonwealth reflects this change in fiscal year 1999 and fiscal year 2000.

The Budget of the Commonwealth provides General Fund support totaling \$700,000 in each fiscal year for operating costs and grant expenditures relating to the School to Careers system which was established by the 1998 General Assembly through the passage of House Bill 724. This initiative will envelop a number of career related programs, including Tech Prep, School-to-Work and High Schools that Work. Through a Memorandum of Agreement, the Workforce Development Cabinet will coordinate its efforts with the Department of Education to, among other things, increase the student's awareness of job and career opportunities that will be available in the future workforce, decrease the high school drop out rate, and provide applied curriculum and instructional processes to develop greater skills in such areas as math, social studies, communications and science.

Pursuant to Part II of the Capital Projects Budget, investment income totaling \$250,000 in each fiscal year is provided for a Maintenance Pool.

Additionally, pursuant to Part III, the Secretary of the Workforce Development Cabinet may request the State Budget Director to transfer General Fund amounts related to the Technology Trust Fund savings from one budget unit to another within the Cabinet. The transfers are limited to General Fund cost savings and will be reported to the Interim Joint Committee on Appropriations and Revenue as provided by KRS 48.500.



**WORKFORCE DEVELOPMENT**  
**State Board For Adult and Technical Education**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 33,600                     | 30,000                       | 30,500                       | 30,000                     | 30,500                     |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 14,900                     | 13,500                       | 13,500                       | 13,500                     | 13,500                     |
| Operating Expenses           | 18,700                     | 16,500                       | 17,000                       | 16,500                     | 17,000                     |
| <b>TOTAL EXPENDITURES</b>    | <b>33,600</b>              | <b>30,000</b>                | <b>30,500</b>                | <b>30,000</b>              | <b>30,500</b>              |

The State Board for Adult and Technical Education was established by the 1990 General Assembly and operates under the provisions of KRS Chapter 151.032. The Board consists of nine voting members, one from each Supreme Court district and two from the state at large, who are appointed by the Governor.

The primary purpose of the Board is to develop and adopt the regulations which govern the planning, coordinating, administering, supervising, operating, and evaluating of the adult and technical programs, services, and activities within the Department for Technical Education and the Department for Adult Education and Literacy. The Board is authorized to establish administration and operating procedures for state-operated area technology centers and staff, as well as to recommend to the State Board for Elementary and Secondary Education standards pertaining to secondary technical education curriculum, accreditation, equipment, facilities, and related matters. The Board also administers the personnel system as authorized by KRS 151B and employs over 900 permanent and certified/equivalent staff.

The Board must meet a minimum of four times per year and has three standing committees: the program committee, the finance committee, and the long-term planning committee. Special task forces and work groups are appointed as needed.

**WORKFORCE DEVELOPMENT**  
**Technical Education**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 69,175,300                 | 25,748,500                   | 24,242,500                   | 19,245,100                 | 19,515,700                 |
| Current Year Appropriation           | 294,000                    |                              |                              |                            |                            |
| <b>Total General Fund</b>            | <b>69,469,300</b>          | <b>25,748,500</b>            | <b>24,242,500</b>            | <b>19,245,100</b>          | <b>19,515,700</b>          |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 1,877,900                  | 796,500                      | 58,500                       | 795,000                    | 58,000                     |
| Current Receipts                     | 22,867,800                 | 3,117,000                    | 3,250,500                    | 3,117,500                  | 3,250,500                  |
| Non-Revenue Receipts                 | 14,128,000                 | 14,799,500                   | 16,207,000                   | 14,800,000                 | 16,207,000                 |
| <b>Total Restricted Agency Funds</b> | <b>38,873,700</b>          | <b>18,713,000</b>            | <b>19,516,000</b>            | <b>18,712,500</b>          | <b>19,515,500</b>          |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 228,500                    |                              |                              |                            |                            |
| Current Receipts                     | 29,193,600                 | 20,950,000                   | 20,300,000                   | 20,950,000                 | 20,300,000                 |
| Non-Revenue Receipts                 | -21,800                    |                              |                              |                            |                            |
| Revenue Redistribution               | -5,910,000                 | -5,300,000                   | -5,100,000                   | -5,300,000                 | -5,100,000                 |
| <b>Total Federal Funds</b>           | <b>23,490,300</b>          | <b>15,650,000</b>            | <b>15,200,000</b>            | <b>15,650,000</b>          | <b>15,200,000</b>          |
| <b>TOTAL FUNDS</b>                   | <b>131,833,300</b>         | <b>60,111,500</b>            | <b>58,958,500</b>            | <b>53,607,600</b>          | <b>54,231,200</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 86,457,100                 | 28,895,000                   | 29,907,000                   | 28,688,100                 | 29,550,700                 |
| Operating Expenses                   | 25,953,900                 | 14,856,500                   | 13,612,500                   | 12,952,500                 | 12,851,500                 |
| Grants, Loans or Benefits            | 16,710,900                 | 10,720,500                   | 10,543,500                   | 11,170,500                 | 10,993,500                 |
| Capital Outlay                       | 1,916,400                  | 5,581,000                    | 4,795,500                    | 738,500                    | 736,000                    |
| <b>TOTAL EXPENDITURES</b>            | <b>131,038,300</b>         | <b>60,053,000</b>            | <b>58,858,500</b>            | <b>53,549,600</b>          | <b>54,131,700</b>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Kentucky Tech System                 | 120,914,000                | 45,978,000                   | 45,200,000                   | 39,474,600                 | 40,473,200                 |
| Federal Programs and Support         | 10,124,300                 | 14,075,000                   | 13,658,500                   | 14,075,000                 | 13,658,500                 |
| <b>TOTAL EXPENDITURES</b>            | <b>131,038,300</b>         | <b>60,053,000</b>            | <b>58,858,500</b>            | <b>53,549,600</b>          | <b>54,131,700</b>          |

The Department for Adult and Technical Education was established effective July 1, 1990 by KRS Chapter 151B. It was reorganized in 1994 and renamed the Department for Technical Education. The Department has two major roles, including the management and operation of the 54 area technology centers. The other role involves serving as the state agency for the Carl D. Perkins Vocational and Applied Technology Education Act of 1990 (Public Law 101-392) federal grant for the Commonwealth. The Department is divided into three divisions, including the Division of Curriculum Services, Division of School Operations and the Division of Federal and Support Programs. The Division of Curriculum Services has primary responsibility for curriculum,

program supervision, staff development, and programmatic technical assistance to the regional offices and the area technology centers. The Division of School Operations has primary responsibility for administrative functions, including liaison activities with local school districts as well as business and industry. There are six regional offices within this division which are placed in strategic geographical locations throughout the state. The Division of Federal and Support Programs has primary responsibility for implementing the provisions of the federal grant for technical education in Kentucky, budget preparation and oversight, the student information system, contracts, and personnel.

The Department is regulated by the State Board for Adult and Technical Education.

### **Policy**

The Kentucky Postsecondary Education Improvement Act of 1997 separates the 25 postsecondary technical schools from the Department to join the new Kentucky Community and Technical College System effective July 1, 1998. The Budget of the Commonwealth reflects this reorganization.

**WORKFORCE DEVELOPMENT**  
**Technical Education**  
**Kentucky Tech System**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 69,123,600                 | 25,695,000                   | 24,187,000                   | 19,191,600                 | 19,460,200                 |
| Current Year Appropriation           | 294,000                    |                              |                              |                            |                            |
| <b>Total General Fund</b>            | <u>69,417,600</u>          | <u>25,695,000</u>            | <u>24,187,000</u>            | <u>19,191,600</u>          | <u>19,460,200</u>          |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 1,849,000                  | 789,600                      | 58,500                       | 788,500                    | 58,000                     |
| Current Receipts                     | 22,859,800                 | 3,108,900                    | 3,250,500                    | 3,109,000                  | 3,250,500                  |
| Non-Revenue Receipts                 | 14,128,000                 | 14,799,500                   | 16,207,000                   | 14,800,000                 | 16,207,000                 |
| <b>Total Restricted Agency Funds</b> | <u>38,836,800</u>          | <u>18,698,000</u>            | <u>19,516,000</u>            | <u>18,697,500</u>          | <u>19,515,500</u>          |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 118,800                    |                              |                              |                            |                            |
| Current Receipts                     | 13,351,100                 | 1,643,500                    | 1,597,000                    | 1,643,500                  | 1,597,000                  |
| Non-Revenue Receipts                 | -21,800                    |                              |                              |                            |                            |
| <b>Total Federal Funds</b>           | <u>13,448,100</u>          | <u>1,643,500</u>             | <u>1,597,000</u>             | <u>1,643,500</u>           | <u>1,597,000</u>           |
| <b>TOTAL FUNDS</b>                   | <u>121,702,500</u>         | <u>46,036,500</u>            | <u>45,300,000</u>            | <u>39,532,600</u>          | <u>40,572,700</u>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 85,787,500                 | 28,408,000                   | 29,431,000                   | 28,201,100                 | 29,074,700                 |
| Operating Expenses                   | 25,390,600                 | 10,047,000                   | 8,955,500                    | 8,143,000                  | 8,194,500                  |
| Grants, Loans or Benefits            | 7,889,500                  | 2,008,500                    | 2,083,000                    | 2,458,500                  | 2,533,000                  |
| Capital Outlay                       | 1,846,400                  | 5,514,500                    | 4,730,500                    | 672,000                    | 671,000                    |
| <b>TOTAL EXPENDITURES</b>            | <u>120,914,000</u>         | <u>45,978,000</u>            | <u>45,200,000</u>            | <u>39,474,600</u>          | <u>40,473,200</u>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Administration                       | 6,586,700                  | 6,319,000                    | 4,340,000                    | 3,425,100                  | 3,242,700                  |
| Continuing Education                 | 8,185,000                  | 502,000                      | 523,000                      | 502,000                    | 523,000                    |
| Equipment Procurement                | 4,838,700                  | 5,932,500                    | 5,932,500                    | 1,873,000                  | 1,873,000                  |
| Postsecondary                        | 62,025,000                 |                              |                              |                            |                            |
| Secondary                            | 30,791,100                 | 33,224,500                   | 34,404,500                   | 33,674,500                 | 34,834,500                 |
| Student Services                     | 8,487,500                  |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <u>120,914,000</u>         | <u>45,978,000</u>            | <u>45,200,000</u>            | <u>39,474,600</u>          | <u>40,473,200</u>          |

The Kentucky Tech System is composed of 54 area technology centers. These centers serve primarily secondary students and operate on a schedule similar to high schools during the day, but some operate extended schedules to serve adults, and business and industry during evenings and weekends. The 375 full-time and 285 short-term training programs served over 23,000 Kentuckians in the 1996-97 school year. Area centers provide valuable experiences and have a proven track record with

the national School-to-Work initiative. Work-based learning, primarily co-op, work experience and mentoring, have been components of the area centers' curricula for many years.

### **Policy**

Additional General Fund support totaling \$250,000 in each fiscal year is provided to support the costs of expanded programs at the Henderson County Area Technology Center. Additional General Funds totaling \$200,000 are also provided in each fiscal year for the costs of vocational programs and equipment at the Marion County Area Technology Center.

The Budget of the Commonwealth also adds Part IX language which declares the Area Vocational Education Centers to be fully eligible to participate in the Kentucky Education Technology System. This provision further requires the School Facilities Construction Commission, the Kentucky Board of Education and the Department of Education to identify a methodology by which the average daily attendance for Area Vocational Education Centers can be compared to the average daily attendance of other local school districts so that the centers may receive their respective distributions of these funds.

The Budget of the Commonwealth also adds Part IX language allowing a local board of education to petition the State Board for Adult and Technical Education and enter into an agreement to assume authority for the management and control of state-operated secondary vocational technology centers. The local board of education's application must address a number of concerns, including a plan for continuing those programs and services to students from other school districts who are using the center at the time of the transfer, as well as a plan of collaboration with districts to meet local vocational curriculum needs. At its option, the State Board may enter into the agreement to transfer to the local board of education all equipment, supplies and General Funds appropriated to the Department for Technical Education which are utilized to support operations of the center. Additionally, all funds generated in accordance with the Support Education Excellence in Kentucky (SEEK) program are to be transferred to the local board of education for distribution to the secondary vocational technology center.

Pursuant to Part II of the Capital Projects Budget, there is General Fund support totaling \$2,100,000 in fiscal year 1999 to provide network connectivity and upgrade of the Vesis System at the 54 Area Vocational Centers.

Additionally, in accordance with Part X of the General Fund Surplus Expenditure Plan, General Fund support totaling \$6,000,000 is provided in fiscal year 1999 to procure additional equipment for the Area Vocational Centers, should funds become available.

**WORKFORCE DEVELOPMENT  
Technical Education  
Federal Programs and Support**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 51,700                     | 53,500                       | 55,500                       | 53,500                     | 55,500                     |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 28,900                     | 6,900                        |                              | 6,500                      |                            |
| Current Receipts                     | 8,000                      | 8,100                        |                              | 8,500                      |                            |
| <b>Total Restricted Agency Funds</b> | <u>36,900</u>              | <u>15,000</u>                |                              | <u>15,000</u>              |                            |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 109,700                    |                              |                              |                            |                            |
| Current Receipts                     | 15,842,500                 | 19,306,500                   | 18,703,000                   | 19,306,500                 | 18,703,000                 |
| Revenue Redistribution               | -5,910,000                 | -5,300,000                   | -5,100,000                   | -5,300,000                 | -5,100,000                 |
| <b>Total Federal Funds</b>           | <u>10,042,200</u>          | <u>14,006,500</u>            | <u>13,603,000</u>            | <u>14,006,500</u>          | <u>13,603,000</u>          |
| <b>TOTAL FUNDS</b>                   | <u>10,130,800</u>          | <u>14,075,000</u>            | <u>13,658,500</u>            | <u>14,075,000</u>          | <u>13,658,500</u>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 669,600                    | 487,000                      | 476,000                      | 487,000                    | 476,000                    |
| Operating Expenses                   | 563,300                    | 4,809,500                    | 4,657,000                    | 4,809,500                  | 4,657,000                  |
| Grants, Loans or Benefits            | 8,821,400                  | 8,712,000                    | 8,460,500                    | 8,712,000                  | 8,460,500                  |
| Capital Outlay                       | 70,000                     | 66,500                       | 65,000                       | 66,500                     | 65,000                     |
| <b>TOTAL EXPENDITURES</b>            | <u>10,124,300</u>          | <u>14,075,000</u>            | <u>13,658,500</u>            | <u>14,075,000</u>          | <u>13,658,500</u>          |

The Division of Federal Programs and Support includes the major functions of: coordinating the development of the State Plan for Vocational-Technical Education, as required by the Carl D. Perkins Vocational and Applied Technology Education Act of 1990 (Public Law 101-392), and related provisions regarding distribution of technical funds, developing a statewide system of standards and measures for technical programs, tracking and monitoring of sub-grants to eligible recipients, and developing an annual evaluation system; serving as liaison with occupational and support programs in community colleges and universities assisted under the federal Vocational-Technical Act; providing in-service and technical assistance to educational institutions on the provision and requirements of the federal Vocational-Technical Act; managing the Department's annual and biennial budget; operating and maintaining an automated student information system containing selected characteristics for technical programs and students; and developing and implementing a Methods of Administration (MOA) to comply with the requirements of the Office of Civil Rights relating to equity in technical programs.

The Perkins Act provides federal funds to states for the improvement of technical programs and for implementing new initiatives. The Act is composed of two major components: the basic grant and Tech Prep. Most funds are for program improvement. Tech Prep funds are earmarked for the development and modification of programs to provide opportunities for students to develop new learning techniques necessary to meet the challenges of a technological society. Other key aspects of Tech Prep are to integrate academic and technical options, and increase competencies of high school students in math, science, communication skills, and problem solving skills. The Office of Kentucky Tech provides statewide direction and leadership for this initiative.

**WORKFORCE DEVELOPMENT**  
**Adult Education and Literacy**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 10,051,700                 | 12,555,500                   | 12,932,000                   | 12,411,200                 | 12,779,400                 |
| Special Appropriation                | 2,000,000                  |                              |                              |                            |                            |
| <b>Total General Fund</b>            | <b>12,051,700</b>          | <b>12,555,500</b>            | <b>12,932,000</b>            | <b>12,411,200</b>          | <b>12,779,400</b>          |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 244,700                    | 73,500                       | 36,500                       | 73,500                     | 36,500                     |
| Current Receipts                     | 797,300                    | 837,000                      | 879,000                      | 837,000                    | 879,000                    |
| <b>Total Restricted Agency Funds</b> | <b>1,042,000</b>           | <b>910,500</b>               | <b>915,500</b>               | <b>910,500</b>             | <b>915,500</b>             |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 45,500                     | 45,500                       | 45,500                       | 45,500                     | 45,500                     |
| Current Receipts                     | 7,055,500                  | 7,084,000                    | 7,428,500                    | 7,203,000                  | 7,549,500                  |
| Non-Revenue Receipts                 | 1,089,500                  | 1,143,000                    | 1,200,000                    | 1,143,000                  | 1,200,000                  |
| Revenue Redistribution               | -100,000                   | -103,000                     | -106,000                     | -103,000                   | -106,000                   |
| <b>Total Federal Funds</b>           | <b>8,090,500</b>           | <b>8,169,500</b>             | <b>8,568,000</b>             | <b>8,288,500</b>           | <b>8,689,000</b>           |
| <b>TOTAL FUNDS</b>                   | <b>21,184,200</b>          | <b>21,635,500</b>            | <b>22,415,500</b>            | <b>21,610,200</b>          | <b>22,383,900</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 1,846,000                  | 1,935,500                    | 2,033,500                    | 1,911,900                  | 2,004,300                  |
| Operating Expenses                   | 547,000                    | 503,000                      | 520,000                      | 501,300                    | 517,100                    |
| Grants, Loans or Benefits            | 18,672,200                 | 19,115,000                   | 19,816,500                   | 19,115,000                 | 19,816,500                 |
| <b>TOTAL EXPENDITURES</b>            | <b>21,065,200</b>          | <b>21,553,500</b>            | <b>22,370,000</b>            | <b>21,528,200</b>          | <b>22,337,900</b>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Management and Support Services      | 1,135,500                  | 1,120,000                    | 1,174,000                    | 1,107,000                  | 1,159,500                  |
| Program Services                     | 19,929,700                 | 20,433,500                   | 21,196,000                   | 20,421,200                 | 21,178,400                 |
| <b>TOTAL EXPENDITURES</b>            | <b>21,065,200</b>          | <b>21,553,500</b>            | <b>22,370,000</b>            | <b>21,528,200</b>          | <b>22,337,900</b>          |

The duties and responsibilities of the Office of Adult Education Services and the Governor's Commission on Literacy were transferred by Executive Order 93-593 on June 23, 1993, and codified at KRS 151B.023, to create the only department-level agency of its kind in the country. According to the 1990 U.S. Census, the Commonwealth of Kentucky ranks 49th in the number of adults completing high school. Among Kentucky's adult population, 36 percent do not possess a high school diploma and, of those, 18 percent did not complete the eighth grade. In addition, the recent Kentucky Adult Literacy Survey revealed that 40 percent of the Commonwealth's adults performed in the lowest two skills levels (levels one and two) in prose, document, and quantitative literacy.

Currently, the Department provides over 200 adult basic education and literacy programs to over 50,000 adults. This instruction may be in literacy, workplace basic skills, adult basic education, GED preparation, correctional education, and family literacy.

The Department's programs serve to meet the demands of adult learners, business and industry, welfare and education reform initiatives, and economic development. Program services are designed to help reduce the problems caused by illiteracy and undereducation.

The Department enhances the Commonwealth's commitment to those in need of adult basic education and literacy services. Because the Department provides a more systematic approach through unified planning and a continuum of student services, it increases the opportunities for cooperative efforts between the volunteer literacy and adult basic education communities. In addition, it eliminates duplicative services and better utilizes limited resources by combining funds for one service delivery system.

### **Policy**

The Department's base budget includes General Fund support totaling \$2 million in each year of the biennium for the continuation of literacy grants. These funds were originally provided through House Bill 4 of the Postsecondary Education Reform legislation which was enacted in the First Extraordinary Session of 1997.



**WORKFORCE DEVELOPMENT**  
**Vocational Rehabilitation**

|  | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                                 |                            |                              |                              |                            |                            |
| <b>General Fund</b>                                    |                            |                              |                              |                            |                            |
| Regular Appropriation                                  | 9,172,700                  | 9,439,000                    | 9,703,000                    | 9,621,100                  | 9,872,800                  |
| <b>Restricted Agency Funds</b>                         |                            |                              |                              |                            |                            |
| Balance Forward  | 1,192,500                  | 905,500                      | 842,000                      | 905,500                    | 842,000                    |
| Current Receipts                                       | 1,997,000                  | 2,225,000                    | 2,142,000                    | 2,225,000                  | 2,142,000                  |
| Non-Revenue Receipts                                   | 100,000                    | 103,000                      | 106,000                      | 103,000                    | 106,000                    |
| <b>Total Restricted Agency Funds</b>                   | <b>3,289,500</b>           | <b>3,233,500</b>             | <b>3,090,000</b>             | <b>3,233,500</b>           | <b>3,090,000</b>           |
| <b>Federal Funds</b>                                   |                            |                              |                              |                            |                            |
| Balance Forward  | 415,500                    |                              |                              |                            |                            |
| Current Receipts                                       | 37,181,500                 | 39,302,000                   | 40,823,000                   | 39,302,000                 | 40,823,000                 |
| Non-Revenue Receipts                                   | 100,000                    | 50,000                       | 50,000                       | 50,000                     | 50,000                     |
| Revenue Redistribution                                 | -1,854,500                 | -1,700,500                   | -1,803,500                   | -1,700,500                 | -1,803,500                 |
| <b>Total Federal Funds</b>                             | <b>35,842,500</b>          | <b>37,651,500</b>            | <b>39,069,500</b>            | <b>37,651,500</b>          | <b>39,069,500</b>          |
| <b>TOTAL FUNDS</b>                                     | <b>48,304,700</b>          | <b>50,324,000</b>            | <b>51,862,500</b>            | <b>50,506,100</b>          | <b>52,032,300</b>          |
| <b>EXPENDITURES BY CLASS</b>                           |                            |                              |                              |                            |                            |
| Personnel Costs  | 18,564,700                 | 19,580,000                   | 20,568,000                   | 19,772,600                 | 20,752,400                 |
| Operating Expenses                                     | 3,907,500                  | 3,844,000                    | 3,879,000                    | 3,833,500                  | 3,864,400                  |
| Grants, Loans or Benefits                              | 24,753,000                 | 25,903,000                   | 26,612,000                   | 25,903,000                 | 26,612,000                 |
| Capital Outlay   | 174,000                    | 155,000                      | 120,000                      | 155,000                    | 120,000                    |
| <b>TOTAL EXPENDITURES</b>                              | <b>47,399,200</b>          | <b>49,482,000</b>            | <b>51,179,000</b>            | <b>49,664,100</b>          | <b>51,348,800</b>          |
| <b>EXPENDITURES BY UNIT</b>                            |                            |                              |                              |                            |                            |
| Administrative Management                              | 1,684,500                  | 1,742,500                    | 1,803,500                    | 1,742,500                  | 1,803,500                  |
| Carl D. Perkins Comprehensive<br>Rehabilitation Center | 6,456,700                  | 6,705,500                    | 6,937,500                    | 6,705,500                  | 6,937,500                  |
| Program Planning and<br>Development                    | 1,506,500                  | 1,509,000                    | 1,508,000                    | 1,491,100                  | 1,477,800                  |
| Program Services                                       | 37,751,500                 | 39,525,000                   | 40,930,000                   | 39,725,000                 | 41,130,000                 |
| <b>TOTAL EXPENDITURES</b>                              | <b>47,399,200</b>          | <b>49,482,000</b>            | <b>51,179,000</b>            | <b>49,664,100</b>          | <b>51,348,800</b>          |

The Department of Vocational Rehabilitation was created to provide for and improve the vocational rehabilitation of citizens with physical and mental disabilities to increase their social and economic well-being. The mission of the Department is to empower eligible persons with disabilities to achieve suitable employment.

The Department uses vocational assessments, counseling and guidance services to match the abilities of workers with disabilities to labor market needs. Job preparation activities may include on-the-job training, vocational or classroom instruction.

Job development and placement services assist the individual in obtaining and maintaining suitable employment. Transition activities support a move from the classroom to the workplace. Rehabilitation technology adapts the physical environment at work or home to meet employment needs. Follow-up services ensure that employment is progressing satisfactorily.

The Department also provides services for employers. The Department prepares job-qualified applicants, conducts job analyses, recommends job modifications, and conducts disability awareness programs. Other services may include affirmative action planning and services to employees with disability related problems.

The Rehabilitation Act of 1973, as amended (29 USC § 791 et seq.), authorizes and provides federal funding for state vocational rehabilitation programs. KRS 151B.180-210 complies with all provisions of the Acts. The Code of Federal Regulations (CFR Chapter 34) and Title 781 of the Kentucky Administrative Regulations establish functions of the program. The Department also complies with other relevant sections of the Education Department General Administrative Regulations.

### **Policy**

Pursuant to Part II of the Capital Projects Budget, the lease for real property exceeding \$200,000 annually is authorized. This office space is shared by the Department of Vocational Rehabilitation, the Department for the Blind, and the Office of Training and Reemployment.

**WORKFORCE DEVELOPMENT  
Vocational Rehabilitation  
Administrative Management**

|                              | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Balance Forward              | 88,500                     |                              |                              |                            |                            |
| Current Receipts             | 1,810,000                  | 1,956,500                    | 2,017,500                    | 1,956,500                  | 2,017,500                  |
| Revenue Redistribution       | -214,000                   | -214,000                     | -214,000                     | -214,000                   | -214,000                   |
| <b>TOTAL FUNDS</b>           | <b>1,684,500</b>           | <b>1,742,500</b>             | <b>1,803,500</b>             | <b>1,742,500</b>           | <b>1,803,500</b>           |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 1,379,500                  | 1,448,000                    | 1,522,500                    | 1,448,000                  | 1,522,500                  |
| Operating Expenses           | 300,000                    | 289,500                      | 281,000                      | 289,500                    | 281,000                    |
| Capital Outlay               | 5,000                      | 5,000                        |                              | 5,000                      |                            |
| <b>TOTAL EXPENDITURES</b>    | <b>1,684,500</b>           | <b>1,742,500</b>             | <b>1,803,500</b>             | <b>1,742,500</b>           | <b>1,803,500</b>           |

The Division provides all administrative, technical and budget related services for the Department and is responsive to the needs of the direct service delivery program staff. Responsibilities include budgeting, purchasing, financial reporting and federal grant accounting. The Division oversees implementation and administration of the automated case management system and coordinates the development of application programs. Staff in the Division are also responsible for records retention and maintenance of the Department's inventory records.

The Division also coordinates the recouping of program income through the Social Security Administration (SSA). This is coordinated with SSA for the reimbursement of paid vocational rehabilitation services for those individuals receiving SSI/disability benefits who have been successfully rehabilitated by the Department and have worked for nine months. The Division also negotiates on behalf of the Department and certain Community Rehabilitation Programs for the purchase of facility and community-based competitive employment outcomes and vocational evaluations. The staff then monitors the success of purchased services.

**WORKFORCE DEVELOPMENT**  
**Vocational Rehabilitation**  
**Carl D. Perkins Comprehensive Rehabilitation Center**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 793,700                    | 817,000                      | 841,500                      | 817,000                    | 841,500                    |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 116,000                    | 147,000                      | 177,000                      | 147,000                    | 177,000                    |
| Current Receipts                     | 203,000                    | 207,000                      | 211,000                      | 207,000                    | 211,000                    |
| <b>Total Restricted Agency Funds</b> | <u>319,000</u>             | <u>354,000</u>               | <u>388,000</u>               | <u>354,000</u>             | <u>388,000</u>             |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Current Receipts                     | 5,862,000                  | 6,082,500                    | 6,284,500                    | 6,082,500                  | 6,284,500                  |
| Revenue Redistribution               | -371,000                   | -371,000                     | -371,000                     | -371,000                   | -371,000                   |
| <b>Total Federal Funds</b>           | <u>5,491,000</u>           | <u>5,711,500</u>             | <u>5,913,500</u>             | <u>5,711,500</u>           | <u>5,913,500</u>           |
| <b>TOTAL FUNDS</b>                   | <u>6,603,700</u>           | <u>6,882,500</u>             | <u>7,143,000</u>             | <u>6,882,500</u>           | <u>7,143,000</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 3,880,200                  | 4,092,500                    | 4,295,000                    | 4,092,500                  | 4,295,000                  |
| Operating Expenses                   | 847,500                    | 853,000                      | 867,000                      | 853,000                    | 867,000                    |
| Grants, Loans or Benefits            | 1,571,000                  | 1,615,000                    | 1,660,500                    | 1,615,000                  | 1,660,500                  |
| Capital Outlay                       | 158,000                    | 145,000                      | 115,000                      | 145,000                    | 115,000                    |
| <b>TOTAL EXPENDITURES</b>            | <u>6,456,700</u>           | <u>6,705,500</u>             | <u>6,937,500</u>             | <u>6,705,500</u>           | <u>6,937,500</u>           |

The Carl D. Perkins Comprehensive Rehabilitation Center (CDPCRC) at Thelma, Kentucky, is a multi-disciplinary residential rehabilitation facility owned and operated by the Department subject to the provisions of the federal Rehabilitation Act. Although CDPCRC is located in the eastern part of the state, known to have the highest incidence of disability, it serves the entire state as the only comprehensive, residential rehabilitation facility.

The CDPCRC provides five major programs: Vocational Evaluation, Work Adjustment, Vocational Training, Physical Restoration/Outpatient Medical Rehabilitation, and the Brain Injury Community Re-Entry Program. The following professional services are offered: vocational assessment, physical therapy, occupational therapy, speech therapy, nursing services, physician services, personal and social adjustment services, psychological and psychiatric services, adult basic education, driver's education, vocational skills training, therapeutic recreation, vocational rehabilitation counseling, social services, chaplain services, housing, transportation and administrative services.

**WORKFORCE DEVELOPMENT  
Vocational Rehabilitation  
Program Planning and Development**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 46,500                     | 47,000                       | 47,000                       | 29,100                     | 16,800                     |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 22,500                     | 7,500                        | 7,500                        | 7,500                      | 7,500                      |
| Current Receipts                     | 45,000                     | 60,000                       | 60,000                       | 60,000                     | 60,000                     |
| <b>Total Restricted Agency Funds</b> | <u>67,500</u>              | <u>67,500</u>                | <u>67,500</u>                | <u>67,500</u>              | <u>67,500</u>              |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 296,500                    |                              |                              |                            |                            |
| Current Receipts                     | 1,155,000                  | 1,453,500                    | 1,452,500                    | 1,453,500                  | 1,452,500                  |
| Revenue Redistribution               | -51,500                    | -51,500                      | -51,500                      | -51,500                    | -51,500                    |
| <b>Total Federal Funds</b>           | <u>1,400,000</u>           | <u>1,402,000</u>             | <u>1,401,000</u>             | <u>1,402,000</u>           | <u>1,401,000</u>           |
| <b>TOTAL FUNDS</b>                   | <u>1,514,000</u>           | <u>1,516,500</u>             | <u>1,515,500</u>             | <u>1,498,600</u>           | <u>1,485,300</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 546,500                    | 561,000                      | 587,500                      | 553,600                    | 571,900                    |
| Operating Expenses                   | 180,000                    | 185,000                      | 185,000                      | 174,500                    | 170,400                    |
| Grants, Loans or Benefits            | 775,000                    | 758,000                      | 730,500                      | 758,000                    | 730,500                    |
| Capital Outlay                       | 5,000                      | 5,000                        | 5,000                        | 5,000                      | 5,000                      |
| <b>TOTAL EXPENDITURES</b>            | <u>1,506,500</u>           | <u>1,509,000</u>             | <u>1,508,000</u>             | <u>1,491,100</u>           | <u>1,477,800</u>           |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Program Planning and<br>Development  | 1,065,000                  | 1,095,000                    | 1,134,500                    | 1,077,100                  | 1,104,300                  |
| Independent Living                   | 353,500                    | 323,500                      | 283,000                      | 323,500                    | 283,000                    |
| Human Resource Development           | 88,000                     | 90,500                       | 90,500                       | 90,500                     | 90,500                     |
| <b>TOTAL EXPENDITURES</b>            | <u>1,506,500</u>           | <u>1,509,000</u>             | <u>1,508,000</u>             | <u>1,491,100</u>           | <u>1,477,800</u>           |

The Rehabilitation Act of 1973, as amended, provides statutory and regulatory authority for the Vocational Rehabilitation Program. Program Planning and Development provides administrative and staff functions to enhance equitable, efficient service delivery to eligible individuals with disabilities. The Division has statewide responsibility for program planning, program evaluation, policy development, human resource development, job development and placement, and development of new and innovative programs. The Division also provides staff support to the Statewide Advisory Council for Vocational Rehabilitation and the Statewide Independent Living Council. Federal regulations require an approved State Plan for Vocational Rehabilitation Services under Title I of the Rehabilitation Act as a condition for receiving federal funds. State plans, administrative regulations and policy development are housed in Planning and Development. Strategic, long-range planning addresses the economic and public policy needs of the identified 346,000 Kentuckians of working age with disabilities who are unemployed, as well as the more than 60,000 children with severe disabilities who will soon enter the vocational rehabilitation service delivery system.

**WORKFORCE DEVELOPMENT**  
**Vocational Rehabilitation**  
**Program Services**

|                                      | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 8,332,500                  | 8,575,000                    | 8,814,500                    | 8,775,000                  | 9,014,500                  |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 1,054,000                  | 751,000                      | 657,500                      | 751,000                    | 657,500                    |
| Current Receipts                     | 1,749,000                  | 1,958,000                    | 1,871,000                    | 1,958,000                  | 1,871,000                  |
| Non-Revenue Receipts                 | 100,000                    | 103,000                      | 106,000                      | 103,000                    | 106,000                    |
| <b>Total Restricted Agency Funds</b> | <b>2,903,000</b>           | <b>2,812,000</b>             | <b>2,634,500</b>             | <b>2,812,000</b>           | <b>2,634,500</b>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 30,500                     |                              |                              |                            |                            |
| Current Receipts                     | 28,354,500                 | 29,809,500                   | 31,068,500                   | 29,809,500                 | 31,068,500                 |
| Non-Revenue Receipts                 | 100,000                    | 50,000                       | 50,000                       | 50,000                     | 50,000                     |
| Revenue Redistribution               | -1,218,000                 | -1,064,000                   | -1,167,000                   | -1,064,000                 | -1,167,000                 |
| <b>Total Federal Funds</b>           | <b>27,267,000</b>          | <b>28,795,500</b>            | <b>29,951,500</b>            | <b>28,795,500</b>          | <b>29,951,500</b>          |
| <b>TOTAL FUNDS</b>                   | <b>38,502,500</b>          | <b>40,182,500</b>            | <b>41,400,500</b>            | <b>40,382,500</b>          | <b>41,600,500</b>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 12,758,500                 | 13,478,500                   | 14,163,000                   | 13,678,500                 | 14,363,000                 |
| Operating Expenses                   | 2,580,000                  | 2,516,500                    | 2,546,000                    | 2,516,500                  | 2,546,000                  |
| Grants, Loans or Benefits            | 22,407,000                 | 23,530,000                   | 24,221,000                   | 23,530,000                 | 24,221,000                 |
| Capital Outlay                       | 6,000                      |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <b>37,751,500</b>          | <b>39,525,000</b>            | <b>40,930,000</b>            | <b>39,725,000</b>          | <b>41,130,000</b>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Program Services                     | 36,455,000                 | 38,224,000                   | 39,610,000                   | 38,424,000                 | 39,810,000                 |
| Supported Employment                 | 796,500                    | 798,500                      | 808,000                      | 798,500                    | 808,000                    |
| Local School District Match          | 500,000                    | 502,500                      | 512,000                      | 502,500                    | 512,000                    |
| <b>TOTAL EXPENDITURES</b>            | <b>37,751,500</b>          | <b>39,525,000</b>            | <b>40,930,000</b>            | <b>39,725,000</b>          | <b>41,130,000</b>          |

The Program Services unit provides direct vocational rehabilitation services to eligible individuals who have physical or mental disabilities to enable them to achieve suitable employment. Program Services is responsible for the actual intake and client service delivery efforts of the Department and performs certain administration functions.

The Division implements the federal Rehabilitation Act of 1973, as amended, and must make available services appropriate to the needs of individuals with disabilities. The services enumerated in the Rehabilitation Act include: evaluation of vocational rehabilitation potential; counseling and guidance; physical and mental restoration services; vocational and other training services; maintenance; transportation; services to family members; interpreter services and note-taking services for persons who are deaf;

reader services and note-taking services for persons who are blind; assistive technology; personal assistance services; recruitment and training services; placement; post-employment services; occupational licenses, equipment, initial stock, and supplies; and other goods and services needed for employment.

**Policy**

The Budget of the Commonwealth includes an additional \$200,000 in General Funds in each fiscal year for interpreters and note-takers for postsecondary technical schools.

**WORKFORCE DEVELOPMENT**  
**Department for the Blind**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 1,792,700                  | 1,965,000                    | 2,051,500                    | 2,055,200                  | 2,131,100                  |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 849,500                    | 396,000                      | 171,000                      | 396,000                    | 171,000                    |
| Current Receipts                     | 3,024,500                  | 3,031,000                    | 3,033,000                    | 3,031,000                  | 3,033,000                  |
| Non-Revenue Receipts                 | 19,000                     | 19,000                       | 19,000                       | 19,000                     | 19,000                     |
| <b>Total Restricted Agency Funds</b> | <u>3,893,000</u>           | <u>3,446,000</u>             | <u>3,223,000</u>             | <u>3,446,000</u>           | <u>3,223,000</u>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 48,500                     |                              |                              |                            |                            |
| Current Receipts                     | 7,820,500                  | 7,071,000                    | 6,663,500                    | 7,071,000                  | 6,663,500                  |
| Revenue Redistribution               | -194,000                   | -200,000                     | -206,000                     | -200,000                   | -206,000                   |
| <b>Total Federal Funds</b>           | <u>7,675,000</u>           | <u>6,871,000</u>             | <u>6,457,500</u>             | <u>6,871,000</u>           | <u>6,457,500</u>           |
| <b>TOTAL FUNDS</b>                   | <u>13,360,700</u>          | <u>12,282,000</u>            | <u>11,732,000</u>            | <u>12,372,200</u>          | <u>11,811,600</u>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 5,851,500                  | 6,255,000                    | 6,398,000                    | 6,250,300                  | 6,388,200                  |
| Operating Expenses                   | 2,533,500                  | 2,207,500                    | 2,154,000                    | 2,302,400                  | 2,243,400                  |
| Grants, Loans or Benefits            | 4,509,700                  | 3,648,500                    | 3,125,000                    | 3,648,500                  | 3,125,000                  |
| Capital Outlay                       | 70,000                     |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <u>12,964,700</u>          | <u>12,111,000</u>            | <u>11,677,000</u>            | <u>12,201,200</u>          | <u>11,756,600</u>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Assistive Technology                 | 801,500                    | 370,000                      |                              | 370,000                    |                            |
| Business Enterprises Program         | 1,010,000                  | 996,500                      | 1,025,000                    | 996,500                    | 1,025,000                  |
| Industries for the Blind             | 2,724,000                  | 2,686,000                    | 2,541,500                    | 2,686,000                  | 2,541,500                  |
| Independent Living                   | 559,000                    | 561,500                      | 583,000                      | 561,500                    | 583,000                    |
| General Blind Services               | 7,870,200                  | 7,497,000                    | 7,527,500                    | 7,587,200                  | 7,607,100                  |
| <b>TOTAL EXPENDITURES</b>            | <u>12,964,700</u>          | <u>12,111,000</u>            | <u>11,677,000</u>            | <u>12,201,200</u>          | <u>11,756,600</u>          |

Pursuant to KRS 163.470, the Department provides a wide array of services to assist individuals with severe visual disabilities in preparing for and obtaining employment. Client services, provided in ten regional offices, range from counseling, medical and vocational evaluation, recording and reader services to training, placement, and on-the-job training.

The Charles McDowell Rehabilitation Center for the Blind provides personal adjustment services such as counseling, cane travel, Braille, and adaptation and training in computers and other assistive devices.

The Independent Living program offers short-term services to individuals who are blind and who wish to become more independent in the home or community.



Two employment programs for the blind are administered by the Department: the Kentucky Industries for the Blind (KIB) and the Business Enterprise Program. The KIB is a manufacturing facility which employs blind and visually impaired persons to produce subcontract work for private industry. The KIB provides industrial evaluation, training, and employment for these persons to prepare them for placement in competitive or long-term employment. The Business Enterprise Program establishes vending facilities on state, federal, and other property for the purpose of providing employment for licensed blind vendors who are trained and appointed by the Department to operate these facilities.

### **Policy**

Pursuant to Part II of the Capital Projects Budget, the lease for real property exceeding \$200,000 annually is authorized. This office space is shared by the Department for the Blind, the Department of Vocational Rehabilitation, and the Office of Training and Reemployment.

**WORKFORCE DEVELOPMENT**  
**Department for the Blind**  
**Assistive Technology**

|                                       | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|---------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>        |                            |                              |                              |                            |                            |
| Balance Forward                       | 6,000                      |                              |                              |                            |                            |
| <b>Federal Funds</b>                  |                            |                              |                              |                            |                            |
| Balance Forward                       | 4,000                      |                              |                              |                            |                            |
| Current Receipts                      | 791,500                    | 370,000                      |                              | 370,000                    |                            |
| <b>Total Federal Funds</b>            | <u>795,500</u>             | <u>370,000</u>               |                              | <u>370,000</u>             |                            |
| <b>TOTAL FUNDS</b>                    | <u>801,500</u>             | <u>370,000</u>               |                              | <u>370,000</u>             |                            |
| <b>EXPENDITURES BY CLASS</b>          |                            |                              |                              |                            |                            |
| Personnel Costs                       | 162,500                    | 175,500                      |                              | 175,500                    |                            |
| Operating Expenses                    | 55,000                     | 56,500                       |                              | 56,500                     |                            |
| Grants, Loans or Benefits             | 584,000                    | 138,000                      |                              | 138,000                    |                            |
| <b>TOTAL EXPENDITURES</b>             | <u>801,500</u>             | <u>370,000</u>               |                              | <u>370,000</u>             |                            |
| <b>EXPENDITURES BY UNIT</b>           |                            |                              |                              |                            |                            |
| Kentucky Assistive Technology Network | 801,500                    | 370,000                      |                              | 370,000                    |                            |

The Kentucky Assistive Technology Service (KATS) Network is a statewide collaborative system of organizations charged with making assistive technologies available to all Kentucky citizens with disabilities needing services. This program implements the mandate of the Technology-Related Assistance for Individuals with Disabilities Act of 1988 (Public Law 100-407), as amended in 1994 (PL 103-218), under the auspices of the Kentucky Department for the Blind.

Kentucky was among the first nine states funded under the Technical Act of 1988, as amended (PL 103-218). Since then, Tech Act projects have been established in all 50 states, the District of Columbia, and four U.S. territories. The Tech Act will "sunset" as of September 30, 1999.

In addition to the state staff, there are four Assistive Technology Resource Centers in Kentucky. These centers stimulate outreach activities, perform evaluation and needs assessment, provide training and technical assistance, loan assistive and adaptive devices to consumers, and identify and recruit appropriate agencies to join the network.

**Policy**

The amount of annual awards to individual states under the Tech Act are determined by formula. As required by the Act, funding levels will be reduced by 50 percent in fiscal year 1999, after which it will terminate. Funding is not included in the enacted budget for four federally funded vacant positions due to the sunseting of the program in fiscal year 1999.

**WORKFORCE DEVELOPMENT  
Department for the Blind  
Business Enterprises Program**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 65,000                     |                              |                              |                            |                            |
| Current Receipts                     | 862,500                    | 864,500                      | 866,500                      | 864,500                    | 866,500                    |
| <b>Total Restricted Agency Funds</b> | <u>927,500</u>             | <u>864,500</u>               | <u>866,500</u>               | <u>864,500</u>             | <u>866,500</u>             |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Current Receipts                     | 82,500                     | 132,000                      | 158,500                      | 132,000                    | 158,500                    |
| <b>TOTAL FUNDS</b>                   | <u>1,010,000</u>           | <u>996,500</u>               | <u>1,025,000</u>             | <u>996,500</u>             | <u>1,025,000</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 512,000                    | 540,500                      | 569,000                      | 540,500                    | 569,000                    |
| Operating Expenses                   | 388,000                    | 371,000                      | 371,000                      | 371,000                    | 371,000                    |
| Grants, Loans or Benefits            | 85,000                     | 85,000                       | 85,000                       | 85,000                     | 85,000                     |
| Capital Outlay                       | 25,000                     |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <u>1,010,000</u>           | <u>996,500</u>               | <u>1,025,000</u>             | <u>996,500</u>             | <u>1,025,000</u>           |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Interstate Vending Program           | 752,500                    | 749,500                      | 749,500                      | 749,500                    | 749,500                    |
| Vendors Setaside                     | 175,000                    | 115,000                      | 117,000                      | 115,000                    | 117,000                    |
| General Blind Services               | 82,500                     | 132,000                      | 158,500                      | 132,000                    | 158,500                    |
| <b>TOTAL EXPENDITURES</b>            | <u>1,010,000</u>           | <u>996,500</u>               | <u>1,025,000</u>             | <u>996,500</u>             | <u>1,025,000</u>           |

Pursuant to KRS 163.470(12) and the federal Randolph-Sheppard Act, the Division of Business Enterprises Program (BEP) establishes vending facilities on state, federal, and other property to provide remunerative employment for licensed visually impaired merchants who are appointed to operate the facilities. This program provides management services and training to visually impaired individuals, identifies and develops new sites suitable for vending facilities, and repairs and replaces equipment in existing vending facilities.

The Department for the Blind receives a commission based upon the percentage of gross sales from vending operations located in all interstate highway rest areas. The visually impaired merchants contribute five percent of their income to the Department. The funds received from the interstate vending contract are utilized exclusively in the Business Enterprises Program.

**WORKFORCE DEVELOPMENT**  
**Department for the Blind**  
**Kentucky Industries for the Blind**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 899,500                    | 933,000                      | 961,000                      | 933,000                    | 961,000                    |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 363,000                    | 146,500                      | 1,500                        | 146,500                    | 1,500                      |
| Current Receipts                     | 1,608,000                  | 1,608,000                    | 1,608,000                    | 1,608,000                  | 1,608,000                  |
| <b>Total Restricted Agency Funds</b> | <u>1,971,000</u>           | <u>1,754,500</u>             | <u>1,609,500</u>             | <u>1,754,500</u>           | <u>1,609,500</u>           |
| <b>TOTAL FUNDS</b>                   | <u>2,870,500</u>           | <u>2,687,500</u>             | <u>2,570,500</u>             | <u>2,687,500</u>           | <u>2,570,500</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 813,000                    | 854,000                      | 900,500                      | 854,000                    | 900,500                    |
| Operating Expenses                   | 1,077,500                  | 941,000                      | 941,000                      | 941,000                    | 941,000                    |
| Grants, Loans or Benefits            | 788,500                    | 891,000                      | 700,000                      | 891,000                    | 700,000                    |
| Capital Outlay                       | 45,000                     |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>            | <u>2,724,000</u>           | <u>2,686,000</u>             | <u>2,541,500</u>             | <u>2,686,000</u>           | <u>2,541,500</u>           |

Kentucky Industries for the Blind is legislated by KRS 163.470 (13) to provide evaluation, training, and long-term employment opportunities for blind and visually impaired persons at the Kentucky Industries for the Blind (KIB).

The transition from a Kentucky State Government agency to a non-profit status will be completed as of June 30, 2000. Effective July 1, 2000, the employees of KIB are to become employees of the non-profit operation housed at 1900 Brownsboro Road, Louisville, Kentucky.

**Policy**

The Budget of the Commonwealth provides additional General Funds totaling \$71,500 in fiscal year 1999 and \$78,500 in fiscal year 2000 to support two permanent, full-time staff.

**WORKFORCE DEVELOPMENT**  
**Department for the Blind**  
**Independent Living**

|   | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                        |                            |                              |                              |                            |                            |
| <b>General Fund</b>                           |                            |                              |                              |                            |                            |
| Regular Appropriation                         | 173,500                    | 173,500                      | 179,000                      | 173,500                    | 179,000                    |
| <b>Restricted Agency Funds</b>                |                            |                              |                              |                            |                            |
| Balance Forward                               | 15,500                     |                              |                              |                            |                            |
| Current Receipts                              | 144,000                    | 180,000                      | 190,000                      | 180,000                    | 190,000                    |
| <b>Total Restricted Agency Funds</b>          | <u>159,500</u>             | <u>180,000</u>               | <u>190,000</u>               | <u>180,000</u>             | <u>190,000</u>             |
| <b>Federal Funds</b>                          |                            |                              |                              |                            |                            |
| Balance Forward                               | 3,500                      |                              |                              |                            |                            |
| Current Receipts                              | 222,500                    | 208,000                      | 214,000                      | 208,000                    | 214,000                    |
| <b>Total Federal Funds</b>                    | <u>226,000</u>             | <u>208,000</u>               | <u>214,000</u>               | <u>208,000</u>             | <u>214,000</u>             |
| <b>TOTAL FUNDS</b>                            | <u>559,000</u>             | <u>561,500</u>               | <u>583,000</u>               | <u>561,500</u>             | <u>583,000</u>             |
| <b>EXPENDITURES BY CLASS</b>                  |                            |                              |                              |                            |                            |
| Personnel Costs                               | 368,000                    | 399,500                      | 420,500                      | 399,500                    | 420,500                    |
| Operating Expenses                            | 35,500                     | 35,500                       | 36,000                       | 35,500                     | 36,000                     |
| Grants, Loans or Benefits                     | 155,500                    | 126,500                      | 126,500                      | 126,500                    | 126,500                    |
| <b>TOTAL EXPENDITURES</b>                     | <u>559,000</u>             | <u>561,500</u>               | <u>583,000</u>               | <u>561,500</u>             | <u>583,000</u>             |
| <b>EXPENDITURES BY UNIT</b>                   |                            |                              |                              |                            |                            |
| Independent Living Older Blind                | 185,500                    | 193,000                      | 199,000                      | 193,000                    | 199,000                    |
| Independent Living Part B                     | 27,500                     | 15,000                       | 15,000                       | 15,000                     | 15,000                     |
| Independent Living<br>Administration on Aging | 13,000                     |                              |                              |                            |                            |
| Independent Living Agency<br>Receipts         | 57,500                     | 46,500                       | 46,500                       | 46,500                     | 46,500                     |
| Social Security Funds                         | 102,000                    | 133,500                      | 143,500                      | 133,500                    | 143,500                    |
| Independent Living General<br>Funds           | 173,500                    | 173,500                      | 179,000                      | 173,500                    | 179,000                    |
| <b>TOTAL EXPENDITURES</b>                     | <u>559,000</u>             | <u>561,500</u>               | <u>583,000</u>               | <u>561,500</u>             | <u>583,000</u>             |

Pursuant to KRS 163.470 and Title VII of the Rehabilitation Act, as amended in 1992, independent living specialists located in regional offices provide short-term, individualized instruction at the home or worksite for individuals who are blind so they may be able to function independently. Services include information, counseling, and skills training in activities of daily living. Mobility training, assistive devices, referrals to community resources in housing and transportation, and information on services offered by other agencies are provided. The service population consists mainly of individuals who are elderly or unable to work due to the severity of disabilities.

The Department employs seven independent living specialists who are located throughout the state. The average caseload for an independent living specialist is currently 100 new cases annually. These specialists make home visits and provide specially-adapted aids and appliances such as Braille and talking watches, controls on stoves, writing guides, phone dials, and canes. They provide limited instruction in household tasks such as cooking, keeping time and learning in the home. The specialists also work with families to educate them about blindness and how to promote independent living.

The most recent needs assessment which was performed by the Department indicates that Kentucky has one of the highest prevalence rates of blindness in the country. Diabetes is one reason; lack of knowledge is another. Currently, it is estimated that there are over 30,000 older blind and visually impaired Kentuckians. Over 60 percent of blind persons are 60 years of age and older. The population of the Independent Living program makes up two-thirds of the blind population in the State.

**WORKFORCE DEVELOPMENT**  
**Department for the Blind**  
**General Blind Services**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 719,700                    | 858,500                      | 911,500                      | 948,700                    | 991,100                    |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 400,000                    | 249,500                      | 169,500                      | 249,500                    | 169,500                    |
| Current Receipts                     | 410,000                    | 378,500                      | 368,500                      | 378,500                    | 368,500                    |
| Non-Revenue Receipts                 | 19,000                     | 19,000                       | 19,000                       | 19,000                     | 19,000                     |
| <b>Total Restricted Agency Funds</b> | <u>829,000</u>             | <u>647,000</u>               | <u>557,000</u>               | <u>647,000</u>             | <u>557,000</u>             |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 41,000                     |                              |                              |                            |                            |
| Current Receipts                     | 6,724,000                  | 6,361,000                    | 6,291,000                    | 6,361,000                  | 6,291,000                  |
| Revenue Redistribution               | -194,000                   | -200,000                     | -206,000                     | -200,000                   | -206,000                   |
| <b>Total Federal Funds</b>           | <u>6,571,000</u>           | <u>6,161,000</u>             | <u>6,085,000</u>             | <u>6,161,000</u>           | <u>6,085,000</u>           |
| <b>TOTAL FUNDS</b>                   | <u>8,119,700</u>           | <u>7,666,500</u>             | <u>7,553,500</u>             | <u>7,756,700</u>           | <u>7,633,100</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 3,996,000                  | 4,285,500                    | 4,508,000                    | 4,280,800                  | 4,498,200                  |
| Operating Expenses                   | 977,500                    | 803,500                      | 806,000                      | 898,400                    | 895,400                    |
| Grants, Loans or Benefits            | 2,896,700                  | 2,408,000                    | 2,213,500                    | 2,408,000                  | 2,213,500                  |
| <b>TOTAL EXPENDITURES</b>            | <u>7,870,200</u>           | <u>7,497,000</u>             | <u>7,527,500</u>             | <u>7,587,200</u>           | <u>7,607,100</u>           |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Basic Support                        | 7,208,200                  | 6,938,500                    | 6,914,000                    | 7,028,700                  | 6,993,600                  |
| Training Grant                       | 35,000                     | 32,000                       | 32,000                       | 32,000                     | 32,000                     |
| Supported Employment                 | 47,500                     | 49,000                       | 50,500                       | 49,000                     | 50,500                     |
| Social Security Program Income       | 519,500                    | 417,500                      | 471,000                      | 417,500                    | 471,000                    |
| General Blind Services               | 60,000                     | 60,000                       | 60,000                       | 60,000                     | 60,000                     |
| <b>TOTAL EXPENDITURES</b>            | <u>7,870,200</u>           | <u>7,497,000</u>             | <u>7,527,500</u>             | <u>7,587,200</u>           | <u>7,607,100</u>           |

Pursuant to KRS 163.470 (11) and 782 KAR 1:020-050 and the federal Rehabilitation Act of 1973, the mission of the General Blind Services program is to provide vocational rehabilitation to individuals with severe visual disabilities which will result in gainful employment. The program consists of the Division of Client Services with ten statewide offices, where qualified staff provide services in vocational counseling, evaluation, restoration, college and other vocational training, rehabilitation teaching, prescriptive adaptive devices, rehabilitation technology, job placement and other services which enable individuals to be productive in the workplace. The

Charles McDowell Rehabilitation Center for the Blind provides comprehensive personal adjustment services, including training in life skills, orientation and mobility, Braille, assistive technology, and vocational services, including career assessment, vocational planning and work adjustment.

**Policy**

Additional General Funds totaling \$100,000 are provided in each fiscal year to support increased operating costs and federal fund match requirements.



**WORKFORCE DEVELOPMENT**  
**Governor's Council on Vocational Education**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Balance Forward              | 8,000                      |                              |                              |                            |                            |
| Current Receipts             | 144,500                    |                              |                              |                            |                            |
| <b>TOTAL FUNDS</b>           | 152,500                    |                              |                              |                            |                            |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 58,000                     |                              |                              |                            |                            |
| Operating Expenses           | 90,500                     |                              |                              |                            |                            |
| Capital Outlay               | 4,000                      |                              |                              |                            |                            |
| <b>TOTAL EXPENDITURES</b>    | 152,500                    |                              |                              |                            |                            |

The Governor's Council on Vocational Education is a federally mandated council consisting of 13 members appointed by the Governor in accordance with specific categories as outlined in KRS 163.086. The duties and responsibilities of the Council are specified in KRS 163.086 and Public Law 98-524 as amended by Public Law 101-392.

The Council serves in an advisory capacity relative to the effectiveness, adequacy and coordination of the vocational education and job training program delivery systems assisted under the Carl D. Perkins Vocational and Applied Technology Education Act and the Job Training Partnership Act. In order for Kentucky to receive federal funds under the Carl D. Perkins Vocational and Applied Technology Education Act, the Council must carry out this function in conjunction with the other responsibilities identified in the public law and statute.

The Council meets quarterly to evaluate data and information pertinent to improving the vocational education and job training programs delivery systems; special meetings are conducted as warranted. Two full-time staff members conduct educational and business surveys, prepare mandated reports and attend conferences and committee meetings.

**Policy**

Effective October 1, 1997, Public Law 101.392 discontinued the states' requirement to have a Council on Vocational Education along with federal, set-aside Carl D. Perkins Technology funds for such a Council. Therefore, the enacted budget displays the fiscal year 1998 base-year funding, and also reflects the discontinuance of this body.

**WORKFORCE DEVELOPMENT**  
**State Board for Proprietary Education**

|                                | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>         |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b> |                            |                              |                              |                            |                            |
| Balance Forward                | 134,500                    | 9,500                        | 12,500                       | 9,500                      | 12,500                     |
| Current Receipts               | 110,000                    | 113,500                      | 116,500                      | 113,500                    | 116,500                    |
| <b>TOTAL FUNDS</b>             | <b>244,500</b>             | <b>123,000</b>               | <b>129,000</b>               | <b>123,000</b>             | <b>129,000</b>             |
| <b>EXPENDITURES BY CLASS</b>   |                            |                              |                              |                            |                            |
| Personnel Costs                | 79,500                     | 83,500                       | 88,000                       | 83,500                     | 88,000                     |
| Operating Expenses             | 155,500                    | 27,000                       | 28,000                       | 27,000                     | 28,000                     |
| <b>TOTAL EXPENDITURES</b>      | <b>235,000</b>             | <b>110,500</b>               | <b>116,000</b>               | <b>110,500</b>             | <b>116,000</b>             |

The State Board for Proprietary Education, consisting of 12 members appointed by the Governor, was created to administer and enforce the provisions of KRS 165A. Its primary function is to monitor the needs of the consumer public with regard to services provided by privately owned educational institutions offering instruction in business, trade, technical, industrial, or related areas. It has the responsibility to conduct formal hearings and to prosecute, if necessary, schools that have not maintained and adhered to the standards of operation set forth in KRS 165A. The Board also administers a student protection fund for those students affected by the closing of such institutions.

**WORKFORCE DEVELOPMENT  
Job Training Coordinating Council**

|                              | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Revenue Redistribution       | 138,900                    | 132,500                      | 139,000                      | 132,500                    | 139,000                    |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 100,000                    | 104,000                      | 110,000                      | 104,000                    | 110,000                    |
| Operating Expenses           | 38,900                     | 28,500                       | 29,000                       | 28,500                     | 29,000                     |
| <b>TOTAL EXPENDITURES</b>    | <u>138,900</u>             | <u>132,500</u>               | <u>139,000</u>               | <u>132,500</u>             | <u>139,000</u>             |

The Job Training Coordinating Council is an administrative oversight body whose existence is mandated by the federal Job Training Partnership Act. Its membership is appointed by the Governor and is composed as follows: 30 percent business and industry representatives; 30 percent state and local government and local education agency representatives; 30 percent organized labor and community-based organization representatives; and 10 percent representatives of the general public.

The Council advises the Governor regarding the Job Training Partnership Act (JTPA) and job training plans for the 11 service delivery areas. The Job Training Coordinating Council also reviews and monitors all services provided through the JTPA, including the use of resources, program development, and evaluation. The Council ensures that all aspects of these programs follow state and federal JTPA regulations.

**WORKFORCE DEVELOPMENT**  
**Teachers' Retirement - Employer Contribution**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>General Fund</b>          |                            |                              |                              |                            |                            |
| Regular Appropriation        | 9,266,100                  | 4,313,500                    | 4,530,500                    | 4,313,500                  | 4,530,500                  |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 9,266,100                  | 4,313,500                    | 4,530,500                    | 4,313,500                  | 4,530,500                  |

KRS 161.550 requires each employer to contribute to the Teachers' Retirement System an amount equal to that contributed by its employees who are members of the System. For those Workforce Development Cabinet employees who are Teachers' Retirement System members, the contribution is 9.855 percent of salary. Additionally, each employer is required to pay a 3.25 percent overmatch to defray the System's unfunded liability.

The above General Fund appropriation includes the employer match for salaries paid to teachers and other Cabinet employees who participate in the System. This match will be forwarded to the Teachers' Retirement System pursuant to the provisions of KRS 161.550.

**WORKFORCE DEVELOPMENT**  
**Training and Reemployment**

| <b>SOURCE OF FUNDS</b>         | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>Restricted Agency Funds</b> |                            |                              |                              |                            |                            |
| Current Receipts               | 17,500                     | 17,500                       | 17,500                       | 17,500                     | 17,500                     |
| <b>Federal Funds</b>           |                            |                              |                              |                            |                            |
| Balance Forward                | 48,000                     |                              |                              |                            |                            |
| Current Receipts               | 51,079,500                 | 46,089,500                   | 49,928,500                   | 46,089,500                 | 49,928,500                 |
| Revenue Redistribution         | -8,463,000                 | -9,282,500                   | -9,435,500                   | -9,282,500                 | -9,435,500                 |
| <b>Total Federal Funds</b>     | <b>42,664,500</b>          | <b>36,807,000</b>            | <b>40,493,000</b>            | <b>36,807,000</b>          | <b>40,493,000</b>          |
| <b>TOTAL FUNDS</b>             | <b>42,682,000</b>          | <b>36,824,500</b>            | <b>40,510,500</b>            | <b>36,824,500</b>          | <b>40,510,500</b>          |
| <b>EXPENDITURES BY CLASS</b>   |                            |                              |                              |                            |                            |
| Personnel Costs                | 1,273,500                  | 1,337,500                    | 1,407,000                    | 1,337,500                  | 1,407,000                  |
| Operating Expenses             | 306,500                    | 316,500                      | 325,500                      | 316,500                    | 325,500                    |
| Grants, Loans or Benefits      | 41,102,000                 | 35,170,500                   | 38,778,000                   | 35,170,500                 | 38,778,000                 |
| <b>TOTAL EXPENDITURES</b>      | <b>42,682,000</b>          | <b>36,824,500</b>            | <b>40,510,500</b>            | <b>36,824,500</b>          | <b>40,510,500</b>          |
| <b>EXPENDITURES BY UNIT</b>    |                            |                              |                              |                            |                            |
| Title II                       | 34,430,000                 | 31,336,500                   | 34,486,000                   | 31,336,500                 | 34,486,000                 |
| Title III                      | 8,252,000                  | 5,488,000                    | 6,024,500                    | 5,488,000                  | 6,024,500                  |
| <b>TOTAL EXPENDITURES</b>      | <b>42,682,000</b>          | <b>36,824,500</b>            | <b>40,510,500</b>            | <b>36,824,500</b>          | <b>40,510,500</b>          |

The Office of Training and Reemployment administers the Job Training Partnership Act (JTPA) program. The JTPA program includes the JTPA Title II branch and the JTPA Title III branch.

**Policy**

Pursuant to Part II of the Capital Projects Budget, the lease for real property exceeding \$200,000 is authorized. This office space is shared by the Office of Training and Reemployment, the Department for the Blind, and the Department of Vocational Rehabilitation.

**WORKFORCE DEVELOPMENT  
Training and Reemployment  
Job Training Partnership Act  
Title II**

|                                | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>         |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b> |                            |                              |                              |                            |                            |
| Current Receipts               | 17,500                     | 17,500                       | 17,500                       | 17,500                     | 17,500                     |
| <b>Federal Funds</b>           |                            |                              |                              |                            |                            |
| Balance Forward                | 28,500                     |                              |                              |                            |                            |
| Current Receipts               | 35,925,000                 | 32,992,500                   | 36,292,000                   | 32,992,500                 | 36,292,000                 |
| Revenue Redistribution         | -1,541,000                 | -1,673,500                   | -1,823,500                   | -1,673,500                 | -1,823,500                 |
| <b>Total Federal Funds</b>     | <u>34,412,500</u>          | <u>31,319,000</u>            | <u>34,468,500</u>            | <u>31,319,000</u>          | <u>34,468,500</u>          |
| <b>TOTAL FUNDS</b>             | <u>34,430,000</u>          | <u>31,336,500</u>            | <u>34,486,000</u>            | <u>31,336,500</u>          | <u>34,486,000</u>          |
| <b>EXPENDITURES BY CLASS</b>   |                            |                              |                              |                            |                            |
| Personnel Costs                | 636,000                    | 668,500                      | 703,000                      | 668,500                    | 703,000                    |
| Operating Expenses             | 136,500                    | 140,000                      | 144,500                      | 140,000                    | 144,500                    |
| Grants, Loans or Benefits      | 33,657,500                 | 30,528,000                   | 33,638,500                   | 30,528,000                 | 33,638,500                 |
| <b>TOTAL EXPENDITURES</b>      | <u>34,430,000</u>          | <u>31,336,500</u>            | <u>34,486,000</u>            | <u>31,336,500</u>          | <u>34,486,000</u>          |

The Job Training Partnership Act (JTPA) Title II-A Adult Training Program prepares disadvantaged adults for participation in the labor force by increasing their occupational and educational skills, resulting in improved long-term employability, increased earnings and reduced welfare dependence. Of the Title II-A funds, 77 percent are allocated to Kentucky's 11 Service Delivery Areas (SDAs) for direct client services, 5 percent are allocated to the SDAs for services to older workers, 5 percent are set aside to provide incentive grants to SDAs for exceeding performance standards, 8 percent are transferred to the Education Coordination Branch within the Workforce Development Cabinet for education and coordination services, and 5 percent are retained for state administrative functions.

The JTPA Title II-Youth Training Program improves the long-term employability of youth, enhances the educational, occupational and citizenship skills of youth, encourages school completion or enrollment in alternative school programs and assists in addressing the problems that impair the ability of youth to make successful transitions from the school environment to the work environment. Of the Title II-C funds, 82 percent are allocated to Kentucky's SDAs for direct client services, 5 percent are set aside for incentives to SDAs exceeding performance standards, 8 percent are transferred to the Education Coordination Branch and the balance, or 5 percent, is retained for administrative purposes.

The Title II-B Summer Youth Employment and Training Program provides meaningful work experience, remedial education and other activities to economically disadvantaged youth, 14-21 years of age. All funds are allocated to Kentucky's eleven SDAs.

**WORKFORCE DEVELOPMENT  
Training and Reemployment  
Job Training Partnership Act  
Title III**

|                              | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Balance Forward              | 19,500                     |                              |                              |                            |                            |
| Current Receipts             | 15,154,500                 | 13,097,000                   | 13,636,500                   | 13,097,000                 | 13,636,500                 |
| Revenue Redistribution       | -6,922,000                 | -7,609,000                   | -7,612,000                   | -7,609,000                 | -7,612,000                 |
| <b>TOTAL FUNDS</b>           | <u>8,252,000</u>           | <u>5,488,000</u>             | <u>6,024,500</u>             | <u>5,488,000</u>           | <u>6,024,500</u>           |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 637,500                    | 669,000                      | 704,000                      | 669,000                    | 704,000                    |
| Operating Expenses           | 170,000                    | 176,500                      | 181,000                      | 176,500                    | 181,000                    |
| Grants, Loans or Benefits    | 7,444,500                  | 4,642,500                    | 5,139,500                    | 4,642,500                  | 5,139,500                  |
| <b>TOTAL EXPENDITURES</b>    | <u>8,252,000</u>           | <u>5,488,000</u>             | <u>6,024,500</u>             | <u>5,488,000</u>           | <u>6,024,500</u>           |

The purpose of the JTPA Title III Program is to provide assistance to workers who have lost their jobs or are anticipating the loss of their jobs due to closures or economic conditions. It provides for the early identification of dislocated workers, a rapid response in providing services to these workers, as well as job training. Among the program's components are universal rapid response capabilities, early intervention activities, the availability of needs-related payments to assist workers in training and substate delivery systems.

Of the Title III funds, not more than 40 percent may be retained at the state level for administration, technical assistance, coordination of the program, including statewide, regional or industry-wide projects; rapid response activities and/or the coordination between the unemployment compensation system and the worker adjustment program system. The remaining Title III funds are allocated to Kentucky's ten Substate Grantees (SSG) by formula for client retaining.

**WORKFORCE DEVELOPMENT**  
**Employment Services**

|   | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|---|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>                        |                            |                              |                              |                            |                            |
| <b>General Fund</b>                           |                            |                              |                              |                            |                            |
| Regular Appropriation                         | 582,800                    | 582,500                      | 600,000                      | 581,900                    | 599,100                    |
| <b>Restricted Agency Funds</b>                |                            |                              |                              |                            |                            |
| Balance Forward                               | 246,000                    |                              |                              |                            |                            |
| Current Receipts                              | 5,516,000                  | 5,889,500                    | 6,021,000                    | 5,889,500                  | 6,021,000                  |
| <b>Total Restricted Agency Funds</b>          | <b>5,762,000</b>           | <b>5,889,500</b>             | <b>6,021,000</b>             | <b>5,889,500</b>           | <b>6,021,000</b>           |
| <b>Federal Funds</b>                          |                            |                              |                              |                            |                            |
| Balance Forward                               | 522,000                    | 5,000                        | 5,000                        | 5,000                      | 5,000                      |
| Current Receipts                              | 268,294,000                | 289,903,000                  | 294,792,500                  | 289,903,000                | 294,792,500                |
| Non-Revenue Receipts                          | 1,500,000                  | 1,500,000                    | 1,500,000                    | 1,500,000                  | 1,500,000                  |
| Revenue Redistribution                        | 6,121,500                  | 6,621,500                    | 6,501,000                    | 6,605,000                  | 6,480,500                  |
| <b>Total Federal Funds</b>                    | <b>276,437,500</b>         | <b>298,029,500</b>           | <b>302,798,500</b>           | <b>298,013,000</b>         | <b>302,778,000</b>         |
| <b>TOTAL FUNDS</b>                            | <b>282,782,300</b>         | <b>304,501,500</b>           | <b>309,419,500</b>           | <b>304,484,400</b>         | <b>309,398,100</b>         |
| <b>EXPENDITURES BY CLASS</b>                  |                            |                              |                              |                            |                            |
| Personnel Costs                               | 34,821,800                 | 35,816,000                   | 34,528,500                   | 35,799,500                 | 34,508,000                 |
| Operating Expenses                            | 8,139,500                  | 7,372,500                    | 7,454,000                    | 7,371,900                  | 7,453,100                  |
| Grants, Loans or Benefits                     | 239,816,000                | 261,308,000                  | 267,432,000                  | 261,308,000                | 267,432,000                |
| <b>TOTAL EXPENDITURES</b>                     | <b>282,777,300</b>         | <b>304,496,500</b>           | <b>309,414,500</b>           | <b>304,479,400</b>         | <b>309,393,100</b>         |
| <b>EXPENDITURES BY UNIT</b>                   |                            |                              |                              |                            |                            |
| Economic Dislocation Worker<br>Adjustment Act | 6,982,000                  | 7,433,500                    | 7,429,000                    | 7,417,000                  | 7,408,500                  |
| Employer and Placement<br>Services            | 18,822,800                 | 18,616,000                   | 18,571,000                   | 18,615,400                 | 18,570,100                 |
| Welfare Reform                                | 4,262,000                  | 4,389,500                    | 4,521,000                    | 4,389,500                  | 4,521,000                  |
| Unemployment Insurance -<br>Benefits          | 231,800,000                | 253,086,000                  | 259,498,000                  | 253,086,000                | 259,498,000                |
| Unemployment Insurance -<br>Administration    | 20,910,500                 | 20,971,500                   | 19,395,500                   | 20,971,500                 | 19,395,500                 |
| <b>TOTAL EXPENDITURES</b>                     | <b>282,777,300</b>         | <b>304,496,500</b>           | <b>309,414,500</b>           | <b>304,479,400</b>         | <b>309,393,100</b>         |

The Department of Employment Services (DES) was created to administer federally-funded programs that provide employment related services to the citizens of Kentucky. The principal funding sources are the Unemployment Insurance (UI) program and the Wagner-Peyser funded Employment Services. The DES also receives funds to administer smaller programs that are related to UI and employment services. These programs include Veterans' Employment and Training Services, Labor Market Information, Alien Labor Certification, Agricultural Wage Surveys, Alien Farmworker Housing inspections, Food Stamp Employment and Training and Temporary Assistance for Needy Families (TANF). The DES also administers training programs under the Trade Adjustment Assistance Program, Title III of the Job Training Partnership Act, and the North American Free Trade Agreement Program.



These programs are designed to provide temporary income maintenance through UI to individuals who are unemployed through no fault of their own and to assist the unemployed, underemployed, and individuals wishing to change occupations in finding suitable employment. Additional benefits include the reduction of public burden through the early placement of welfare recipients and UI claimants.

### **Policy**

Notwithstanding KRS 341.835, the enacted budget provides that funds from the Unemployment Insurance Penalty and Interest Account may be used during each fiscal year by the Department for Employment Services to operate employment and training programs.

In addition, the enacted budget provides that, of the federal funds made available under Section 903 of the Social Security Act, as amended, an amount totaling \$1,500,000 may be used by the Department during the 1998-2000 biennium for the purpose of administering its unemployment compensation law and public employment offices.

The Budget of the Commonwealth also provides, in Part II of House Bill 321, the Capital Projects Budget, federal funds totaling \$736,000 in fiscal year 1999 and \$1,010,000 in fiscal year 2000 for the purpose of procuring an Unemployment Insurance imaging system. Federal funds totaling \$981,000 are also provided in fiscal year 1999 for the purpose of procuring an Unemployment Insurance scanner.

**WORKFORCE DEVELOPMENT**  
**Employment Services**  
**Economic Dislocation Worker Adjustment Act**

|                              | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Balance Forward              | 323,500                    |                              |                              |                            |                            |
| Revenue Redistribution       | 6,658,500                  | 7,433,500                    | 7,429,000                    | 7,417,000                  | 7,408,500                  |
| <b>TOTAL FUNDS</b>           | <u>6,982,000</u>           | <u>7,433,500</u>             | <u>7,429,000</u>             | <u>7,417,000</u>           | <u>7,408,500</u>           |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 1,470,500                  | 1,542,500                    | 1,625,000                    | 1,526,000                  | 1,604,500                  |
| Operating Expenses           | 265,500                    | 273,500                      | 282,000                      | 273,500                    | 282,000                    |
| Grants, Loans or Benefits    | 5,246,000                  | 5,617,500                    | 5,522,000                    | 5,617,500                  | 5,522,000                  |
| <b>TOTAL EXPENDITURES</b>    | <u>6,982,000</u>           | <u>7,433,500</u>             | <u>7,429,000</u>             | <u>7,417,000</u>           | <u>7,408,500</u>           |

The Economic Dislocation Worker Adjustment Act (EDWAA) provides services for individuals under the Job Training Partnership Act (JTPA) Title III, Employment and Training Assistance for Dislocated Workers program. The purpose of the JTPA Title III program is to provide assistance to workers who have lost their jobs or are anticipating the loss of their jobs due to plant closures or economic conditions.

The Office of Training and Reemployment allocates 60 percent of the JTPA Title III funds through the EDWAA program to Kentucky's ten Substate Grantees (SSG) for direct client retraining purposes. Of these ten SSG's, seven are local offices of the Department for Employment Services.

**WORKFORCE DEVELOPMENT  
Employer and Placement Services**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>General Fund</b>                  |                            |                              |                              |                            |                            |
| Regular Appropriation                | 582,800                    | 582,500                      | 600,000                      | 581,900                    | 599,100                    |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 92,000                     |                              |                              |                            |                            |
| Current Receipts                     | 1,408,000                  | 1,500,000                    | 1,500,000                    | 1,500,000                  | 1,500,000                  |
| <b>Total Restricted Agency Funds</b> | <u>1,500,000</u>           | <u>1,500,000</u>             | <u>1,500,000</u>             | <u>1,500,000</u>           | <u>1,500,000</u>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 1,500                      |                              |                              |                            |                            |
| Current Receipts                     | 15,915,000                 | 15,817,000                   | 15,794,500                   | 15,817,000                 | 15,794,500                 |
| Revenue Redistribution               | 823,500                    | 716,500                      | 676,500                      | 716,500                    | 676,500                    |
| <b>Total Federal Funds</b>           | <u>16,740,000</u>          | <u>16,533,500</u>            | <u>16,471,000</u>            | <u>16,533,500</u>          | <u>16,471,000</u>          |
| <b>TOTAL FUNDS</b>                   | <u>18,822,800</u>          | <u>18,616,000</u>            | <u>18,571,000</u>            | <u>18,615,400</u>          | <u>18,570,100</u>          |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 13,677,300                 | 13,660,000                   | 13,723,000                   | 13,660,000                 | 13,723,000                 |
| Operating Expenses                   | 2,799,500                  | 2,775,500                    | 2,860,000                    | 2,774,900                  | 2,859,100                  |
| Grants, Loans or Benefits            | 2,346,000                  | 2,180,500                    | 1,988,000                    | 2,180,500                  | 1,988,000                  |
| <b>TOTAL EXPENDITURES</b>            | <u>18,822,800</u>          | <u>18,616,000</u>            | <u>18,571,000</u>            | <u>18,615,400</u>          | <u>18,570,100</u>          |
| <b>EXPENDITURES BY UNIT</b>          |                            |                              |                              |                            |                            |
| Job Placement Services               | 10,950,000                 | 10,930,000                   | 10,871,500                   | 10,930,000                 | 10,871,500                 |
| Employment Information Support       | 1,430,000                  | 1,259,000                    | 1,254,500                    | 1,259,000                  | 1,254,500                  |
| Special Employment Services          | 6,442,800                  | 6,427,000                    | 6,445,000                    | 6,426,400                  | 6,444,100                  |
| <b>TOTAL EXPENDITURES</b>            | <u>18,822,800</u>          | <u>18,616,000</u>            | <u>18,571,000</u>            | <u>18,615,400</u>          | <u>18,570,100</u>          |

The objective of the Employer and Placement Services program is two-fold. The first is to assist individuals who are unemployed, underemployed, or simply seeking to change their employment situation. The second is to assist employers to obtain qualified workers to fill job openings as quickly as possible. This program provides counseling, employment testing, job development, referral, and placement for any persons needing such services.

**WORKFORCE DEVELOPMENT**  
**Employment Services**  
**Welfare Reform**

|                                      | <u>Revised<br/>FY 1998</u> | <u>Requested<br/>FY 1999</u> | <u>Requested<br/>FY 2000</u> | <u>Enacted<br/>FY 1999</u> | <u>Enacted<br/>FY 2000</u> |
|--------------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>               |                            |                              |                              |                            |                            |
| <b>Restricted Agency Funds</b>       |                            |                              |                              |                            |                            |
| Balance Forward                      | 154,000                    |                              |                              |                            |                            |
| Current Receipts                     | 4,108,000                  | 4,389,500                    | 4,521,000                    | 4,389,500                  | 4,521,000                  |
| <b>Total Restricted Agency Funds</b> | <u>4,262,000</u>           | <u>4,389,500</u>             | <u>4,521,000</u>             | <u>4,389,500</u>           | <u>4,521,000</u>           |
| <b>Federal Funds</b>                 |                            |                              |                              |                            |                            |
| Balance Forward                      | 5,000                      | 5,000                        | 5,000                        | 5,000                      | 5,000                      |
| <b>TOTAL FUNDS</b>                   | <u>4,267,000</u>           | <u>4,394,500</u>             | <u>4,526,000</u>             | <u>4,394,500</u>           | <u>4,526,000</u>           |
| <b>EXPENDITURES BY CLASS</b>         |                            |                              |                              |                            |                            |
| Personnel Costs                      | 3,406,500                  | 3,518,500                    | 3,633,000                    | 3,518,500                  | 3,633,000                  |
| Operating Expenses                   | 555,500                    | 571,000                      | 588,000                      | 571,000                    | 588,000                    |
| Grants, Loans or Benefits            | 300,000                    | 300,000                      | 300,000                      | 300,000                    | 300,000                    |
| <b>TOTAL EXPENDITURES</b>            | <u>4,262,000</u>           | <u>4,389,500</u>             | <u>4,521,000</u>             | <u>4,389,500</u>           | <u>4,521,000</u>           |

On August 22, 1996, President Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). The passage of this legislation had a far-reaching effect on a number of programs administered by the Commonwealth. The bill eliminated the federal entitlement program Aid to Families with Dependent Children (AFDC) and created a block grant for states to provide time-limited cash assistance for needy families. The new block grant is titled Temporary Assistance for Needy Families (TANF). The legislation also made changes to child care, the Food Stamp Program, Supplemental Security Income (SSI) for children, benefits for legal immigrants, and the Child Support Enforcement Program. In addition, modifications were made to child nutrition programs and reduced the amount of the Social Services Block Grant.

This new legislation presented a tremendous challenge to states. The block grant had performance measures and substantial monetary penalties for failure to meet them. The Department of Employment Services is impacted by all pieces of the legislation, and is working with the Cabinet for Families and Children to implement a strategy and program to assist 47,000 adult Kentuckians transition from welfare dependency to long-term self-sufficiency.

The Workforce Development Cabinet has contracted with the Cabinet for Families and Children to assist in preparing, assessing and placing TANF recipients into employment. The Department performs an employment assessment on each participant referred by the Department for Social Insurance to determine needs and skills. An "Employability Plan" is prepared which includes an employment goal, and a series of activities necessary to reach the goal, including basic and remedial education, work readiness activities and job skills training. Once the participant has been assessed to be work ready, the Department provides job search assistance and work activities such as on-the-job training and work experience placement designed to provide actual work-place experience to increase employability.

**Policy**

The Budget of the Commonwealth includes \$4,389,500 in fiscal year 1999 and \$4,521,000 in fiscal year 2000, which will be transferred from the Cabinet for Families and Children to provide job readiness, placement and retention services to TANF recipients. These funds are budgeted in the Department as restricted funds.

**WORKFORCE DEVELOPMENT  
Employment Services  
Unemployment Insurance  
Unemployment Insurance - Benefits**

| <b>SOURCE OF FUNDS</b>       | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Balance Forward              | 46,000                     |                              |                              |                            |                            |
| Current Receipts             | 230,254,000                | 251,586,000                  | 257,998,000                  | 251,586,000                | 257,998,000                |
| Non-Revenue Receipts         | 1,500,000                  | 1,500,000                    | 1,500,000                    | 1,500,000                  | 1,500,000                  |
| <b>TOTAL FUNDS</b>           | <b>231,800,000</b>         | <b>253,086,000</b>           | <b>259,498,000</b>           | <b>253,086,000</b>         | <b>259,498,000</b>         |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Grants, Loans or Benefits    | 231,800,000                | 253,086,000                  | 259,498,000                  | 253,086,000                | 259,498,000                |

The Unemployment Insurance program provides benefit payments, based on earnings in a specific transaction period, during periods of involuntary unemployment. In Kentucky, there is no employee payroll deduction for unemployment insurance. Revenue for benefits is derived from a tax on employers' payrolls collected by the state and deposited in the Federal Unemployment Insurance Fund.

The Kentucky Unemployment Insurance law, KRS 341, provides the statutory authority and the structure for the operation of the Unemployment Insurance (UI) program in Kentucky. UI Benefits are funded entirely through payment of state unemployment taxes by employers within the state who are determined liable under KRS 341 based upon size and duration of payroll.

In addition to regular UI benefits, the program also administers payment of federal benefits, claims of unemployed federal employees and discharged military personnel, trade readjustment (unemployment resulting from foreign competition) and NAFTA (unemployment attributable to the specific trade treaty), Disaster Unemployment Assistance (in cases where a federal disaster area declaration is made), and Extended Unemployment Compensation. With the exception of partial payment from State UI funds in the case of some extended benefits, these programs are financed in entirety by employer federal unemployment tax collected by the Internal Revenue Service.

**WORKFORCE DEVELOPMENT  
Employment Services  
Unemployment Insurance  
Unemployment Insurance - Administration**

|                              | <b>Revised<br/>FY 1998</b> | <b>Requested<br/>FY 1999</b> | <b>Requested<br/>FY 2000</b> | <b>Enacted<br/>FY 1999</b> | <b>Enacted<br/>FY 2000</b> |
|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|----------------------------|
| <b>SOURCE OF FUNDS</b>       |                            |                              |                              |                            |                            |
| <b>Federal Funds</b>         |                            |                              |                              |                            |                            |
| Balance Forward              | 146,000                    |                              |                              |                            |                            |
| Current Receipts             | 22,125,000                 | 22,500,000                   | 21,000,000                   | 22,500,000                 | 21,000,000                 |
| Revenue Redistribution       | -1,360,500                 | -1,528,500                   | -1,604,500                   | -1,528,500                 | -1,604,500                 |
| <b>TOTAL FUNDS</b>           | <b>20,910,500</b>          | <b>20,971,500</b>            | <b>19,395,500</b>            | <b>20,971,500</b>          | <b>19,395,500</b>          |
| <b>EXPENDITURES BY CLASS</b> |                            |                              |                              |                            |                            |
| Personnel Costs              | 16,267,500                 | 17,095,000                   | 15,547,500                   | 17,095,000                 | 15,547,500                 |
| Operating Expenses           | 4,519,000                  | 3,752,500                    | 3,724,000                    | 3,752,500                  | 3,724,000                  |
| Grants, Loans or Benefits    | 124,000                    | 124,000                      | 124,000                      | 124,000                    | 124,000                    |
| <b>TOTAL EXPENDITURES</b>    | <b>20,910,500</b>          | <b>20,971,500</b>            | <b>19,395,500</b>            | <b>20,971,500</b>          | <b>19,395,500</b>          |

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

KRS Chapter 341 provides the statutory authority and structure for the operation of the Unemployment Insurance (UI) program in Kentucky. With regard to most particulars involving worker coverage, benefit entitlement and employer liability, KRS Chapter 341 conforms to federal unemployment law descending from the Social Security Act of 1935. This state and federal statutory conformity is required in order for Kentucky employers to receive a credit against federal unemployment tax based on state tax payments, and in order for the agency to receive federal administrative funding.

## LEGISLATIVE BRANCH

|                                      | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--------------------------------------|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>               |                    |                      |                      |                    |                    |
| <b>General Fund</b>                  |                    |                      |                      |                    |                    |
| Regular Appropriation                | 36,543,000         | 31,725,500           | 39,879,000           | 31,725,500         | 39,879,000         |
| Continuing Appropriation             | 11,396,800         | 11,117,500           | 7,936,000            | 11,117,500         | 9,259,000          |
| <b>Total General Fund</b>            | <b>47,939,800</b>  | <b>42,843,000</b>    | <b>47,815,000</b>    | <b>42,843,000</b>  | <b>49,138,000</b>  |
| <b>Restricted Agency Funds</b>       |                    |                      |                      |                    |                    |
| Balance Forward                      | 774,400            | 311,000              | 261,000              | 311,000            | 261,000            |
| Current Receipts                     | 157,200            | 190,000              | 190,000              | 190,000            | 190,000            |
| <b>Total Restricted Agency Funds</b> | <b>931,600</b>     | <b>501,000</b>       | <b>451,000</b>       | <b>501,000</b>     | <b>451,000</b>     |
| <b>TOTAL FUNDS</b>                   | <b>48,871,400</b>  | <b>43,344,000</b>    | <b>48,266,000</b>    | <b>43,344,000</b>  | <b>49,589,000</b>  |
| <b>EXPENDITURES BY CLASS</b>         |                    |                      |                      |                    |                    |
| Personnel Costs                      | 27,348,500         | 25,007,500           | 30,542,500           | 25,007,500         | 30,542,500         |
| Operating Expenses                   | 9,693,900          | 8,291,500            | 9,840,500            | 8,291,500          | 9,840,500          |
| Capital Outlay                       | 400,500            | 161,000              | 116,000              | 161,000            | 116,000            |
| Construction                         |                    | 364,000              | 264,000              | 364,000            | 264,000            |
| <b>TOTAL EXPENDITURES</b>            | <b>37,442,900</b>  | <b>33,824,000</b>    | <b>40,763,000</b>    | <b>33,824,000</b>  | <b>40,763,000</b>  |
| <b>EXPENDITURES BY UNIT</b>          |                    |                      |                      |                    |                    |
| General Assembly                     | 14,675,400         | 9,759,000            | 14,437,500           | 9,759,000          | 14,437,500         |
| Legislative Research<br>Commission   | 22,767,500         | 24,065,000           | 26,325,500           | 24,065,000         | 26,325,500         |
| <b>TOTAL EXPENDITURES</b>            | <b>37,442,900</b>  | <b>33,824,000</b>    | <b>40,763,000</b>    | <b>33,824,000</b>  | <b>40,763,000</b>  |

The Legislative Powers of the Commonwealth of Kentucky are vested in the General Assembly and found in Sections 29 through 62 of the Kentucky Constitution. The purpose of the Legislature is to make the state's laws, to determine the duties and services of government, to provide for their execution, and to levy taxes and appropriate funds for their support.

The General Assembly, as specified by the Constitution, consists of 38 Senators and 100 Representatives, each representing districts as nearly equal as possible as prescribed by Section 33 of the Kentucky Constitution. Members of the House of Representatives are elected for two-year terms. Members of the Senate serve four-year terms, with one-half of the Senate elected every two years.

The Legislative Research Commission is a fact-finding and service agency for the Kentucky General Assembly. It is a statutory body created and maintained since 1948. The Commission is bipartisan and is composed of the leadership of both the House and Senate with the Senate President and House Speaker serving as co-chairman. The LRC staff provides research, bill drafting, and other administrative functions for the legislature.

House Bill 319 authorized funding for the major programs operating within the Legislative Branch of government. The appropriation units are General Assembly and the Legislative Research Commission. The General Assembly appropriation is comprised of three programs, General Assembly, Kentucky Legislative Ethics, and Kentucky Long Term Planning and

Research. The Legislative Research Commission appropriation is comprised of a single element, the Legislative Research Commission.

Included in the General Fund appropriation is \$786,000 in fiscal year 1999 and \$1,725,000 in fiscal year 2000 for increases in the interim expense allowance provided by KRS 6.213 from \$1,002.95 to \$1,435 per month effective January 1, 1999. Effective with the term of office of members next elected to full term of office after sine die adjournment of the 1998 Regular Session of the General Assembly, per diem provided by KRS 6.190 and 6A.020 shall increase from \$105.58 to \$151 per day. Effective with the next election of leadership offices, the per diem of the President of the Senate and Speaker of the House shall increase from \$131.97 to \$189, the per diem of the Majority and Minority Floor Leaders of each chamber shall increase from \$126.69 to \$181, the per diem of the President Pro Tempore of the Senate and the Speaker Pro Tempore of the House, and the Majority and Minority Caucus Chairmen and Whips of each chamber shall increase from \$121.42 to \$174, and the supplemental per diem of each chairman of a standing committee shall increase from \$10.56 to \$15. The term "salary" as used in House Bill 319 is deemed to include the monthly expense allowance.

The sum of \$130,000 in each year of the biennium is provided for a Legislative Retirement Cost of Living Adjustment to provide up to five percent in each fiscal year for retired legislators.

Included in the General Fund appropriation is \$364,000 in fiscal year 1999 and \$264,000 in fiscal year 2000 for capital projects.

Notwithstanding the provisions of KRS 45.229, any unexpended balance remaining at the close of fiscal year 1998 shall not lapse but shall continue into the 1999 fiscal year and any unexpended balance in any succeeding fiscal year shall not lapse, but shall continue into the following fiscal year.

The General Assembly has instructed the Legislative Research Commission to direct a study of rural and urban poverty in Kentucky. The study, conducted by the Commission on Poverty with the cooperation of the Cabinet for Families and Children, shall identify the causes, effects, distinctive features, and means of alleviating rural and urban poverty in Kentucky and report the results of the study by July 1, 1999. Staff services, facilities and materials utilized in the study shall be provided by the Legislative Research Commission. The Commission on Poverty, which was authorized by the 1996 Senate Concurrent Resolution 96, is reauthorized for the 1998-99 interim.

The General Assembly also directed that a Task Force on Parenting Functions and Access to Children be established to perform a study of the issues relating to parenting and to make recommendations (no later than July 1, 1999) for changes to the current system. The Task Force shall be composed of members of the General Assembly as well as nonmembers, determined by the Legislative Research Commission, and include at least one Circuit Judge; one family court judge; one attorney who does domestic relations work; one person who has expert knowledge of domestic violence; one psychologist, mediator, or domestic relations commissioner; and at least one organization that is known for child advocacy relating to divorce and separation. The Legislative Research Commission shall designate the chair of the Committee. Funding for staff services to be utilized in completing this study shall be provided from the regular Legislative Research Commission budget and are subject to the limitations and other research responsibilities of the Commission.

Funding enacted by the General Assembly for task forces which will operate under the auspices of the Legislative Research Commission include:

- House Joint Resolution 72 creating the Kentucky Aquaculture Task Force, \$20,000.
- House Joint Resolution 89 establishing the Task Force on Utility Tax Policy, \$30,000.
- House Joint Resolution 95 creating the Electricity Restructuring Task Force, \$150,000.
- House Concurrent Resolution 113 establishing the Task Force on Information Technology, \$30,000.



## JUDICIAL BRANCH

|  | Revised<br>FY 1998 | Requested<br>FY 1999 | Requested<br>FY 2000 | Enacted<br>FY 1999 | Enacted<br>FY 2000 |
|--|--------------------|----------------------|----------------------|--------------------|--------------------|
| <b>SOURCE OF FUNDS</b>                 |                    |                      |                      |                    |                    |
| <b>General Fund</b>                    |                    |                      |                      |                    |                    |
| Regular Appropriation                  | 135,741,500        | 155,399,500          | 173,723,500          | 152,097,100        | 167,504,700        |
| Continuing Appropriation               | 2,574,800          |                      |                      |                    |                    |
| <b>Total General Fund</b>              | <b>138,316,300</b> | <b>155,399,500</b>   | <b>173,723,500</b>   | <b>152,097,100</b> | <b>167,504,700</b> |
| <b>Restricted Agency Funds</b>         |                    |                      |                      |                    |                    |
| Balance Forward                        | 1,959,500          | 1,471,500            | 710,000              | 1,471,500          | 710,000            |
| Current Receipts                       | 3,514,000          | 3,506,000            | 3,595,500            | 3,506,000          | 3,595,500          |
| Non-Revenue Receipts                   | 228,500            | 134,500              | 134,500              | 134,500            | 134,500            |
| <b>Total Restricted Agency Funds</b>   | <b>5,702,000</b>   | <b>5,112,000</b>     | <b>4,440,000</b>     | <b>5,112,000</b>   | <b>4,440,000</b>   |
| <b>Federal Funds</b>                   |                    |                      |                      |                    |                    |
| Balance Forward                        | 2,000              |                      |                      |                    |                    |
| Current Receipts                       | 176,500            | 172,000              |                      | 172,000            |                    |
| Non-Revenue Receipts                   | 38,500             |                      |                      |                    |                    |
| Revenue Redistribution                 | 799,500            | 438,000              | 444,000              | 438,000            | 444,000            |
| <b>Total Federal Funds</b>             | <b>1,016,500</b>   | <b>610,000</b>       | <b>444,000</b>       | <b>610,000</b>     | <b>444,000</b>     |
| <b>TOTAL FUNDS</b>                     | <b>145,034,800</b> | <b>161,121,500</b>   | <b>178,607,500</b>   | <b>157,819,100</b> | <b>172,388,700</b> |
| <b>EXPENDITURES BY CLASS</b>           |                    |                      |                      |                    |                    |
| Personnel Costs                        | 99,021,300         | 107,563,500          | 113,949,500          | 107,077,500        | 115,869,000        |
| Operating Expenses                     | 43,011,500         | 50,772,500           | 62,586,500           | 47,956,100         | 54,448,200         |
| Capital Outlay                         | 1,530,500          | 1,375,500            | 1,371,500            | 1,375,500          | 1,371,500          |
| Construction                           |                    | 700,000              | 700,000              | 700,000            | 700,000            |
| <b>TOTAL EXPENDITURES</b>              | <b>143,563,300</b> | <b>160,411,500</b>   | <b>178,607,500</b>   | <b>157,109,100</b> | <b>172,388,700</b> |
| <b>EXPENDITURES BY UNIT</b>            |                    |                      |                      |                    |                    |
| Court Operations and Administration    | 113,799,000        | 123,383,000          | 130,137,000          | 122,724,100        | 132,124,600        |
| Local Facilities Fund                  | 23,258,800         | 29,735,000           | 41,140,500           | 27,091,500         | 32,934,100         |
| Statewide Court Case Management System | 860,000            | 886,000              | 912,000              | 886,000            | 912,000            |
| Judicial Retirement System             | 5,645,500          | 6,407,500            | 6,418,000            | 6,407,500          | 6,418,000          |
| <b>TOTAL EXPENDITURES</b>              | <b>143,563,300</b> | <b>160,411,500</b>   | <b>178,607,500</b>   | <b>157,109,100</b> | <b>172,388,700</b> |

The Judicial powers of the Commonwealth of Kentucky are vested in one Court of Justice under Section 109 of the Kentucky Constitution. Fully implemented in 1978, the Court constitutes a Unified Judicial System for operation and administration. The purpose of the Kentucky Judicial Branch of government is to provide equal justice for all persons who become involved in the Kentucky court system through due process of law, administered without favor, denial or delay, and to carry out all provisions of the Judicial Article of the Constitution.

The Kentucky court system is a four-tiered system of adjudication including a Supreme Court, Court of Appeals, Circuit Court, and District Court. The goal of these courts is to hear and determine expeditiously all cases which may come before the Court of Justice, to interpret the laws of the Commonwealth, make decisions and issue opinions related thereto.

The Circuit clerks' offices in each county have as their goal the provision of an effective and manageable system of clerical support and maintenance of court records for the circuit and district courts.

The Administrative Office of the Court, Juvenile Services, Pretrial Services, State Law Library, the ancillary boards and commissions, and the local court facilities program have the following goals:

- To provide the administrative support necessary to carry on the operation of the Court of Justice and to have adequate personnel, facilities, equipment, and operating expenses to carry out the Judicial Branch's constitutional and statutory responsibilities.
- To ensure a system of financial management and accountability for the Court of Justice.
- To carry on a continuous survey of the organization, operation, and other aspects of the Court of Justice and to make improvements thereof.

Funding for the Judiciary has been authorized via House Bill 320. House Bill 320 is the Judicial Appropriations Bill authorizing funds for major programs, Court Operations and Administration, Local Facilities Fund, and the Judicial Retirement Plan portion of the Judicial Form Retirement System.