

FAMILIES AND CHILDREN

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	316,637,900	324,236,000	340,396,000	292,540,400	301,649,600
Current Year Appropriation	5,000,000				
Continuing Appropriation	11,340,400				4,779,900
Reorganization Adjustment	-45,659,300				
Total General Fund	287,319,000	324,236,000	340,396,000	292,540,400	306,429,500
Restricted Agency Funds					
Balance Forward	32,183,100			2,765,500	1,005,500
Current Receipts	64,708,600	80,528,000	78,978,000	80,768,000	81,972,000
Non-Revenue Receipts	2,348,000	1,283,500	1,299,500	1,283,500	1,299,500
Total Restricted Agency Funds	99,239,700	81,811,500	80,277,500	84,817,000	84,277,000
Federal Funds					
Balance Forward	2,152,400				
Current Receipts	471,644,900	496,477,000	498,421,000	484,724,900	496,415,100
Non-Revenue Receipts	20,676,000	12,826,000	12,590,500	12,826,000	12,590,500
Revenue Redistribution	-13,320,800	-18,787,500	-19,206,000	-18,787,500	-19,206,000
Total Federal Funds	481,152,500	490,515,500	491,805,500	478,763,400	489,799,600
TOTAL FUNDS	867,711,200	896,563,000	912,479,000	856,120,800	880,506,100
EXPENDITURES BY CLASS					
Personnel Costs	238,344,700	255,367,000	272,093,000	244,429,000	259,215,300
Operating Expenses	76,405,800	121,324,500	112,899,000	98,184,400	106,138,300
Grants, Loans or Benefits	542,591,300	518,174,500	526,142,000	506,025,000	513,807,500
Debt Service	5,707,000				
Capital Outlay	1,896,900	1,697,000	1,345,000	1,697,000	1,345,000
TOTAL EXPENDITURES	864,945,700	896,563,000	912,479,000	850,335,400	880,506,100
EXPENDITURES BY UNIT					
Administration Services	23,525,300	19,230,000	18,954,000	17,832,000	17,439,500
Social Insurance	504,173,700	507,567,000	508,810,500	486,897,100	496,980,300
Social Services	297,232,800	327,016,500	342,822,500	305,517,300	325,904,800
Aging Services	40,013,900	42,749,500	41,892,000	40,089,000	40,181,500
TOTAL EXPENDITURES	864,945,700	896,563,000	912,479,000	850,335,400	880,506,100

The Cabinet for Families and Children was created by Executive Order 95-79 (which also abolished the Cabinet for Human Resources) on December 28, 1995. Executive Orders 96-1576 (Juvenile Justice), 96-1438 (Commodities transfer to Agriculture), 96-862 and 96-1499 further revised the Cabinet structure.

The Department for Social Insurance, the Department for Social Services, and the Administration and Program Support (APS) Offices form the Cabinet for Families and Children. In addition, the Office of Family Resources and Youth Service Centers is also housed within the Cabinet. General Funds to support this program are appropriated to the Department of Education and transferred to the Cabinet. Legislation is proposed which elevates the Division of Aging Services within the Department for Social Services to an Office of Aging Services reporting directly to the Secretary.

FAMILIES AND CHILDREN
Administration Services

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	22,479,000	10,029,000	10,285,000	8,631,000	8,770,500
Reorganization Adjustment	-9,316,700				
Total General Fund	13,162,300	10,029,000	10,285,000	8,631,000	8,770,500
Restricted Agency Funds					
Balance Forward	4,824,000			2,765,500	1,005,500
Current Receipts		1,760,000	1,005,500		
Non-Revenue Receipts	1,616,500	552,000	568,000	552,000	568,000
Total Restricted Agency Funds	6,440,500	2,312,000	1,573,500	3,317,500	1,573,500
Federal Funds					
Balance Forward	105,500				
Current Receipts		6,889,000	7,095,500	6,889,000	7,095,500
Non-Revenue Receipts	8,514,500				
Revenue Redistribution	-1,932,000				
Total Federal Funds	6,688,000	6,889,000	7,095,500	6,889,000	7,095,500
TOTAL FUNDS	26,290,800	19,230,000	18,954,000	18,837,500	17,439,500
EXPENDITURES BY CLASS					
Personnel Costs	11,499,500	12,150,000	12,778,500	11,236,600	11,759,400
Operating Expenses	6,118,800	6,378,000	5,825,500	5,893,400	5,330,100
Grants, Loans or Benefits		200,000	200,000	200,000	200,000
Debt Service	5,707,000				
Capital Outlay	200,000	502,000	150,000	502,000	150,000
TOTAL EXPENDITURES	23,525,300	19,230,000	18,954,000	17,832,000	17,439,500
EXPENDITURES BY UNIT					
Administration Services	23,525,300	19,230,000	18,954,000	18,792,200	18,492,100
EMPOWER Kentucky General Fund Savings				-960,200	-1,052,600
TOTAL EXPENDITURES	23,525,300	19,230,000	18,954,000	17,832,000	17,439,500

Administration Services groups the administrative and program support systems for the Cabinet for Families and Children into one major program area in accordance with KRS 194.040 and Executive Order 96-862. The primary functions of the offices in this area are to provide support services for major program areas and line staff for the Departments and to coordinate the Cabinet's efforts in the development and delivery of quality human services.

The Office of the Secretary is responsible for ensuring that the Cabinet implements all legislative, executive, and federally mandated programs. The Secretary directs the implementation of programs which will meet the mission of the Cabinet – to provide statewide leadership in protecting and promoting the well being of Kentuckians by achieving quality human services through the maximization of financial, technological and human resources to efficiently and effectively deliver services.

The Secretary's Office is also responsible for providing and interpreting information about the Cabinet for Families and Children, both externally to the public and internally to the employees. Communications staff coordinate information and inquiries relating to programs and functions of the Cabinet by preparing press releases and responding to news media inquiries.

The Office of the General Counsel provides legal services and assistance to all units of the Cabinet in any legal action in which it may be involved. The Office of the General Counsel employs all attorneys of the Cabinet and also administers all personal service contracts for legal services. This Office reviews and drafts legal documents and instruments, legislation and statutes, and advises the Secretary, Commissioners and Directors.

The Office of the Ombudsman provides reviews of complaints made by citizens with regard to services rendered by the Cabinet for Families and Children which cannot be resolved through normal administrative remedies (KRS 194.030). Ombudsman staff field complaints or inquiries, independently investigate their grievances, and negotiate resolution or instigate corrective action where appropriate.

The Ombudsman's Office also administers the Kentucky Physicians Care Program (KPC). Once eligibility for the program has been determined by the local Department for Social Insurance staff, this office maintains the files and makes referrals to participating physicians, pharmacies and dentists. This program provides an opportunity to those individuals who are ineligible for the programs administered by the Department for Social Insurance to receive a free physician's office visit and possible free medication.

The Office of Technology Services provides technical support services in the areas of network services, production services, system support services, and support for strategic technology initiatives. Responsibilities include: reviewing and processing technology purchase requests, network planning, security of electronic information, computer room operations, production job support, telephone/computer installation, cabling and site preparation, processing of computer services billing, preparation of the Cabinet's Information Resources Plan, management of large computer projects, and other technology related services. The Office is responsible for ensuring that technology resources are used effectively and efficiently. The Office is also responsible for planning for technology needs which support the direct delivery of human services by the Cabinet.

The Office of Program Support coordinates and directs the personnel, fiscal, budget, planning and management review activities of the Cabinet. Staff provide technical support to the departments and offices, as well as, participate in the review of state and federal legislation, budget planning and development of administrative and fiscal policy directives and procedures. The Office is also responsible for the management of an effective contract program for the Cabinet, establishing and coordinating procedures for contracts and serving as liaison to external agencies including the Governor's Office for Policy and Management, the Legislative Research Commission and the Finance and Administration Cabinet. The Office of Program Support is also the lead office for coordinating efforts with the Legislative Research Commission for review of the Cabinet's administrative regulations.

Policy

Funding is recommended to achieve Year 2000 compliance for Administration and Program Support. Funding is also recommended for the purchase of necessary hardware and software to fully utilize the new administrative systems envisioned in EMPOWER Kentucky's Simplified Administrative Services initiative.

FAMILIES AND CHILDREN
Social Insurance

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	140,394,900	145,242,000	146,786,500	134,227,200	130,931,700
Continuing Appropriation	6,762,800				1,500,000
Reorganization Adjustment	-198,300				
Total General Fund	146,959,400	145,242,000	146,786,500	134,227,200	132,431,700
Restricted Agency Funds					
Balance Forward	8,645,000				
Current Receipts	32,516,700	38,160,500	37,365,000	40,160,500	41,364,500
Total Restricted Agency Funds	41,161,700	38,160,500	37,365,000	40,160,500	41,364,500
Federal Funds					
Balance Forward	1,353,000				
Current Receipts	339,947,100	353,214,000	354,298,000	343,058,900	352,823,100
Non-Revenue Receipts	12,161,500	12,826,000	12,590,500	12,826,000	12,590,500
Revenue Redistribution	-37,409,000	-41,875,500	-42,229,500	-41,875,500	-42,229,500
Total Federal Funds	316,052,600	324,164,500	324,659,000	314,009,400	323,184,100
TOTAL FUNDS	504,173,700	507,567,000	508,810,500	488,397,100	496,980,300
EXPENDITURES BY CLASS					
Personnel Costs	129,234,000	138,074,000	148,316,500	132,513,000	142,149,900
Operating Expenses	49,784,200	78,936,000	70,992,000	63,827,100	65,328,400
Grants, Loans or Benefits	324,628,500	290,532,000	289,477,000	290,532,000	289,477,000
Capital Outlay	527,000	25,000	25,000	25,000	25,000
TOTAL EXPENDITURES	504,173,700	507,567,000	508,810,500	486,897,100	496,980,300
EXPENDITURES BY UNIT					
Social Insurance-Administration	234,885,400	269,543,000	273,050,000	248,873,100	261,219,800
Social Insurance-Benefits	269,288,300	238,024,000	235,760,500	238,024,000	235,760,500
TOTAL EXPENDITURES	504,173,700	507,567,000	508,810,500	486,897,100	496,980,300

The Department for Social Insurance is responsible for the following programs: Temporary Assistance to Needy Families, Food Stamps, Medicaid Eligibility, State Supplementation, Child Support, Energy and Weatherization Assistance, and Disability Determinations. These programs provide income and supplementation to Kentucky citizens who, because of social, educational, mental, or physical impairments are without sufficient resources to meet their basic needs.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	53,221,800	66,194,500	68,013,000	57,179,700	57,158,200
Continuing Appropriation	2,185,200				1,500,000
Reorganization Adjustment	-198,300				
Total General Fund	55,208,700	66,194,500	68,013,000	57,179,700	58,658,200
Restricted Agency Funds					
Balance Forward	3,659,500				
Current Receipts	32,333,500	36,160,500	37,365,000	38,160,500	41,364,500
Total Restricted Agency Funds	35,993,000	36,160,500	37,365,000	38,160,500	41,364,500
Federal Funds					
Balance Forward	1,264,000				
Current Receipts	167,667,200	196,237,500	197,311,000	184,082,400	190,836,100
Non-Revenue Receipts	12,161,500	12,826,000	12,590,500	12,826,000	12,590,500
Revenue Redistribution	-37,409,000	-41,875,500	-42,229,500	-41,875,500	-42,229,500
Total Federal Funds	143,683,700	167,188,000	167,672,000	155,032,900	161,197,100
TOTAL FUNDS	234,885,400	269,543,000	273,050,000	250,373,100	261,219,800
EXPENDITURES BY CLASS					
Personnel Costs	129,234,000	138,074,000	148,316,500	132,513,000	142,149,900
Operating Expenses	49,784,200	78,936,000	70,992,000	63,827,100	65,328,400
Grants, Loans or Benefits	55,340,200	52,508,000	53,716,500	52,508,000	53,716,500
Capital Outlay	527,000	25,000	25,000	25,000	25,000
TOTAL EXPENDITURES	234,885,400	269,543,000	273,050,000	248,873,100	261,219,800
EXPENDITURES BY UNIT					
Food Stamps Administration	57,644,000	62,316,500	62,778,000	56,375,500	59,053,000
Medicaid Eligibility	23,425,000	35,587,500	30,764,000	26,756,000	26,982,500
State Supplementation Administration	610,700	504,000	512,500	472,000	499,000
Disability Determinations	26,637,000	34,677,500	35,118,500	34,670,200	35,108,200
Child Support Administration	54,776,000	72,723,000	77,383,000	72,723,000	77,383,000
Energy and Weatherization	1,514,200	2,232,000	2,313,500	2,232,000	2,313,500
Temporary Assistance for Needy Families (TANF)	70,278,500	61,502,500	64,180,500	55,754,500	60,086,000
EMPOWER Kentucky General Fund Savings				-110,100	-205,400
TOTAL EXPENDITURES	234,885,400	269,543,000	273,050,000	248,873,100	261,219,800

Department for Social Insurance - Administration is responsible for administering the following programs: Temporary Assistance to Needy Families, Food Stamps, Medicaid Eligibility, State Supplementation, Child Support, Energy and Weatherization Assistance, and Disability Determinations.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Food Stamps Administration

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,844,000	31,195,500	31,428,000	28,225,000	29,565,500
Federal Funds					
Balance Forward	98,500				
Current Receipts	32,263,500	34,730,000	35,007,500	31,759,500	33,145,000
Revenue Redistribution	-3,562,000	-3,609,000	-3,657,500	-3,609,000	-3,657,500
Total Federal Funds	<u>28,800,000</u>	<u>31,121,000</u>	<u>31,350,000</u>	<u>28,150,500</u>	<u>29,487,500</u>
TOTAL FUNDS	<u>57,644,000</u>	<u>62,316,500</u>	<u>62,778,000</u>	<u>56,375,500</u>	<u>59,053,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	41,414,000	41,659,500	44,151,000	39,710,500	42,118,000
Operating Expenses	15,325,500	20,657,000	18,627,000	16,665,000	16,935,000
Grants, Loans or Benefits	904,500				
TOTAL EXPENDITURES	<u>57,644,000</u>	<u>62,316,500</u>	<u>62,778,000</u>	<u>56,375,500</u>	<u>59,053,000</u>
EXPENDITURES BY UNIT					
Food Stamps Program Administration	57,455,000	62,123,000	62,579,500	56,182,000	58,854,500
Food Stamps Employment and Training	189,000	193,500	198,500	193,500	198,500
TOTAL EXPENDITURES	<u>57,644,000</u>	<u>62,316,500</u>	<u>62,778,000</u>	<u>56,375,500</u>	<u>59,053,000</u>

The Food Stamp program is authorized by the Food Stamp Act of 1977 and KRS 194.050. The Food Stamp program is designed to promote the general welfare and to safeguard the health and well-being of the nation's population by raising the levels of nutrition among low-income households. Any household having a lower or temporarily reduced monthly income may be eligible to receive food stamps if basic eligibility requirements are met. A household is any individual, family or group of people living together who buy and prepare food together.

Basic requirements for Food Stamp eligibility:

- United States Citizenship
- Work Registration - All able-bodied household members between 16 and 60 years of age must register for work, seek and accept suitable employment, unless they are already working full-time or are otherwise exempt.
- Resources - Households may have up to \$2,000 in resources. Resources include cash, vehicles and other valuables.
- Income - Income limitations apply based on household size. Earnings from employment or payments received on a regular basis by any household member are counted as income. Certain deductions to income are allowed (child care, care of disabled adults, a portion of shelter costs, etc.).

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Medicaid Eligibility

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		4,859,000	3,827,500	1,943,500	2,437,000
Restricted Agency Funds					
Balance Forward	1,000				
Current Receipts	11,711,500	11,434,500	11,054,500	11,434,500	11,054,500
Total Restricted Agency Funds	<u>11,712,500</u>	<u>11,434,500</u>	<u>11,054,500</u>	<u>11,434,500</u>	<u>11,054,500</u>
Federal Funds					
Balance Forward	63,000				
Current Receipts		6,895,500	3,834,500	979,500	1,443,500
Non-Revenue Receipts	12,161,500	12,826,000	12,590,500	12,826,000	12,590,500
Revenue Redistribution	-512,000	-427,500	-543,000	-427,500	-543,000
Total Federal Funds	<u>11,712,500</u>	<u>19,294,000</u>	<u>15,882,000</u>	<u>13,378,000</u>	<u>13,491,000</u>
TOTAL FUNDS	<u>23,425,000</u>	<u>35,587,500</u>	<u>30,764,000</u>	<u>26,756,000</u>	<u>26,982,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	18,780,000	20,044,500	19,911,500	19,121,000	18,939,000
Operating Expenses	4,556,500	15,523,500	10,832,500	7,615,500	8,023,500
Grants, Loans or Benefits	88,500	19,500	20,000	19,500	20,000
TOTAL EXPENDITURES	<u>23,425,000</u>	<u>35,587,500</u>	<u>30,764,000</u>	<u>26,756,000</u>	<u>26,982,500</u>

The Department for Social Insurance (DSI), under a contract with the Department for Medicaid Services performs eligibility determinations for the Medicaid Program thereby utilizing DSI's network of field staff with offices in each of Kentucky's 120 counties.

Policy

A new transportation delivery system is to be phased in throughout fiscal year 1998 and fiscal year 1999. It is anticipated that in fiscal year 1999, the nine permanent full-time employees will no longer be performing work associated with non-emergency medical transportation (Medicaid) and the funding and personnel cap are reduced accordingly. These staff make up a specific medical transportation unit in Jefferson County. Even though the cap and dollars will be reduced in this program, the Department will retain the employees and reduce the personnel cap through attrition. These employees will absorb work in other program areas due to welfare reform. In fiscal year 2000, when the new delivery process is statewide, the 46 equivalent positions would be reduced or redirected to other programs in the Department.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
State Supplementation

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	610,700	504,000	512,500	472,000	499,000
EXPENDITURES BY CLASS					
Personnel Costs	438,000	324,000	339,500	324,000	339,500
Operating Expenses	172,700	180,000	173,000	148,000	159,500
TOTAL EXPENDITURES	610,700	504,000	512,500	472,000	499,000

In 1972 Social Security Amendments mandated the Social Security Administration to assume the Title XVI, Aid to the Aged, Blind or Disabled (AABD). This law also mandated the states to supplement from all state monies, any difference between an SSI payment and the prior AABD payment for persons who were receiving Title XVI on December 31, 1973. The State Supplementation program is authorized by KRS 205.245. Supplementation payments are available to aged, blind or disabled individuals who have insufficient income to meet their needs for care in a licensed personal care home, family care home or to purchase caretaker services to prevent institutionalization. Technical requirements for individuals who are aged, blind or disabled must be met as well as citizenship and Kentucky residency, enumeration, and special needs. Resource limits are \$2,000 for an individual and \$3,000 for a couple. The state supplementation payment is determined by subtracting countable income from the standard of need based on the living arrangement.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Disability Determinations

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Federal Funds					
Balance Forward	21,500				
Current Receipts	27,437,500	35,524,000	35,990,500	35,516,700	35,980,200
Revenue Redistribution	-822,000	-846,500	-872,000	-846,500	-872,000
TOTAL FUNDS	26,637,000	34,677,500	35,118,500	34,670,200	35,108,200
EXPENDITURES BY CLASS					
Personnel Costs	15,797,000	20,243,500	20,772,500	20,108,100	20,586,000
Operating Expenses	2,476,500	4,227,500	3,425,000	4,355,600	3,601,200
Grants, Loans or Benefits	8,307,500	10,206,500	10,921,000	10,206,500	10,921,000
Capital Outlay	56,000				
TOTAL EXPENDITURES	26,637,000	34,677,500	35,118,500	34,670,200	35,108,200

In 1956, Congress passed an amendment to the Social Security Act (PL 84-880) that provided for cash benefits to be paid to workers with a disability and certain of their disabled dependents. Eligibility for these payments is partly based on the employment record of the worker with a disability. In 1972, an amendment was added (PL 92-603) to provide payments to needy aged, blind and disabled persons under Title XVI, Supplemental Security Income (SSI). SSI provides payments to individuals with a disability who are below certain income and resource guidelines.

The purpose of these disability programs is to provide assistance to citizens who, because of a medical condition, are unable to work. Not only must the person be unable to perform the work he has previously done, but he must also be unable to do any other work appropriate to his age, education and prior work experience. These two titles provide the basis of the activities administered by the Division of Disability Determinations (DDD).

The Division determines medical eligibility for residents of the Commonwealth who apply for Social Security and SSI Disability benefits. The DDD also reviews the continuing eligibility of those beneficiaries selected by the Social Security Administration (SSA). Additionally, the Division conducts face-to-face evidentiary hearings for those individuals who appeal an unfavorable review of their continuing eligibility.

The number of claims received by the DDD depends upon: 1) the number of individuals who believe that they have a disability and apply for benefits; 2) the number of claims sent to the Division for continuing review or for other reasons by the SSA, and 3) Congressional mandates or legal actions. The number of claims that can be completed in a year depends on the level of staffing and funding.

During the present biennium, the Division workload has been dominated by claim reviews based on congressional mandates. The Social Security Independence and Program Improvement Act mandated a review of beneficiaries in whose claims alcoholism or drug addiction played a role in disability. This workload was completed by mid fiscal year 1997. A second Congressional mandate was contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (welfare reform). In late fiscal year 1997 and early fiscal year 1998, re-evaluation of childhood disability recipients (a provision of welfare reform) was a central focus. The DDD anticipates that over the next two years the key workload will be review of continuing eligibility for current recipients. Additionally, the SSA is implementing a more detailed claim/decision method call "process unification". Process unification will make the disability process more labor intensive, increasing the amount of time required to process each claim and the number of staff needed to keep the workload current.

The Disability Determination Division, in conjunction with the SSA, is in the process of upgrading its automation capabilities. A local area network purchased and installed by the Social Security Administration will improve the Division's communication capacities with both Social Security and state agencies. This is part of a plan to tie the Division to national software that Social Security is in the process of building. Until this national network link is completed, the present system operated by DDD will require a central processing unit upgrade of \$800,000 in fiscal year 1999. This expense is included in the operating budget.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Child Support

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	1,141,500				
Current Receipts	17,384,000	24,726,000	26,310,500	24,726,000	26,310,000
Total Restricted Agency Funds	<u>18,525,500</u>	<u>24,726,000</u>	<u>26,310,500</u>	<u>24,726,000</u>	<u>26,310,000</u>
Federal Funds					
Balance Forward	119,500				
Current Receipts	36,898,000	48,786,500	51,886,000	48,786,500	51,886,500
Revenue Redistribution	-767,000	-789,500	-813,500	-789,500	-813,500
Total Federal Funds	<u>36,250,500</u>	<u>47,997,000</u>	<u>51,072,500</u>	<u>47,997,000</u>	<u>51,073,000</u>
TOTAL FUNDS	<u>54,776,000</u>	<u>72,723,000</u>	<u>77,383,000</u>	<u>72,723,000</u>	<u>77,383,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	16,455,000	19,449,000	24,527,500	19,426,500	24,371,000
Operating Expenses	11,813,000	23,859,000	23,003,000	23,881,500	23,159,500
Grants, Loans or Benefits	26,158,000	29,415,000	29,852,500	29,415,000	29,852,500
Capital Outlay	350,000				
TOTAL EXPENDITURES	<u>54,776,000</u>	<u>72,723,000</u>	<u>77,383,000</u>	<u>72,723,000</u>	<u>77,383,000</u>

In 1975, Federal Public Law 93-647 created the Child Support Enforcement (CSE) program under Title IV-D of the Social Security Act. The goal of CSE is to ensure that children are financially supported by both of their parents through the collection of support from parents who are legally obligated to pay. State statutes governing the operation of the CSE program in the Commonwealth were enacted under the Kentucky Child Support Recovery Act and are in KRS 205.710 through 205.800.

The core child support functions are: the location of non-custodial parents; the establishment of paternity; the establishment, enforcement and modification of child support orders; and the collection and disbursement of child support payments. In addition, program requirements have expanded to include many new methods of maximizing the success of the CSE goal, such as: in-hospital paternity establishment; establishment and enforcement of medical support orders; the collection of spousal support; the tracking, monitoring and disbursement of non-IV-D wage withholding orders; and the suspension of the driver's license for delinquent payors.

Child Support Enforcement services are available automatically for families receiving aid under the Temporary Assistance for Needy Families (TANF) program. Any current child support collected reimburses the state and federal governments for TANF payments made to the family. Child Support Enforcement services are also available to families not receiving TANF. Child support payments that are collected on behalf of non-TANF families are sent to the family. For these families, the state must charge an application fee of up to \$25. Services are also provided to non-custodial parents for the establishment of paternity by application. In addition, the Division of Child Support Enforcement maintains program administration contracts with approximately 105 county officials to provide judicial processes and other CSE functions locally.

The state and federal governments share program costs. Revenues accrue to the state in the form of current collections made to reimburse the state and federal government for TANF benefits paid and through incentives earned for both TANF and non-TANF collections.

Federal Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, puts many new demands on the CSE program. Major initiatives states are required to implement include: enact uniform interstate laws; provide registries of newly hired employees; establish a centralized, state-wide collection and disbursement unit for all child support collections made through wage-withholding, establish a centralized state-wide case registry to record all orders established or modified in the state; perform periodic financial data matches with all financial institutions in the Commonwealth; and streamline paternity establishment. The law also enacts several new penalties for non-paying parents such as: revocation or denial of professional, occupational, and recreational licenses; denial of a passport; and filing liens against real and personal property or forcing the sale of property. Implementation of these new mandates will require revision of state information system functions.

The law also phases in changes in the computation of incentive payments. The current method of basing incentives solely on a cost/benefit ratio for collections will be replaced with performance criteria in five (5) program areas. This will likely result in decreased agency revenues beginning in the 2000-2002 biennium. Additionally, the decreased TANF caseloads are expected to reduce agency revenues. From fiscal year 1995 to fiscal year 1997, the TANF child support caseload dropped by 22.4 percent. Although it is not anticipated that the decrease will continue at this rate, the caseload is expected to continue to shrink.

Federal funding for CSE and the TANF block grant are interdependent. In order to receive a TANF block grant, states must operate a Title IV-D program (Child Support Enforcement) which meets federal requirements. Failure to implement mandated activities in a timely and accurate manner jeopardizes both the Title IV-A and Title IV-D federal funding.

Policy

Funding in the amount of \$2,550,000 in restricted funds and \$4,950,000 in federal funds in both fiscal years is provided for the development of the Child Support information systems. The system is required to enable Kentucky to meet federally mandated changes to the current child support program.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Energy and Weatherization

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Federal Funds					
Balance Forward	3,500				
Current Receipts	1,619,700	2,344,500	2,429,500	2,344,500	2,429,500
Revenue Redistribution	-109,000	-112,500	-116,000	-112,500	-116,000
TOTAL FUNDS	<u>1,514,200</u>	<u>2,232,000</u>	<u>2,313,500</u>	<u>2,232,000</u>	<u>2,313,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	451,000	475,000	498,500	475,000	498,500
Operating Expenses	43,500	169,000	179,000	169,000	179,000
Grants, Loans or Benefits	1,019,700	1,588,000	1,636,000	1,588,000	1,636,000
TOTAL EXPENDITURES	<u>1,514,200</u>	<u>2,232,000</u>	<u>2,313,500</u>	<u>2,232,000</u>	<u>2,313,500</u>
EXPENDITURES BY UNIT					
Energy Assistance (HEAP)	1,168,200	1,759,500	1,818,000	1,759,500	1,818,000
Weatherization Assistance	346,000	472,500	495,500	472,500	495,500
TOTAL EXPENDITURES	<u>1,514,200</u>	<u>2,232,000</u>	<u>2,313,500</u>	<u>2,232,000</u>	<u>2,313,500</u>

The Low Income Home Energy Assistance program (PL 103-333) and the Weatherization Assistance program (PL 94-385) are federally funded programs which provide assistance to help low income households meet the rising cost of energy expenses through direct fuel bill subsidies or through energy conservation related repairs to houses.

The implementation of the Home Energy Assistance program is authorized by KRS 205.400. The goal of this program is to provide assistance to low income households for home heating. Eligibility criteria are: income not exceeding 110 percent of the federal poverty level; resources not exceeding \$1,500 or \$4,000 if there is a catastrophic illness in the household; and responsibility for home heating costs. The program is a federally funded block grant. The program is divided into two segments: subsidy, which provides heating assistance benefits to all eligible households; and crisis, which is designed to assist any low income family experiencing a home heating emergency.

The Weatherization Assistance program is intended to reduce energy consumption, lower the heating bills and ensure the health and safety of low income families whose annual income is at or below 125% of the federal poverty level. Funds are provided to perform heat system safety tests and repairs, reduce air infiltration, install insulation and other related energy conservation measures. Average cost per house for measures other than heat system repairs, including materials, labor and overhead is approximately \$1,854. Average cost per house for heat system repairs, including materials, labor and overhead is approximately \$1,000. Anticipated annual fuel savings is about \$300 per family. Each house can receive this assistance only one time.

The Department for Social Insurance contracts with community action agencies and municipal governments to administer the program.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Administration
Temporary Assistance for Needy Families (TANF)

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	23,568,800	29,636,000	32,245,000	26,649,300	24,862,100
Continuing Appropriation	2,185,200				1,500,000
Total General Fund	<u>25,754,000</u>	<u>29,636,000</u>	<u>32,245,000</u>	<u>26,649,300</u>	<u>26,362,100</u>
Restricted Agency Funds					
Balance Forward	2,499,500				
Current Receipts	3,255,500			2,000,000	4,000,000
Total Restricted Agency Funds	<u>5,755,000</u>			<u>2,000,000</u>	<u>4,000,000</u>
Federal Funds					
Balance Forward	958,000				
Current Receipts	69,448,500	67,957,000	68,163,000	64,695,700	65,951,400
Revenue Redistribution	-31,637,000	-36,090,500	-36,227,500	-36,090,500	-36,227,500
Total Federal Funds	<u>38,769,500</u>	<u>31,866,500</u>	<u>31,935,500</u>	<u>28,605,200</u>	<u>29,723,900</u>
TOTAL FUNDS	<u>70,278,500</u>	<u>61,502,500</u>	<u>64,180,500</u>	<u>57,254,500</u>	<u>60,086,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	35,899,000	35,878,500	38,116,000	33,398,000	35,407,000
Operating Expenses	15,396,500	14,320,000	14,752,500	11,052,500	13,367,000
Grants, Loans or Benefits	18,862,000	11,279,000	11,287,000	11,279,000	11,287,000
Capital Outlay	121,000	25,000	25,000	25,000	25,000
TOTAL EXPENDITURES	<u>70,278,500</u>	<u>61,502,500</u>	<u>64,180,500</u>	<u>55,754,500</u>	<u>60,086,000</u>
EXPENDITURES BY UNIT					
TANF Administration	36,789,500	36,961,000	39,083,000	32,722,500	36,190,000
Kentucky Works--Administration	33,489,000	24,541,500	25,097,500	23,032,000	23,896,000
TOTAL EXPENDITURES	<u>70,278,500</u>	<u>61,502,500</u>	<u>64,180,500</u>	<u>55,754,500</u>	<u>60,086,000</u>

On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) amended Title IV-A of the Social Security Act to authorize block grants to states for Temporary Assistance for Needy Families (TANF). The Kentucky Transitional Assistance Program (K-TAP) is Kentucky's TANF program. K-TAP was initiated on October 18, 1996. It provides financial assistance to families to meet basic subsistence needs. Technical eligibility requirements that must be met include age, residency, enumeration and deprivation of parental support due to death, continued absence, unemployment, or incapacity of a parent. Resources must be within agency limits, and gross income must fall below the gross income scale for the appropriate family size to meet financial eligibility. Effective July 1, 1989, in accordance with House Bill 381, Kentucky implemented a ratable reduction methodology for calculating the grant and raised the need standard. This change allowed more applicants to become eligible for the program and also allows recipients who have income to retain more and still receive a grant. This methodology continues under K-TAP. Effective May 1, 1997 implementation of a two month disregard of earned income further encouraged employment.

The IV-A (AFDC) grant was originally an open-ended entitlement grant which required a 50/50 match for administration and the Federal Medical Assistance Program (FMAP) 70/30 match for benefits. The IV-F (JOBS) grant was a capped grant. PRWORA combined these two grants into one grant, Temporary Assistance for Needy Families. This block grant includes all federal dollars to fund all administrative and benefit expenditures; i.e., cash assistance subsidies, supportive services (transportation), personnel, operating, indirect and contract partnerships. There is a state fund Maintenance of Effort (MOE) requirement of at least 80 percent of fiscal year 1994 expenditures, which is \$71.9 million.

With few exceptions, adults receiving K-TAP benefits must either work or participate in work activities in order to receive a full grant. Each state must meet mandatory participation rates beginning July 1, 1997 in order to avoid substantial reductions in federal funding. The minimum participation rate for federal fiscal year 1997 for all families is 25 percent and increases yearly in five percent increments up to 50 percent for the year 2002 and thereafter. For two parent families the required rate is considerably higher. For fiscal year 1997, it is 75 percent with increases to 90 percent in fiscal year 1999 and thereafter.

All applicants for K-TAP complete an initial needs assessment and transitional assistance agreement outlining a plan to become self-sufficient. The recipient is assigned to a case manager who completes a comprehensive assessment, makes referrals to acceptable work or work preparation activities, monitors attendance, and authorizes necessary supportive services for transportation, child care and other items needed for successful participation. The case manager also assumes responsibility for determining on-going K-TAP/Medical Assistance/Food Stamp eligibility and benefits for all cases in the household of the participant.

Policy

The Governor's recommended budget assumes a level of average monthly TANF recipients of 147,218 for fiscal years 1998, 1999, and 2000. While caseloads have declined significantly over the last seven years in Kentucky and other states, many states are now reporting a leveling in caseloads. While recipients will be terminated at the end of 60 months, new recipients will continue to enter the program, and former recipients who have not exhausted their entire 60 months of eligibility may re-enter the program. It should be noted that many of the recipients with the greatest job skills have been placed in employment during the first two years of PRWORA. Those remaining either require more assistance in becoming job ready or live in areas where job opportunities are limited. These recipients will require more time and effort on the part of caseworkers who are assisting those recipients toward their goal of self-sufficiency.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	87,173,100	79,047,500	78,773,500	77,047,500	73,773,500
Continuing Appropriation	4,577,600				
Total General Fund	<u>91,750,700</u>	<u>79,047,500</u>	<u>78,773,500</u>	<u>77,047,500</u>	<u>73,773,500</u>
Restricted Agency Funds					
Balance Forward	4,985,500				
Current Receipts	183,200	2,000,000		2,000,000	
Total Restricted Agency Funds	<u>5,168,700</u>	<u>2,000,000</u>		<u>2,000,000</u>	
Federal Funds					
Balance Forward	89,000				
Current Receipts	172,279,900	156,976,500	156,987,000	158,976,500	161,987,000
Total Federal Funds	<u>172,368,900</u>	<u>156,976,500</u>	<u>156,987,000</u>	<u>158,976,500</u>	<u>161,987,000</u>
TOTAL FUNDS	<u>269,288,300</u>	<u>238,024,000</u>	<u>235,760,500</u>	<u>238,024,000</u>	<u>235,760,500</u>
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	269,288,300	238,024,000	235,760,500	238,024,000	235,760,500
EXPENDITURES BY UNIT					
Energy and Weatherization Benefits	21,920,600	21,513,500	19,513,500	21,513,500	19,513,500
Food Stamp E & T Benefits	1,425,000	724,000	746,000	724,000	746,000
State Supplementation--Benefits	22,186,900	15,220,500	14,916,500	15,220,500	14,916,500
Temporary Assistance for Needy Families (TANF)	223,755,800	200,566,000	200,584,500	200,566,000	200,584,500
TOTAL EXPENDITURES	<u>269,288,300</u>	<u>238,024,000</u>	<u>235,760,500</u>	<u>238,024,000</u>	<u>235,760,500</u>

Department for Social Insurance - Benefits is responsible for providing the assistance associated with the following programs: Temporary Assistance to Needy Families, Food Stamps Employment and Training, State Supplementation, and Energy and Weatherization Assistance. The Personal Responsibility and Work Opportunity Reconciliation Act was passed in 1996 and consolidated funding for the former Aid to Families and Dependent Children (AFDC) program and the Job Opportunities and Basic Skills (JOBS) program. These two programs are now part of the Temporary Assistance to Needy Families Block Grant.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
Energy and Weatherization

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	2,207,500				
Current Receipts	2,961,200	2,000,000		2,000,000	
Total Restricted Agency Funds	<u>5,168,700</u>	<u>2,000,000</u>		<u>2,000,000</u>	
Federal Funds					
Balance Forward	9,500				
Current Receipts	16,742,400	19,513,500	19,513,500	19,513,500	19,513,500
Total Federal Funds	<u>16,751,900</u>	<u>19,513,500</u>	<u>19,513,500</u>	<u>19,513,500</u>	<u>19,513,500</u>
TOTAL FUNDS	<u>21,920,600</u>	<u>21,513,500</u>	<u>19,513,500</u>	<u>21,513,500</u>	<u>19,513,500</u>
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	21,920,600	21,513,500	19,513,500	21,513,500	19,513,500
EXPENDITURES BY UNIT					
Energy Benefits (HEAP)	12,025,300	14,400,000	14,400,000	14,400,000	14,400,000
Weatherization Assistance Benefits	9,895,300	7,113,500	5,113,500	7,113,500	5,113,500
TOTAL EXPENDITURES	<u>21,920,600</u>	<u>21,513,500</u>	<u>19,513,500</u>	<u>21,513,500</u>	<u>19,513,500</u>

A description of this program can be found under "Social Insurance - Administration, Energy and Weatherization".

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
Food Stamps

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	385,000	362,000	373,000	362,000	373,000
Continuing Appropriation	655,000				
Total General Fund	<u>1,040,000</u>	<u>362,000</u>	<u>373,000</u>	<u>362,000</u>	<u>373,000</u>
Federal Funds					
Balance Forward	500				
Current Receipts	384,500	362,000	373,000	362,000	373,000
Total Federal Funds	<u>385,000</u>	<u>362,000</u>	<u>373,000</u>	<u>362,000</u>	<u>373,000</u>
TOTAL FUNDS	<u>1,425,000</u>	<u>724,000</u>	<u>746,000</u>	<u>724,000</u>	<u>746,000</u>
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	1,425,000	724,000	746,000	724,000	746,000

The Food Stamp Employment and Training (FS E&T) program provides general education, vocational education skills training, work experience and workfare to food stamp recipients.

Implementation of FS E&T was mandated April 1, 1987, by the Food Stamp Act of 1977, as amended in 1985 and reflected in 7 CFR 273.7. The goal of this program is to raise the education level of, and secure job opportunities for, food stamp recipients. Although any food stamp recipient may volunteer, targeted mandatory work registrants in the 62 active FS E&T counties must participate in one of the following components: vocational education, skills training, education or workfare. The duration of a component is determined by the referral facility which provides the service.

In August 1997, Public Law 105-33 again amended the Food Stamp Act in relation to the FS E&T program. The law mandates that 80 percent of federal FS E&T funding be spent on individuals who are subject to the work requirement at 7USC 2015(0). Effective January 1, 1998 the FS E&T program will target the above referenced individuals in 62 counties and require participation in one of the above components. Food stamp recipients in all 120 counties may volunteer to participate in a component.

Participating E&T food stamp recipients are eligible for a \$25 monthly miscellaneous allowance and reimbursement for actual monthly child care expenses. Benefit funding for E&T is 50/50 match of federal and General Funds.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
State Supplementation

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	18,552,900	15,220,500	14,916,500	15,220,500	14,916,500
Continuing Appropriation	3,634,000				
TOTAL FUNDS	22,186,900	15,220,500	14,916,500	15,220,500	14,916,500
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	22,186,900	15,220,500	14,916,500	15,220,500	14,916,500

It is projected that recipients will continue to decrease about two percent each year of the biennium. Because this program serves only those persons who were receiving Title XVI, Aid to the Aged, Blind or Disabled (AABD), on December 30, 1973, this is a finite and diminishing group of eligibles.

FAMILIES AND CHILDREN
Social Insurance
Social Insurance - Benefits
Temporary Assistance for Needy Families (TANF)

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	68,235,200	63,465,000	63,484,000	61,465,000	58,484,000
Continuing Appropriation	288,600				
Total General Fund	<u>68,523,800</u>	<u>63,465,000</u>	<u>63,484,000</u>	<u>61,465,000</u>	<u>58,484,000</u>
Federal Funds					
Balance Forward	79,000				
Current Receipts	155,153,000	137,101,000	137,100,500	139,101,000	142,100,500
Total Federal Funds	<u>155,232,000</u>	<u>137,101,000</u>	<u>137,100,500</u>	<u>139,101,000</u>	<u>142,100,500</u>
TOTAL FUNDS	<u>223,755,800</u>	<u>200,566,000</u>	<u>200,584,500</u>	<u>200,566,000</u>	<u>200,584,500</u>
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	223,755,800	200,566,000	200,584,500	200,566,000	200,584,500
EXPENDITURES BY UNIT					
TANF Benefits	185,960,000	169,100,000	169,297,000	169,100,000	169,297,000
Kentucky Works--Benefits	37,795,800	31,466,000	31,287,500	31,466,000	31,287,500
TOTAL EXPENDITURES	<u>223,755,800</u>	<u>200,566,000</u>	<u>200,584,500</u>	<u>200,566,000</u>	<u>200,584,500</u>

The TANF Benefits budget assumes monthly TANF recipients of 147,218 for fiscal years 1998, 1999 and 2000 while actual cases have decreased by six percent over the current biennium, it is projected that the caseload will not continue to drop at the same rate for two reasons. The decrease in caseload to date has included those recipients who were best able to find work quickly. The harder to serve cases have major barriers and remain current cases. Kentucky is a very rural state. It is anticipated that it will be difficult to find employment for a large percentage of the remaining cases in areas of the state where job opportunities are limited. Additionally, terminated recipients are replaced by new applicants.

The fiscal year 1997 and fiscal year 1998 budgets were enacted based on increased cases and before the Personal Responsibility and Work Opportunity Reconciliation Act was passed. Therefore, the fiscal year 1998 enacted budget is overstated.

The fiscal year 1998 budgets for Child Care and Transportation have increased significantly from fiscal year 1997 expenditures. Non-lapse General Fund dollars were expended in fiscal year 1997 and fiscal year 1998 to access all of the available matching funds through the Child Care Development Fund (CCDF) in order to pay additional TANF child care payments. General Funds are recommended in the budget to allow the cabinet to fully access all available federal child care dollars. Child care subsidies are critical to welfare reform efforts.

The CCDF grant is the one federal fund source that pays for "Bridge-the-Gap" child care and JOBS/Kentucky Works child care in this Department. In addition to the Department for Social Insurance child care programs, the Department for Social Services accesses this federal funding grant. Throughout the biennium, it may become essential to move dollars within this department and to/from the Department for Social Services to fund child care payments.

FAMILIES AND CHILDREN
Social Services

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	130,844,500	143,060,000	158,277,000	126,437,700	138,610,400
Current Year Appropriation	5,000,000				
Continuing Appropriation	4,577,600				3,279,900
Reorganization Adjustment	-36,144,300				
Total General Fund	<u>104,277,800</u>	<u>143,060,000</u>	<u>158,277,000</u>	<u>126,437,700</u>	<u>141,890,300</u>
Restricted Agency Funds					
Balance Forward	18,698,500				
Current Receipts	31,957,500	40,607,500	40,607,500	40,607,500	40,607,500
Non-Revenue Receipts	731,500	731,500	731,500	731,500	731,500
Total Restricted Agency Funds	<u>51,387,500</u>	<u>41,339,000</u>	<u>41,339,000</u>	<u>41,339,000</u>	<u>41,339,000</u>
Federal Funds					
Balance Forward	632,500				
Current Receipts	114,914,800	119,529,500	120,183,000	117,932,500	119,652,000
Revenue Redistribution	26,020,200	23,088,000	23,023,500	23,088,000	23,023,500
Total Federal Funds	<u>141,567,500</u>	<u>142,617,500</u>	<u>143,206,500</u>	<u>141,020,500</u>	<u>142,675,500</u>
TOTAL FUNDS	<u>297,232,800</u>	<u>327,016,500</u>	<u>342,822,500</u>	<u>308,797,200</u>	<u>325,904,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	96,063,200	103,471,000	109,237,500	99,066,400	103,608,500
Operating Expenses	20,349,800	34,837,500	35,854,500	28,299,900	35,307,800
Grants, Loans or Benefits	179,654,900	187,543,000	196,565,500	176,986,000	185,823,500
Capital Outlay	1,164,900	1,165,000	1,165,000	1,165,000	1,165,000
TOTAL EXPENDITURES	<u>297,232,800</u>	<u>327,016,500</u>	<u>342,822,500</u>	<u>305,517,300</u>	<u>325,904,800</u>
EXPENDITURES BY UNIT					
Family Based Services	82,325,800	100,382,000	107,219,000	90,827,100	100,124,700
Alternatives for Children	134,066,100	138,151,500	146,349,000	138,151,500	146,349,000
Adult Services	26,350,700	28,880,500	27,357,000	27,005,500	27,657,000
Child Day Care	54,490,200	59,602,500	61,897,500	49,602,500	51,897,500
EMPOWER Kentucky General Fund Savings				-69,300	-123,400
TOTAL EXPENDITURES	<u>297,232,800</u>	<u>327,016,500</u>	<u>342,822,500</u>	<u>305,517,300</u>	<u>325,904,800</u>

Note: Although proposed legislation elevating the Division of Aging Services to an Office of Aging Services would not take effect until July 1, 1998; for display purposes, fiscal year 1998 Division of Aging Services appears under the budget page for Office of Aging Services. Until July 1, 1998 the Division of Aging Services remains a part of the Department for Social Services appropriation.

The Department for Social Services' mission is directed toward preserving the family as a unit when possible and protecting individuals from abuse, neglect and exploitation with safety and permanency as the paramount goals. The Department for Social Services incorporates the family based services concept into its programming through staff training, policies and procedures, and purchase of care. Family based services are designed to provide maximum services to a family at the time of crisis to prevent the disruption of the family unit.

The Department, recognizing the vital and essential role communities/neighborhoods (i.e., agencies, organizations, schools, individuals) play in protecting and sustaining children, adults, and families, is intensifying its efforts toward community involvement as an integral facet of the service delivery system. This is particularly important as the increase in reports of abuse and neglect of children, adults and the elderly have placed greater demands on the social service delivery system.

Family Based Services provided by the Department for Social Services staff are designed to provide maximum in-home services in order to safely preserve the family unit. This approach to the delivery of social services focuses on individuals in the context of the family. Services in this context are intended to strengthen and maintain families and prevent family dissolution and out-of-home placement when possible. Family based services include child protection, reunification following out-of-home placement, homemaker services, preventive services for families, community-based juvenile services, family preservation services, parent education, mental health services through contracts with local comprehensive care centers, self-help services provided through local child abuse councils and preventive assistance.

Alternatives for Children supports the Family Based Services subprogram by providing placement resources for children who have been, or are, at risk of being abused or neglected. These services are provided through: family foster care; specialized placements for emotionally disturbed children, status offenders, and expectant mothers in need of maternity home care; and, adoption services. When children and parents must be separated because of physical abuse, sexual abuse, neglect, maltreatment or special circumstances, out-of-home care provides a planned, goal-directed services that strives to remedy or ameliorate the condition that caused the separation. The goal of out-of-home care is to provide opportunities for healing, growth and development leading to healthier infants, children, youth, and families, with safe and nurturing relationships intended to be permanent. When reunification is not possible, alternate living arrangements are sought.

Adult Services has three major components: protection, self-support, and guardianship. Adult Services are directed toward preserving the vulnerable individual's independence to the maximum degree possible and/or protecting him/her from abuse, neglect and/or exploitation pursuant to KRS 209. The elements of Adult Services are: protection-adults, protection-spouse abuse, homemakers-adults (which is the direct provision of homemaker services to adults at risk or in need of protection), interdisciplinary evaluations to determine an adult's degree of disability and need for guardianship, services provided by spouse abuse centers and crisis centers, alternate care (also called patient movement and placement) which involves assisting individuals with appropriate community and institutional placements, and preventive services for adults which entails assessment, planning, and guidance to individuals referred by the courts, the Cabinet's Ombudsman, neighbors, state and federal legislators, or self-referral. This often involves finding food, shelter, clothing, and medical treatment.

Adult Self-Support includes the Community Services Block Grant which provides funding for emergency needs of economically disadvantaged citizens. The program helps alleviate the stresses on the family unit resulting from poverty and promotes achieving self sufficiency.

Adult Guardianship services are provided for adult residents of Kentucky for whom the Cabinet has been legally appointed guardian and/or conservator. The staff of the Guardianship Branch act as advocates to assure that each client's civil and human rights are preserved and protected, that care needs are met, that living arrangements are appropriate, that entitlement eligibility is maintained and financial matters are managed.

Child Day Care Services provided by the Department cover a wide range of areas to promote, expand, and improve the quality of care for children in Kentucky. Child Day Care is directed at: preventing or remedying abuse, neglect or exploitation of children; strengthening and maintaining client families; preventing family dissolution; preventing out-of-home placements; and reducing client dependency on social services and public assistance by promoting self-sufficiency. These services are provided by subsidized child care through the Social Services Block Grant; and the Child Care Development Fund. Full and part-day care is available primarily through the use of licensed and certified programs.

Policy

The Governor's recommended budget includes a current year appropriation of \$5,000,000.

The Governor's recommended budget provides General Funds of \$3,527,000 in fiscal year 1999 and \$4,227,000 in fiscal year 2000 to enable Kentucky to access the full amount available to the state under the federal Child Care Development Fund. Non-recurring state dollars were used to access these funds during fiscal year 1998. With the recommendation of these funds, the state will be able to access \$7,700,000 in fiscal year 1999 and \$9,300,000 in fiscal year 2000 in federal funds.

Additionally, \$2,224,000 (\$1,300,000 General Fund) is provided in fiscal year 1999 and \$2,491,000 (\$1,456,000 General Fund) in fiscal year 2000 to implement proposed child protection legislation. This legislation lowers the threshold for intervention by the courts and the Department in emergency situations; helps to prevent situations where children, whose parents have abused or neglected other children in the past, must undergo similar abuse or neglect before parental rights can be terminated; and expedites the process for making judicial decision once a termination of parental rights petition has been filed.

The Governor's recommended budget includes an additional \$150,000 each year of the biennium to increase services to the victims of domestic violence through contracts with spouse abuse centers. The Governor's budget also includes \$150,000 each year for children's advocacy centers.

**FAMILIES AND CHILDREN
Aging Services**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	22,919,500	25,905,000	25,047,500	23,244,500	23,337,000
Restricted Agency Funds					
Balance Forward	15,600				
Current Receipts	234,400				
Total Restricted Agency Funds	250,000				
Federal Funds					
Balance Forward	61,400				
Current Receipts	16,783,000	16,844,500	16,844,500	16,844,500	16,844,500
Total Federal Funds	16,844,400	16,844,500	16,844,500	16,844,500	16,844,500
TOTAL FUNDS	40,013,900	42,749,500	41,892,000	40,089,000	40,181,500
EXPENDITURES BY CLASS					
Personnel Costs	1,548,000	1,672,000	1,760,500	1,613,000	1,697,500
Operating Expenses	153,000	1,173,000	227,000	164,000	172,000
Grants, Loans or Benefits	38,307,900	39,899,500	39,899,500	38,307,000	38,307,000
Capital Outlay	5,000	5,000	5,000	5,000	5,000
TOTAL EXPENDITURES	40,013,900	42,749,500	41,892,000	40,089,000	40,181,500
EXPENDITURES BY UNIT					
Older Americans Act	18,815,400	19,973,000	19,112,500	18,905,000	18,994,500
Homecare Services	14,702,900	15,931,500	15,933,500	14,697,600	14,699,600
Community Based Services	6,495,600	6,845,000	6,846,000	6,486,400	6,487,400
TOTAL EXPENDITURES	40,013,900	42,749,500	41,892,000	40,089,000	40,181,500

Note: Although proposed legislation elevating the Division of Aging Services to an Office of Aging Services would not take effect until July 1, 1998; for display purposes, fiscal year 1998 is included here. During fiscal year 1998, the Division of Aging Services remains a part of the Department for Social Services appropriation.

Aging and Support Services assists elderly and adult persons in maintaining independence, maximum self-sufficiency, and dignity in a home environment. Supportive services to the elderly and physically disabled adults are provided in the least restrictive environment. The service delivery and oversight are provided in the three program areas: Older Americans Act, Homecare Services, and Community-Based Services. These services are carried out through contracts with the fifteen Area Development Districts (ADDs).

Older Americans Act services include: congregate meals, nutrition services, employment services, and the long-term ombudsman program.

Homecare Services provides alternative services for frail and vulnerable adults 60 years and older who are physically and/or functionally disabled and at-risk of long-term institutionalization. Services include: homemaker/personal care, homemaker/home management, home health aide, home-delivered meals, home repair, chore, respite, and escort services (such as to the doctor's office).

Community-Based Services provides programs for adult day care and Alzheimer's respite, personal care attendant for physically disabled adults, and a long-term care case management project. These programs strive to provide cost effective alternatives to the population at-risk of institutionalization.

Policy

Legislation recommending elevation of the Division of Aging Services to an Office of Aging Services will be introduced during the General Assembly. Kentucky's older population is increasing at a substantial rate. In 1980, 15.4 percent of the population was over 60 years of age. In 1990, this group had increased to 17 percent of the population. Within this group, those 85 and over will increase at the fastest rate.

Elevation of the Division of Aging Services to an Office of Aging Services will create a structure that will be an efficient and effective focal point for the issues of Kentucky's older population, now as well as into the next century. As an office, this entity will have a vantage point to enable it to carry out its major role of collaboration and coordination with public and private agencies, universities, and older persons in addressing the economic, health and social challenges that will accompany this rapid and substantial increase in the aging population.

FINANCE AND ADMINISTRATION

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	54,246,500	203,039,000	216,996,500	179,673,000	196,188,000
Special Appropriation	11,712,000				
Reorganization Adjustment	-287,800				
Total General Fund	65,670,700	203,039,000	216,996,500	179,673,000	196,188,000
Restricted Agency Funds					
Balance Forward	13,661,100	20,807,000	20,345,000	20,807,000	19,532,500
Current Receipts	58,830,500	56,908,500	58,955,000	56,666,000	58,694,000
Non-Revenue Receipts	76,654,400	74,171,000	76,890,000	73,546,500	76,361,000
Total Restricted Agency Funds	149,146,000	151,886,500	156,190,000	151,019,500	154,587,500
Federal Funds					
Balance Forward	1,764,000	1,000	1,000	1,000	
Current Receipts	56,926,500	59,117,000	59,117,000	59,117,000	59,117,000
Revenue Redistribution	-608,500	-985,000	-985,000	-985,000	-985,000
Total Federal Funds	58,082,000	58,133,000	58,133,000	58,133,000	58,132,000
Road Fund					
Regular Appropriation	371,000	382,000	395,000	382,000	395,000
TOTAL FUNDS	273,269,700	413,440,500	431,714,500	389,207,500	409,302,500
EXPENDITURES BY CLASS					
Personnel Costs	78,271,700	88,796,500	94,444,500	87,413,500	92,846,500
Operating Expenses	124,088,500	120,027,500	120,701,000	119,232,500	120,016,500
Grants, Loans or Benefits	10,300,000	10,805,000	10,405,000	10,575,000	10,175,000
Debt Service	30,636,000	163,770,000	177,203,000	142,771,000	158,892,000
Capital Outlay	3,968,000	4,370,000	4,099,000	4,363,000	4,053,000
Construction	5,197,500	5,320,000	5,527,500	5,320,000	5,527,000
TOTAL EXPENDITURES	252,461,700	393,089,000	412,380,000	369,675,000	391,510,000
EXPENDITURES BY UNIT					
General Administration	70,364,400	71,811,000	72,083,000	71,386,000	71,595,000
Debt Service	30,586,000	163,742,000	177,175,000	142,743,000	158,864,000
County Costs	17,513,100	17,513,000	17,513,000	17,513,000	17,513,000
County Fees	41,355,000	49,744,000	51,771,000	49,744,000	51,771,000
Administration	22,448,600	12,334,000	12,789,500	12,172,000	12,560,000
Facilities Management	23,662,600	28,274,500	29,898,500	27,184,000	28,823,000
Information Systems	46,532,000	49,670,500	51,150,000	48,933,000	50,384,000
TOTAL EXPENDITURES	252,461,700	393,089,000	412,380,000	369,675,000	391,510,000

The Finance and Administration Cabinet is the state agency responsible for the management of the financial resources of the Commonwealth and the provision of a number of central administrative services to agencies of state and local government.

In order to fulfill these responsibilities, the Cabinet has been assigned wide-ranging duties with respect to policy formulation, expenditure control, state purchasing, construction of state facilities, property management, computer services, and various other activities to improve the efficiency and effectiveness of programs throughout state government.

FINANCE AND ADMINISTRATION
General Administration

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,783,200	9,956,000	10,059,000	8,805,000	8,830,000
Reorganization Adjustment	-287,800				
Total General Fund	8,495,400	9,956,000	10,059,000	8,805,000	8,830,000
Restricted Agency Funds					
Balance Forward	2,733,000	2,537,000	2,449,000	2,537,000	1,911,000
Current Receipts	2,717,500	2,764,500	2,783,500	2,564,500	2,564,500
Non-Revenue Receipts	749,500	745,500	753,500	1,132,500	1,153,500
Total Restricted Agency Funds	6,200,000	6,047,000	5,986,000	6,234,000	5,629,000
Federal Funds					
Balance Forward	1,764,000	1,000	1,000	1,000	
Current Receipts	56,926,500	59,117,000	59,117,000	59,117,000	59,117,000
Revenue Redistribution	-608,500	-985,000	-985,000	-985,000	-985,000
Total Federal Funds	58,082,000	58,133,000	58,133,000	58,133,000	58,132,000
Road Fund					
Regular Appropriation	125,000	125,000	125,000	125,000	125,000
TOTAL FUNDS	72,902,400	74,261,000	74,303,000	73,297,000	72,716,000
EXPENDITURES BY CLASS					
Personnel Costs	8,104,900	8,917,000	9,514,500	8,771,000	9,321,000
Operating Expenses	53,439,500	53,939,500	54,014,000	53,896,000	53,955,000
Grants, Loans or Benefits	8,250,000	8,755,000	8,355,000	8,525,000	8,125,000
Debt Service	50,000	28,000	28,000	28,000	28,000
Capital Outlay	520,000	171,500	171,500	166,000	166,000
TOTAL EXPENDITURES	70,364,400	71,811,000	72,083,000	71,386,000	71,595,000
EXPENDITURES BY UNIT					
Secretary	4,173,000	5,291,000	5,277,000	4,997,800	4,972,800
Financial Management and Economic Analysis	53,428,700	53,278,500	53,393,500	53,278,000	53,393,000
Controller	12,762,700	13,241,500	13,412,500	13,212,000	13,373,000
EMPOWER Kentucky General Fund Savings				-101,800	-143,800
TOTAL EXPENDITURES	70,364,400	71,811,000	72,083,000	71,386,000	71,595,000

General Administration provides central coordination and management necessary to ensure the effective performance of the other programs administered by the Cabinet.

FINANCE AND ADMINISTRATION
General Administration
Secretary

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,800,000	3,678,500	3,586,000	3,210,800	3,107,800
Reorganization Adjustment	-185,000				
Total General Fund	<u>2,615,000</u>	<u>3,678,500</u>	<u>3,586,000</u>	<u>3,210,800</u>	<u>3,107,800</u>
Restricted Agency Funds					
Balance Forward	610,500	462,000	293,500	462,000	307,000
Current Receipts	849,500	889,500	908,500	689,500	689,500
Non-Revenue Receipts	435,000	429,500	443,500	816,500	843,500
Total Restricted Agency Funds	<u>1,895,000</u>	<u>1,781,000</u>	<u>1,645,500</u>	<u>1,968,000</u>	<u>1,840,000</u>
Federal Funds					
Balance Forward	1,000	1,000	1,000	1,000	
Road Fund					
Regular Appropriation	125,000	125,000	125,000	125,000	125,000
TOTAL FUNDS	<u>4,636,000</u>	<u>5,585,500</u>	<u>5,357,500</u>	<u>5,304,800</u>	<u>5,072,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	3,084,000	3,562,500	3,884,500	3,500,700	3,811,800
Operating Expenses	621,500	843,000	907,000	847,100	911,000
Grants, Loans or Benefits	250,000	755,000	355,000	525,000	125,000
Capital Outlay	217,500	130,500	130,500	125,000	125,000
TOTAL EXPENDITURES	<u>4,173,000</u>	<u>5,291,000</u>	<u>5,277,000</u>	<u>4,997,800</u>	<u>4,972,800</u>
EXPENDITURES BY UNIT					
Secretary	579,400	965,500	594,500	959,800	587,800
Kentucky Information Resources					
Management Commission	685,000	717,000	733,000	591,000	606,000
Equal Employment Opportunity	155,000	165,500	173,500	164,000	171,000
Geographic Information Systems	270,000	489,500	502,000	351,000	362,000
Internal Audit	140,000	130,500	136,000	130,000	135,000
Information Resources	378,500	571,500	590,500	567,000	585,000
Legal and Legislative Services	317,400	394,000	407,000	391,000	403,000
Management and Budget	922,200	952,000	998,500	944,000	988,000
Gubernatorial Transition			200,000		200,000
Capital Plaza Operations	725,500	905,500	942,000	900,000	935,000
TOTAL EXPENDITURES	<u>4,173,000</u>	<u>5,291,000</u>	<u>5,277,000</u>	<u>4,997,800</u>	<u>4,972,800</u>

The Office of the Secretary provides the strategic direction and leadership for the Cabinet, establishing the focus for policy development, implementation, and program priorities. This Office includes Geographic Information Systems, Kentucky Information Resources Management, Equal Employment Opportunity Contract Compliance, funding for gubernatorial transition, Capital Plaza Operations, and Legal and Legislative Services. The Secretary serves as the Chief Financial Officer of the Commonwealth and acts as advisor to the Governor and the General Assembly on financial matters.

The Office of Equal Employment Opportunity and Contract Compliance is responsible for monitoring contracts in excess of \$250,000 to ensure compliance with the affirmative action provisions of the Kentucky Equal Employment Opportunity Act, KRS 45.560 - 45.640, and developing and monitoring the affirmative action plan for the Cabinet.

The Office of Legal and Legislative Services provides legal and legislative assistance to the departments of the Finance and Administration Cabinet and Cabinet related entities. In the performance of these duties, members of this office represent the Secretary and the Cabinet in civil litigation before the circuit and district courts of the Commonwealth, the courts of the United States federal legal system, and Commonwealth and Federal Appellate courts.

The Office for Management and Budget is responsible for providing personnel, fiscal, and payroll coordination and management for all departments within the Finance and Administration Cabinet and other Cabinet related entities in order to ensure the effective performance of their programs.

The Division of Internal Audit conducts internal audits, investigations and management reviews within the Finance and Administration Cabinet.

The Division of Information Resources (DIS) coordinates and provides information technology resources for the Finance and Administration Cabinet, serving the Finance and Administration Cabinet agencies with planning assistance, network support, systems development and maintenance, and hardware/software procurement.

The Kentucky Information Resources Management Commission provides administrative support for information technology leadership responsibilities and duties of the Kentucky Information Systems Commission established by KRS 61.950, the adjunct Communications Advisory Council established by KRS 61.957, and the Office of Geographic Information Systems and Geographic Information Advisory Council established by Executive Order 92-1049. The Office will continue to be funded through DIS charges with the exception of its Research and Development component which will be funded equally with Road Funds and General Funds.

The Office of Capital Plaza Operations was created by Executive Order 97-1327, effective October 13, 1997, and it is attached to the Office of the Secretary. The Office manages and operates the Capital Plaza Complex including the Capital Plaza Tower Office building, commercial spaces and the Civic Center. The Capital Development Committee is composed of ten members: the Secretary of the Finance and Administration Cabinet, the Secretary of the Economic Development Cabinet, the Secretary of the Education, Arts and Humanities Cabinet, the Commissioner of the Department of Travel Development, the Executive Director of the Office of Capital Plaza Operations, the Mayor of the City of Frankfort, the Franklin County Judge/Executive, the Chairman of the Frankfort/Franklin County Tourist and Convention Commission, a resident of Franklin County appointed by the County Judge/Executive and a resident of Frankfort appointed by the Mayor. The Capital Development Committee ensures the proper coordination of state government initiatives that impact the City of Frankfort and Franklin County government.

Policy

Included in the Governor's recommended budget is additional General Funds in the amount of \$71,500 in fiscal year 1999 and \$65,000 in fiscal year 2000 for two additional staff for the Division of Information Resources.

Included in the above restricted fund appropriation is \$357,000 in fiscal year 1999 and \$362,000 in fiscal year 2000 to fund the operating costs of the Office for Geographic Information Systems. These receipts will be derived from any state agency or university that directly benefits from the implementation of the Geographic Information Systems basemap technology. The Office of Geographic Information Systems will recommend, and the Kentucky Information Resources Management (KIRM) Commission will approve, the cost allocation plan. Upon approval by KIRM, the agencies and universities shall pay their proportional share of the plan.

Expenditures included for the KIRM Commission reflect Road Funds in the amount of \$125,000 in each year of fiscal biennium 1998-2000 and agency/restricted funds (remainder) at a continuation level of funding. General Funds in the amount of \$125,000 in each year of fiscal biennium 1998-2000 have been deleted. Should the Commission find it necessary to increase its level of spending, subject to appropriate authorizations and oversight, such additional expenses shall be offset by proposed charges to state agencies and university users. The Commission is administratively attached to the Office of the Secretary of the Finance and Administration Cabinet whose authority and interpretive powers shall be recognized as final and conclusive in these matters.

FINANCE AND ADMINISTRATION
General Administration
Financial Management and Economic Analysis

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,442,700	1,377,000	1,418,000	825,000	850,000
Restricted Agency Funds					
Balance Forward	1,837,000	1,800,000	1,905,500	1,800,000	1,354,000
Current Receipts	1,868,000	1,875,000	1,875,000	1,875,000	1,875,000
Total Restricted Agency Funds	3,705,000	3,675,000	3,780,500	3,675,000	3,229,000
Federal Funds					
Balance Forward	1,763,000				
Current Receipts	48,926,500	51,117,000	51,117,000	51,117,000	51,117,000
Revenue Redistribution	-608,500	-985,000	-985,000	-985,000	-985,000
Total Federal Funds	50,081,000	50,132,000	50,132,000	50,132,000	50,132,000
TOTAL FUNDS	55,228,700	55,184,000	55,330,500	54,632,000	54,211,000
EXPENDITURES BY CLASS					
Personnel Costs	1,743,200	1,830,000	1,920,000	1,830,000	1,920,000
Operating Expenses	51,488,000	51,383,000	51,408,000	51,383,000	51,408,000
Debt Service	50,000	28,000	28,000	28,000	28,000
Capital Outlay	147,500	37,500	37,500	37,000	37,000
TOTAL EXPENDITURES	53,428,700	53,278,500	53,393,500	53,278,000	53,393,000
EXPENDITURES BY UNIT					
Administration	2,528,700	2,425,500	2,515,500	2,425,000	2,515,000
State Banking Contract	850,000	825,000	850,000	825,000	850,000
Trustee Fees	50,000	28,000	28,000	28,000	28,000
KIA Federal Match	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
TOTAL EXPENDITURES	53,428,700	53,278,500	53,393,500	53,278,000	53,393,000

The Office of Financial Management and Economic Analysis is responsible for analyzing cash flow requirements, maximizing the return on state investments, coordinating cash needs with debt and investment activity, developing a long-term debt plan, and evaluating the economic impact of debt funded projects. In addition, this Office approves debt issues of all state debt issuing entities, administers the total bonded indebtedness of the Commonwealth, and provides staff assistance to many debt-issuing authorities.

This Office is also responsible for Executive Branch input into the state revenue estimate, developing policies relating to revenue estimation, and analysis of issues relating to revenue estimates and special tax studies.

Policy

General Fund support for the operations of the Office for Financial Management and Economic Analysis beyond that which is required to fund the state banking contract has been eliminated.

FINANCE AND ADMINISTRATION
General Administration
Controller

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,540,500	4,900,500	5,055,000	4,871,000	5,016,000
Reorganization Adjustment	-102,800				
Total General Fund	4,437,700	4,900,500	5,055,000	4,871,000	5,016,000
Restricted Agency Funds					
Balance Forward	285,500	275,000	250,000	275,000	250,000
Non-Revenue Receipts	314,500	316,000	310,000	316,000	310,000
Total Restricted Agency Funds	600,000	591,000	560,000	591,000	560,000
Federal Funds					
Current Receipts	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TOTAL FUNDS	13,037,700	13,491,500	13,615,000	13,462,000	13,576,000
EXPENDITURES BY CLASS					
Personnel Costs	3,277,700	3,524,500	3,710,000	3,495,000	3,670,000
Operating Expenses	1,330,000	1,713,500	1,699,000	1,713,000	1,699,000
Grants, Loans or Benefits	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Capital Outlay	155,000	3,500	3,500	4,000	4,000
TOTAL EXPENDITURES	12,762,700	13,241,500	13,412,500	13,212,000	13,373,000
EXPENDITURES BY UNIT					
Accounts	4,437,700	4,900,500	5,055,000	4,871,000	5,016,000
Social Security	325,000	341,000	357,500	341,000	357,000
Empowerment Zones	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TOTAL EXPENDITURES	12,762,700	13,241,500	13,412,500	13,212,000	13,373,000

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

The Division of Social Security administers, for the benefit of state employees and political subdivisions within the Commonwealth, the Old Age and Survivors Insurance program under Section 218 of the federal Social Security Act. This program is responsible for ensuring that the social security obligations of the state and its political subdivisions are met. To fulfill this responsibility, the State Office for Social Security periodically visits each of the political subdivisions for a procedural, compliance, and fiscal audit pursuant to KRS 61.410 - 61.500.

The Division of Accounts is responsible for maintenance and operation of the central statewide accounting system and provides centralized accounting of all receipts and disbursements of the Commonwealth. In addition, this division prepares daily, monthly and annual financial reports, which constitute a complete report of the financial condition of the Commonwealth. Centralized accounting for all state government transactions ensures consistency in the recording and classification of receipts and expenditures, and provides the Judicial, Executive and Legislative branches the means of exercising supervision, control and allocation of the Commonwealth's financial resources.

FINANCE AND ADMINISTRATION
Debt Service

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,474,000	163,742,000	177,175,000	142,743,000	158,864,000
Special Appropriation	10,112,000				
TOTAL FUNDS	<u>30,586,000</u>	<u>163,742,000</u>	<u>177,175,000</u>	<u>142,743,000</u>	<u>158,864,000</u>
EXPENDITURES BY CLASS					
Debt Service	30,586,000	163,742,000	177,175,000	142,743,000	158,864,000
TOTAL EXPENDITURES	<u>30,586,000</u>	<u>163,742,000</u>	<u>177,175,000</u>	<u>142,743,000</u>	<u>158,864,000</u>
EXPENDITURES BY UNIT					
Debt Service	30,586,000	163,742,000	177,175,000		
26-2				3,198,000	3,199,000
30-5				8,645,000	8,635,000
31-4				3,390,000	3,389,000
32-3				3,952,000	3,953,000
39-2				513,000	510,000
40-2				2,698,000	2,695,000
53				11,723,000	11,704,000
54				14,017,000	15,664,000
55				32,800,000	32,862,000
56				4,756,000	4,758,000
57				3,726,000	3,720,000
58				907,000	901,000
59				33,980,000	32,432,000
Previously Authorized				5,111,000	17,903,000
Winchester State Office Building					242,000
Fund A				2,787,000	2,777,000
Fund B				7,182,000	7,180,000
Fund E				765,000	770,000
Previously Authorized				889,000	889,000
New Fund A					534,000
New Fund F					478,000
ED-1992				1,695,000	3,669,000
ED-1995				9,000	
TOTAL EXPENDITURES	<u>30,586,000</u>	<u>163,742,000</u>	<u>177,175,000</u>	<u>142,743,000</u>	<u>158,864,000</u>

Included in the appropriated amounts is \$142,743,000 in fiscal year 1999 and \$157,610,000 in fiscal year 2000 to support existing debt and previously authorized bonds for multiple agency capital projects. Also included is \$1,012,000 in fiscal year 2000 to support \$10,600,000 in new bonds for the Kentucky Infrastructure Authority programs. Additionally, \$242,000 in FY 2000 is provided to support the new \$2,500,000 Winchester State Office Building Project.

Policy

Pursuant to the 1998-2000 Budget Instructions and consistent with the intent of House Bill 5 of the 1997 Extraordinary Session of the General Assembly, all previously authorized State Property and Buildings Commission General Fund Debt Service for all agencies is now consolidated in the Finance and Administration Cabinet. All new 1998-2000 State Property and Buildings Commission General Fund Debt Service (beyond that which directly affects the Finance and Administrative Cabinet's programs) is reflected in the recommendations of the affected agencies.

**FINANCE AND ADMINISTRATION
County Costs**

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,586,100	16,186,000	16,186,000	16,186,000	16,186,000
Special Appropriation	1,600,000				
Total General Fund	<u>16,186,100</u>	<u>16,186,000</u>	<u>16,186,000</u>	<u>16,186,000</u>	<u>16,186,000</u>
Restricted Agency Funds					
Balance Forward	206,500	206,500	206,500	206,500	206,500
Current Receipts	1,327,000	1,327,000	1,327,000	1,327,000	1,327,000
Total Restricted Agency Funds	<u>1,533,500</u>	<u>1,533,500</u>	<u>1,533,500</u>	<u>1,533,500</u>	<u>1,533,500</u>
TOTAL FUNDS	<u>17,719,600</u>	<u>17,719,500</u>	<u>17,719,500</u>	<u>17,719,500</u>	<u>17,719,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	505,100	505,000	505,000	505,000	505,000
Operating Expenses	14,958,000	14,958,000	14,958,000	14,958,000	14,958,000
Grants, Loans or Benefits	2,050,000	2,050,000	2,050,000	2,050,000	2,050,000
TOTAL EXPENDITURES	<u>17,513,100</u>	<u>17,513,000</u>	<u>17,513,000</u>	<u>17,513,000</u>	<u>17,513,000</u>
EXPENDITURES BY UNIT					
County Costs	15,836,100	15,836,000	15,836,000	15,836,000	15,836,000
Access to Justice	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Public Defender Program	477,000	477,000	477,000	477,000	477,000
TOTAL EXPENDITURES	<u>17,513,100</u>	<u>17,513,000</u>	<u>17,513,000</u>	<u>17,513,000</u>	<u>17,513,000</u>

FINANCE AND ADMINISTRATION
County Costs
County Costs

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,386,100	14,986,000	14,986,000	14,986,000	14,986,000
Special Appropriation	1,600,000				
Total General Fund	<u>14,986,100</u>	<u>14,986,000</u>	<u>14,986,000</u>	<u>14,986,000</u>	<u>14,986,000</u>
Restricted Agency Funds					
Balance Forward	146,500	146,500	146,500	146,500	146,500
Current Receipts	850,000	850,000	850,000	850,000	850,000
Total Restricted Agency Funds	<u>996,500</u>	<u>996,500</u>	<u>996,500</u>	<u>996,500</u>	<u>996,500</u>
TOTAL FUNDS	<u>15,982,600</u>	<u>15,982,500</u>	<u>15,982,500</u>	<u>15,982,500</u>	<u>15,982,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	33,100	33,000	33,000	33,000	33,000
Operating Expenses	14,953,000	14,953,000	14,953,000	14,953,000	14,953,000
Grants, Loans or Benefits	850,000	850,000	850,000	850,000	850,000
TOTAL EXPENDITURES	<u>15,836,100</u>	<u>15,836,000</u>	<u>15,836,000</u>	<u>15,836,000</u>	<u>15,836,000</u>
EXPENDITURES BY UNIT					
Witness Program	150,000	150,000	150,000	150,000	150,000
Sheriffs' Fees	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
County Clerks (Tax Bills)	300,000	300,000	300,000	300,000	300,000
Board of Assessment Appeals	110,000	110,000	110,000	110,000	110,000
Fugitive from Justice	790,000	790,000	790,000	790,000	790,000
Jury Fund	4,110,100	4,110,000	4,110,000	4,110,000	4,110,000
Sheriffs' Expense Allowance	465,000	465,000	465,000	465,000	465,000
Premium on Sheriffs Bond	30,000	30,000	30,000	30,000	30,000
Base Court Revenue	5,431,000	5,431,000	5,431,000	5,431,000	5,431,000
DUI Service Fees	850,000	850,000	850,000	850,000	850,000
TOTAL EXPENDITURES	<u>15,836,100</u>	<u>15,836,000</u>	<u>15,836,000</u>	<u>15,836,000</u>	<u>15,836,000</u>

County Costs expenditures are for payments primarily to local officials for the performance of functions required by state statutes. For example, a sheriff is paid by the state for services rendered to the state in enforcing state laws. This falls within the Criminal Prosecutions program. Also, a witness in a state court trial is paid by the state for performing a function required by state statute. This is an example of the Miscellaneous Fee program. Payments under the County Cost program are statutorily mandated except for the Base Court Revenue program. Therefore all programs other than Base Court Revenue are regarded as necessary government expenses.

**FINANCE AND ADMINISTRATION
County Costs
Access to Justice**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000

In accordance with the provisions of KRS Chapter 27A, the Chief Justice of the Commonwealth of Kentucky will designate a nonprofit agency to operate and administer programs for the provision of legal services to indigent clients involved in civil matters within each judicial district. Upon receipt of notice of designation of an agency by the circuit clerk, there will be added to the filing fee in all civil actions filed in Circuit Court, the sum of ten dollars (\$10), and to all civil actions filed in District Court, the sum of five dollars (\$5). This fee shall be designated as Access to Justice Fee, and shall be charged at the time of filing the first papers in the action. All fees collected during each month shall be placed in the General Fund of the State Treasury. The fees collected will be distributed monthly by the Finance and Administration Cabinet to the designated agencies on a pro rata basis. These funds shall be used by the designated agencies to carry out the duties prescribed in KRS 27A.610. All unused or uncommitted funds received by a designated agency during its fiscal year shall be returned to the State Treasury, to be redistributed the following year.

**FINANCE AND ADMINISTRATION
County Costs
Public Defender**

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	60,000	60,000	60,000	60,000	60,000
Current Receipts	477,000	477,000	477,000	477,000	477,000
TOTAL FUNDS	<u>537,000</u>	<u>537,000</u>	<u>537,000</u>	<u>537,000</u>	<u>537,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	472,000	472,000	472,000	472,000	472,000
Operating Expenses	5,000	5,000	5,000	5,000	5,000
TOTAL EXPENDITURES	<u>477,000</u>	<u>477,000</u>	<u>477,000</u>	<u>477,000</u>	<u>477,000</u>

KRS 31.185 requires the fiscal court or legislative body of an urban county government containing less than ten Circuit Judges, to annually appropriate twelve and one-half (\$.125) cents per capita, of the population of the county as determined by the Council of Local Governments' most recent population statistics, to a special account to be administered by the Finance and Administration Cabinet. The funds, which shall not lapse, shall be used to pay all court orders (KRS 31.185[1]) that have been entered into as a result of a needy defendant's motion for funding assistance. If the funds are depleted in any given year, any unpaid court orders would be paid as judgement against the Commonwealth.

**FINANCE AND ADMINISTRATION
County Fees**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Restricted Agency Funds					
Balance Forward	2,979,500	13,479,500	13,479,500	13,479,500	13,479,500
Current Receipts	51,855,000	49,744,000	51,771,000	49,744,000	51,771,000
TOTAL FUNDS	54,834,500	63,223,500	65,250,500	63,223,500	65,250,500
EXPENDITURES BY CLASS					
Personnel Costs	25,231,500	30,396,500	31,915,500	30,396,500	31,915,500
Operating Expenses	14,637,000	16,894,500	17,402,500	16,894,500	17,402,500
Capital Outlay	1,486,500	2,453,000	2,453,000	2,453,000	2,453,000
TOTAL EXPENDITURES	41,355,000	49,744,000	51,771,000	49,744,000	51,771,000

Fee officers, including county clerks, sheriffs, and jailers in counties having a population of 70,000 or more, must deposit their fees and commissions into the State Treasury. Seventy-five percent of the fee officer's income is deposited to his/her account for expenditures and the remaining 25 percent is deposited to the credit of the respective county fiscal court or urban county government. The balance of funds in the 25 percent account is returned to the respective county government quarterly. Any portion of the fee officer's income that is unused at the end of his/her term will revert to his/her county fiscal court or urban county government rather than lapse to the General Fund surplus.

FINANCE AND ADMINISTRATION
Administration

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,713,100	3,977,000	4,136,500	3,852,000	3,943,000
Reorganization Adjustment	110,000				
Total General Fund	3,823,100	3,977,000	4,136,500	3,852,000	3,943,000
Restricted Agency Funds					
Balance Forward	3,009,500	1,867,500	2,060,000	1,867,500	2,060,000
Current Receipts	2,878,500	3,039,000	3,038,500	2,996,500	2,996,000
Non-Revenue Receipts	14,359,000	5,259,000	5,559,000	5,259,000	5,559,000
Total Restricted Agency Funds	20,247,000	10,165,500	10,657,500	10,123,000	10,615,000
Road Fund					
Regular Appropriation	246,000	257,000	270,000	257,000	270,000
TOTAL FUNDS	24,316,100	14,399,500	15,064,000	14,232,000	14,828,000
EXPENDITURES BY CLASS					
Personnel Costs	7,741,100	7,711,000	8,119,500	7,624,000	8,014,000
Operating Expenses	14,226,000	4,249,000	4,360,500	4,175,000	4,277,000
Capital Outlay	398,500	291,000	226,500	290,000	186,000
Construction	83,000	83,000	83,000	83,000	83,000
TOTAL EXPENDITURES	22,448,600	12,334,000	12,789,500	12,172,000	12,560,000
EXPENDITURES BY UNIT					
Commissioner	3,713,000	3,838,500	4,023,000	3,779,200	3,920,200
Purchases	13,010,100	3,326,000	3,446,000	3,263,000	3,376,000
Printing	5,725,500	5,169,500	5,320,500	5,168,000	5,320,000
EMPOWER Kentucky General Fund Savings				-38,200	-56,200
TOTAL EXPENDITURES	22,448,600	12,334,000	12,789,500	12,172,000	12,560,000

The Department for Administration is responsible for providing statewide procurement of commodities and contract services, printing services, postal services, creative and technical production in the visual and media arts, administrative assistance to the boards and commissions, and administration of the Commonwealth's Risk Management program.

FINANCE AND ADMINISTRATION
Administration
Commissioner

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,672,000	1,818,500	1,912,000	1,801,200	1,851,200
Reorganization Adjustment	110,000				
Total General Fund	1,782,000	1,818,500	1,912,000	1,801,200	1,851,200
Restricted Agency Funds					
Balance Forward	192,500	164,500	205,000	164,500	205,000
Current Receipts	1,657,000	1,803,500	1,848,000	1,761,500	1,806,000
Total Restricted Agency Funds	1,849,500	1,968,000	2,053,000	1,926,000	2,011,000
Road Fund					
Regular Appropriation	246,000	257,000	270,000	257,000	270,000
TOTAL FUNDS	3,877,500	4,043,500	4,235,000	3,984,200	4,132,200
EXPENDITURES BY CLASS					
Personnel Costs	2,774,000	3,104,500	3,267,000	3,088,400	3,247,300
Operating Expenses	717,500	686,500	706,000	643,800	662,900
Capital Outlay	221,500	47,500	50,000	47,000	10,000
TOTAL EXPENDITURES	3,713,000	3,838,500	4,023,000	3,779,200	3,920,200
EXPENDITURES BY UNIT					
Commissioner	252,500	354,000	371,500	351,200	368,200
Creative Services	884,000	800,500	840,500	793,000	792,000
Risk Management	155,500	161,500	169,500	160,000	167,000
Occupations and Professions	469,500	574,500	602,000	574,000	602,000
Postal Services	1,951,500	1,948,000	2,039,500	1,901,000	1,991,000
TOTAL EXPENDITURES	3,713,000	3,838,500	4,023,000	3,779,200	3,920,200

The Commissioner's Office coordinates and supervises the activities of risk management, procurement contract services, surplus personal property disposal, occupations and professions, postal services, and printing, and the creative and technical production in the visual and media arts.

Postal Services provides over 63 state agencies with an economical method for dispatching both postal and messenger mail service, advises agencies concerning U. S. Postal Service rules and regulations, and recommends appropriate changes in procedures that would eliminate waste.

The Division of Occupations and Professions provides administrative services, technical assistance and advice to the following boards: Hearing Instrument Specialists, Nursing Home Administrators, Proprietary Education, Psychologists, Speech Pathologists and Audiologists, Social Workers, Occupational Therapy, Dietitians and Nutritionists, Athletic Commission, Professional Geologists, Respiratory Care, Veterinary Examiners, Marriage and Family Therapy, Art Therapy, Ophthalmic Dispensers, Alcohol and Drug Counselors, and the Professional Counselors. The assistance provided to the boards includes such areas as budgeting, accounting, personnel management, purchasing, and the other fundamental administrative operations common to all state agencies.

The Division of Risk Management advises the Commissioner and the Secretary of the Finance and Administration Cabinet on matters relating to the Commonwealth's self-insured and insured programs.

The Division of Creative Services provides photography, audio visual, and graphics arts services to state government.

FINANCE AND ADMINISTRATION
Administration
Purchases

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,041,100	2,158,500	2,224,500	2,089,000	2,148,000
Restricted Agency Funds					
Balance Forward	1,850,500	1,503,000	1,565,500	1,503,000	1,564,000
Current Receipts	1,221,500	1,235,500	1,190,500	1,235,000	1,190,000
Non-Revenue Receipts	9,400,000				
Total Restricted Agency Funds	12,472,000	2,738,500	2,756,000	2,738,000	2,754,000
TOTAL FUNDS	14,513,100	4,897,000	4,980,500	4,827,000	4,902,000
EXPENDITURES BY CLASS					
Personnel Costs	2,692,600	2,242,000	2,359,500	2,179,000	2,289,000
Operating Expenses	10,272,500	1,084,000	1,086,500	1,084,000	1,087,000
Capital Outlay	45,000				
TOTAL EXPENDITURES	13,010,100	3,326,000	3,446,000	3,263,000	3,376,000
EXPENDITURES BY UNIT					
Purchases	2,042,600	2,158,500	2,224,500	2,095,000	2,154,000
Central Stores	9,835,000				
State Surplus Property	213,500	224,000	233,500	224,000	233,000
Federal Surplus Property	919,000	943,500	988,000	944,000	989,000
TOTAL EXPENDITURES	13,010,100	3,326,000	3,446,000	3,263,000	3,376,000

The Division of Purchases is the central purchasing and materials management agency for state government. This division is responsible for the procurement of all commodities and services (except for real property, construction, and related items) utilized by the Commonwealth. The state and federal Surplus Property programs are also responsibilities of the Division.

FINANCE AND ADMINISTRATION
Administration
Printing

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	966,500	200,000	289,500	200,000	289,500
Non-Revenue Receipts	4,959,000	5,259,000	5,559,000	5,259,000	5,559,000
TOTAL FUNDS	<u>5,925,500</u>	<u>5,459,000</u>	<u>5,848,500</u>	<u>5,459,000</u>	<u>5,848,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	2,274,500	2,364,500	2,493,000	2,364,000	2,493,000
Operating Expenses	3,236,000	2,478,500	2,568,000	2,478,000	2,568,000
Capital Outlay	132,000	243,500	176,500	243,000	176,000
Construction	83,000	83,000	83,000	83,000	83,000
TOTAL EXPENDITURES	<u>5,725,500</u>	<u>5,169,500</u>	<u>5,320,500</u>	<u>5,168,000</u>	<u>5,320,000</u>

The Division of Printing was created to meet the printing needs of state government on a timely and efficient basis. This division continues to coordinate the printing services and evaluate the printing needs of most state agencies. This division is providing just-in-time printing of forms and is working towards forms management for state government.

**FINANCE AND ADMINISTRATION
Facilities Management**

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,690,100	9,178,000	9,440,000	8,087,000	8,365,000
Reorganization Adjustment	-110,000				
Total General Fund	<u>6,580,100</u>	<u>9,178,000</u>	<u>9,440,000</u>	<u>8,087,000</u>	<u>8,365,000</u>
Restricted Agency Funds					
Balance Forward	2,431,000	1,594,000	1,042,000	1,594,000	1,041,000
Current Receipts	52,500	34,000	35,000	34,000	35,500
Non-Revenue Receipts	16,193,000	18,510,500	19,466,000	18,510,000	19,466,500
Total Restricted Agency Funds	<u>18,676,500</u>	<u>20,138,500</u>	<u>20,543,000</u>	<u>20,138,000</u>	<u>20,543,000</u>
TOTAL FUNDS	<u>25,256,600</u>	<u>29,316,500</u>	<u>29,983,000</u>	<u>28,225,000</u>	<u>28,908,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	13,371,600	16,206,500	17,640,000	15,492,000	16,853,000
Operating Expenses	9,666,000	11,428,500	11,698,500	11,053,000	11,410,000
Capital Outlay	625,000	639,500	560,000	639,000	560,000
TOTAL EXPENDITURES	<u>23,662,600</u>	<u>28,274,500</u>	<u>29,898,500</u>	<u>27,184,000</u>	<u>28,823,000</u>
EXPENDITURES BY UNIT					
Commissioner	352,400	418,500	434,000	413,700	428,800
Engineering	1,637,000	3,059,000	3,107,000	2,388,000	2,467,000
Contracting and Administration	989,500	1,330,500	1,360,000	1,103,000	1,152,000
Building Services	19,224,200	21,616,500	23,053,500	21,503,000	22,930,000
Real Properties	993,500	1,196,500	1,261,500	1,186,000	1,248,000
Historic Properties	466,000	653,500	682,500	622,000	650,000
EMPOWER Kentucky General Fund Savings				-31,700	-52,800
TOTAL EXPENDITURES	<u>23,662,600</u>	<u>28,274,500</u>	<u>29,898,500</u>	<u>27,184,000</u>	<u>28,823,000</u>

The Department for Facilities Management consists of the Commissioner's Office and six Divisions: Contracting and Administration; Engineering; Historic Properties; Building Services; Mechanical Maintenance & Operations; and Real Properties. The Department manages the state's facilities construction program; provides property maintenance services for Finance and Administration Cabinet buildings; provides management and oversight of state-owned historical buildings and sites; and provides real property acquisition, disposition, leasing and inventory services.

The Commissioner's Office coordinates and supervises the activities of engineering, contracting and administration, building maintenance and operations and management of real properties and historic properties owned by the Finance and Administration Cabinet.

Pursuant to KRS 12.020, 42.014, and 42.027, the Division of Engineering provides overall professional and technical engineering and architectural assistance to state agencies; reviews capital construction design documents; acts as a liaison between the Department and state agencies on new construction and major maintenance projects; and monitors construction and maintenance contracts for compliance with plans and specifications.

The Division of Engineering is responsible for the supervision of design and construction activities for capital construction projects. Project architects and engineers participate with the Department's architectural and engineering consultants and purchasing officers in the review of construction bids prior to contract award. After contract award, project engineers and architects supervise construction, review its progress and resolve problem areas. Division personnel approve payments to consultants, contractors and other vendors. They also initiate documents associated with the capital construction process such as secretary's orders and monthly status reports.

The Division of Engineering also performs continuing consultation work with the various agencies of state government and universities. These consultation sessions may include any of the following areas: roofing, architectural, mechanical, electrical, and/or structural, and possible solutions to needs or problems in these areas.

The Division of Contracting and Administration, authorized by KRS 42.027, administers the procurement process for construction projects of the Commonwealth of Kentucky, excluding roads and bridges. The basic procurement procedures and practices are prescribed by the Kentucky Model Procurement Code, KRS 45A, and the related administrative regulations as required by the Model Procurement Code. Included in the responsibilities of the Division are the preparation of invitations to bid, the opening and evaluation of those bids, and the awarding of the contracts. There are four branches within this division. The General Contracting Branch provides general construction procurement, and administers the advertising and awarding of state general construction projects and related support systems; provides procurement information to state agencies; and administers procurement programs for new building construction, renovation, and mechanical, electrical, and HVAC systems. The Specialized Contracting Branch administers the advertising and awarding of state specialized construction projects and related support systems; provides procurement information to state agencies; administers programs such as the reclamation of spoiled lands under the Abandoned Mines Lands Program; the procurement of state-owned telephone switching systems; asbestos abatement projects; and price contracts for maintenance elevators, escalators, and similar services. The Administrative Services Branch provides varied support services to the Division and Department in the areas of professional services on contract awards and capital construction secretary's orders; maintains central project data files and sealed bid files; and administers a computer program indicating the progress and status of capital construction projects. The Pre-Audit Branch administers the accounting, pre-auditing, and processing of billing invoices from architects, engineers, contractors and vendors on active capital construction funded projects; maintains and administers fund allotment encumbrances, expenditures, and balances on all active capital construction projects by object code; and oversees expenditures and fund balances of the Division's operating budget.

The Division of Real Properties is responsible for leasing private property for housing state agencies throughout the Commonwealth; managing and allocating state office space for agencies located in Frankfort, except for highway purposes; administering systematic acquisition and disposition of various real property interests for state use and benefit; maintains property and deed records and checks inventory of facilities at state installations; administers vehicular parking and sign regulations in Frankfort facilities; and conducts in-depth analyses of Commonwealth space needs pursuant to KRS 42.027. The Division consists of four branches. The Leased Property Branch is responsible for administering space requests for leased property, acquisitions of privately-owned leased property for state use, lease renewals and cancellations, modifications to leased property, and related activities. The State Properties Branch administers space assignments for state-owned real property, acquisitions and sales of real properties, leases of state-owned real property to other entities, easements on state-owned real property, appraisals and appraisal reviews for acquisitions and dispositions, authorization of demolition of state-owned buildings, and relocation assistance. The Planning and Utilization Branch is responsible for administering space planning, space utilization, minor building alterations and renovations, and interior space standards. The Inventory and Compliance Branch administers inventory of state-owned real property, inventory of state-owned leased-out real property, inventory of state leased-in real property, building use permits, reserved parking assignments in Frankfort, and deed and easement records of state-owned real property.

The Division of Historic Properties, as mandated by KRS 42.014 and KRS 11.026, is responsible for the preservation and maintenance of Finance and Administration Cabinet-owned historic sites including the Kentucky State Capitol, Executive Mansion, Old Governor's Mansion, Berry Hill Mansion, Vest-Lindsey State Meeting House, and Henry Clay Law Office. The Division of Historic Properties as a part of the Department for Facilities Management works with the other Divisions to preserve and maintain those historic sites under the management and control of the Finance and Administration Cabinet and consults with the Department of Parks to preserve and maintain those historic sites under the management and control of the Tourism Cabinet. The same consultation services are provided to other agencies within state government as requested.

The Director of the Division of Historic Properties serves as State Curator and a member of the Historic Properties Advisory Commission. Staff of the Division of Historic Properties serve as staff for the Commission. The Commission is statutorily responsible for overseeing the maintenance, restoration, preservation and care of furnishings and grounds of the Executive Mansion, Old Governor's Mansion, and State Capitol grounds.

The Division of Historic Properties has responsibility for the tourist information program at the Executive Mansion, Old Governor's Mansion, and the Capitol Building. The tourist information staff manages the information desk at the Capitol, responds to inquiries and provides literature concerning state government, historic sites, and tourist attractions throughout the state in addition to providing tours. The staff also schedules tours and assembles and mails pre-site visit information packets to school groups and organizations planning to visit the Capitol and/or Mansions.

Historic Properties has full responsibility for the management of the Vest-Lindsey State Meeting House. This Office provides staff to coordinate the use of the facility by state agencies and provide tours for visitors. The main staff for the Division of Historic Properties is located at the Berry Hill Mansion. The Music Room and Library of that facility are being made available to state agencies and the general public for meetings and receptions.

Staff in Historic Properties are responsible for scheduling and coordinating events held in the public areas of the Capitol Building and grounds. Staff have established and implemented policies and guidelines for the use of this space to allow public access while preserving and protecting the historic and architectural integrity of the buildings and grounds.

These Divisions, as authorized by KRS 42.027, provide a multitude of services for all Finance and Administration Cabinet-operated buildings and for the State agencies occupying those facilities.

In the Franklin County area, the Divisions are responsible for and/or provide services in the following buildings: the Capitol, New Capitol Annex, Old Capitol, Old Capitol Annex, Capital Plaza Complex, Cabinet for Human Resources Building, Health Services Building, Governor's Mansion, Lieutenant Governor's Mansion, Bush Building, Hoge House, New State Office Building, Vest-Lindsey House, Central Utilities Plant, Library and Archives Building, Berry Hill Mansion, Berry Hill Carriage House, Airport Terminal, 701 Holmes Street, 501 Holmes Street (Consolidated Services Building), Fish and Wildlife, Kentucky Emergency Warning System (KEWS) Building, the Central Lab Facility, the new Kentucky History Center and the Capitol Boiler House.

The Divisions also provide services for and maintain all buildings at the London Regional and Madisonville State Office Complexes. In the Fayette County area, the Divisions are charged with maintaining and/or providing services for the Spindletop Research Complex (main office building and maintenance).

The following services are provided for each of the buildings listed above: minor renovations; maintenance of parking lots, sidewalks and ramps; cleaning of interior and exterior of the buildings; cleaning windows; maintaining the heating, ventilating, and air conditioning systems; maintaining special equipment within the buildings as requested; roof repair; glazing; fire alarm and security systems; electrical systems; energy conservation; elevator and escalator maintenance; emergency power systems maintenance; landscaping services; snow removal; after-hours emergency services; and other projects as assigned by the Commissioner.

Additionally, the Divisions are responsible for development of plans and specifications for a wide variety of construction projects. After plans and specifications are complete and have been approved, the Divisions oversee the construction phase and provide contract administration.

Policy

The Governor's recommended budget includes additional General Funds in the amount of \$240,000 in fiscal year 1999 and \$220,000 in fiscal year 2000 to support three additional staff in the Division of Engineering. Continuation funding from General Funds in the amount of \$476,000 in fiscal year 1999 and \$530,500 in fiscal year 2000 is also recommended to support six additional staff authorized in fiscal year 1998 and funded with one-time vacancy credits. Also recommended are three additional staff to be funded from the agency fund savings in the physical plant fund attributable to the Empower Kentucky program. This recommendation in total will add 12 new positions to the Division of Engineering (an approximate 45 percent personnel increase) with the intent to reduce the total amount of time from project authorization to project completion.

Also included in the Governor's recommendation are additional General Funds in the amount of \$92,000 in fiscal year 1999 and \$111,500 in fiscal year 2000 to support two additional staff (an approximate ten percent personnel increase) in the Division of Contracting and Administration with the intent to reduce the total amount of time from project authorization to project completion.

Also included in the Governor's recommendation are additional General Funds in the amount of \$65,500 in fiscal year 1999 and \$71,000 in fiscal year 2000 in the Office of the Commissioner to fund an additional three board members (a 100 percent increase) to serve on architect/engineering selection committees with the intent to reduce the total amount of time from project authorization to project completion.

FINANCE AND ADMINISTRATION
Information Systems

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	1,869,600	1,122,500	1,108,000	1,122,500	834,500
Non-Revenue Receipts	45,784,900	49,656,000	51,111,500	48,645,000	50,182,000
TOTAL FUNDS	47,654,500	50,778,500	52,219,500	49,767,500	51,016,500
EXPENDITURES BY CLASS					
Personnel Costs	23,317,500	25,060,500	26,750,000	24,625,000	26,238,000
Operating Expenses	17,162,000	18,558,000	18,267,500	18,256,000	18,014,000
Capital Outlay	938,000	815,000	688,000	815,000	688,000
Construction	5,114,500	5,237,000	5,444,500	5,237,000	5,444,000
TOTAL EXPENDITURES	46,532,000	49,670,500	51,150,000	48,933,000	50,384,000
EXPENDITURES BY UNIT					
Commissioner	1,134,000	1,793,500	1,888,500	1,777,000	1,866,000
Support Services	3,979,000	4,603,500	5,050,000	4,539,000	4,979,000
Systems Engineering	5,944,500	6,045,500	6,336,500	5,935,000	6,208,000
Systems Development	4,922,000	5,112,000	5,360,000	5,010,000	5,243,000
Network Services	7,547,500	8,649,000	8,834,500	8,412,000	8,635,000
Computer Services	13,196,500	13,923,500	13,988,000	13,743,000	13,797,000
Telecommunications	9,808,500	9,543,500	9,692,500	9,517,000	9,656,000
TOTAL EXPENDITURES	46,532,000	49,670,500	51,150,000	48,933,000	50,384,000

The Department of Information Systems (DIS) provides leadership, policy direction, and technical support to all executive agencies of state government in the application of information technology and the delivery of information services in fulfillment of the Commonwealth's missions and objectives. The primary responsibilities of the Department are to: assure compatibility, portability, and connectivity of Kentucky's information systems; and provide cost-effective support services to meet requirements of the Commonwealth's programmatic agencies within the Information Resources Architecture, adopted by the Kentucky Information Systems Commission. The Department operates under the authority of KRS 42.029.

The Department of Information Systems operates as an Internal Service Fund Agency with total budgetary support being derived through the application of a federally-approved cost allocation plan, which distributes all costs to user agencies based upon utilization of services.

The Department consists of the Commissioner's Office and six Divisions: Support Services; Systems Engineering; Systems Development; Network Services; Computer Services; and Telecommunications.

The Commissioner's Office formulates policies and procedures necessary for operation and support of the Commonwealth Data Center, as well as, for the planning, design, and implementation of automated systems to meet the strategic needs of client agencies.

Administrative responsibilities include providing general policy direction for personnel management; financial management; and the allocation of resources to maintain timely and cost-effective delivery of applications of development services, network services, and computer services.

The Division of Support Services is responsible for planning and procurement assistance, service coordination, data security, disaster recovery planning, statewide information technology training, fiscal administration, technical publications, and facilities support.

The Division coordinates the development of agency information resource plans, provides technical assistance for computer hardware/software procurements, implements security measures to assure that data integrity is maintained for all users, provides technical assistance for development of agency disaster recovery plans, provides technical training for DIS staff and user agency personnel, provides technical and policy information, provides cabling infrastructure services, provides facility support services to the department, and supports departmental fiscal and procurement services.

The Division of Systems Engineering is responsible for providing comprehensive systems analysis, design and development services, and application consulting services to designated state agencies with primary responsibility for supporting environmental, financial, labor, personnel, revenue, safety, justice, tourism, economic development, public protection, and transportation systems.

Major systems supported include: Statewide Accounting and Reporting System; Uniform Payroll and Personnel System; Automated Purchasing System; Kentucky Vehicle Information System; Revenue Integrated Tax System; Driver's License System; Corrections Offender Records Information and Operations Network; and Kentucky State Police Systems.

The Division of Systems Development is responsible for comprehensive systems analysis, design and development services and applications consulting services to designated state agencies with primary responsibility for supporting education, human services, and workforce development systems.

Major systems supported include: Automated Management Eligibility System — Food Stamps; Automated Management Eligibility System — Public Assistance; Automated Support and Enforcement System (Child Support); Education Systems; Health Systems; The Worker's Information System (TWIST); Unemployment Insurance Systems; Workers Compensation Systems.

The Division of Network Services is responsible for systems administration, network planning, network design, network management, research and evaluation of desktop and departmental computer technologies, support for end user computing, and information dissemination.

The Division provides planning, installation, and maintenance support for all hardware devices and data communications lines connected to the Kentucky Information Highway, provides continuous help desk services to all users of network computing applications, provides demonstrations of desktop and departmental technologies, provides technical consulting services for local area networks, supports the Internet and electronic mail facilities, and operates the Commonwealth of Kentucky Video Conference Center.

The Division of Computer Services is responsible for systems programming, technical support services, data storage, database management services, and all computer operations.

The Division maintains computer operations at the Commonwealth Data Center on a 24 hours a day, 7 days a week basis, with on-line computer applications available 7:00 a.m. to 7:00 p.m. daily. The Division also maintains and supports enterprise servers, operating systems and associated software; installs and maintains on-line systems management software; monitors hardware and software performance; manages allocation of data storage media; and provides technical assistance for database systems.

Policy

Included in the Governor's recommendation is \$750,000 in additional agency fund support in each year of fiscal biennium 1998-2000 to fund the ever-increasing demand for information technology training. A portion of these additional agency funds, \$296,100 in fiscal year 1999 and \$585,800 in fiscal year 2000, will originate from the Empower Kentucky savings attributable to the Computer Services Fund.

The Governor's recommendation assumes all rates charged to user agencies will remain constant throughout fiscal biennium 1998-2000 with the exception of the consulting services rate (personnel retention issue) which may have to be increased slightly to stay competitive with other agencies and the private sector. Although the rates charged are budgeted to remain constant, the usage by the agencies is expected to increase enough to fund the increase in expenditures recommended.

HEALTH SERVICES

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	807,724,000	889,051,000	1,023,235,800	863,201,600	903,916,300
Reorganization Adjustment	8,563,100				
Total General Fund	816,287,100	889,051,000	1,023,235,800	863,201,600	903,916,300
Restricted Agency Funds					
Balance Forward	25,635,600	27,013,100	1,437,100	47,944,200	60,408,100
Current Receipts	155,341,000	143,420,000	148,822,000	302,005,500	296,762,500
Non-Revenue Receipts	219,578,500	251,100,000	161,940,500	79,571,900	7,940,500
Total Restricted Agency Funds	400,555,100	421,533,100	312,199,600	429,521,600	365,111,100
Federal Funds					
Balance Forward	3,370,600	31,382,000	54,500	80,925,800	124,500
Current Receipts	2,155,982,500	2,353,562,500	2,411,543,500	2,168,030,700	2,211,424,500
Non-Revenue Receipts	20,000	45,000	45,000	45,000	45,000
Revenue Redistribution	-12,663,000	-12,258,000	-4,523,500	-13,344,500	-5,669,000
Total Federal Funds	2,146,710,100	2,372,731,500	2,407,119,500	2,235,657,000	2,205,925,000
TOTAL FUNDS	3,363,552,300	3,683,315,600	3,742,554,900	3,528,380,200	3,474,952,400
EXPENDITURES BY CLASS					
Personnel Costs	205,139,900	202,301,600	210,397,400	194,827,700	202,723,700
Operating Expenses	30,056,300	36,978,700	36,698,400	32,703,400	32,813,600
Grants, Loans or Benefits	2,991,708,800	3,440,782,000	3,492,433,500	3,239,513,000	3,201,242,500
Debt Service	5,773,800				
Capital Outlay	2,003,500	1,761,700	1,668,000	803,500	818,500
TOTAL EXPENDITURES	3,234,682,300	3,681,824,000	3,741,197,300	3,467,847,600	3,437,598,300
EXPENDITURES BY UNIT					
Administrative Support	26,053,200	86,182,000	87,132,800	84,693,700	85,396,800
Children with Special Health Care Needs	15,838,300	16,529,000	16,814,000	15,475,700	15,787,600
Medicaid Services	2,721,695,600	3,074,699,500	3,117,924,500	2,887,651,200	2,844,920,600
Mental Health/Mental Retardation	296,799,500	320,243,500	333,086,000	301,635,400	311,624,600
Public Health	173,885,000	183,740,000	185,788,000	177,962,800	179,418,200
Certificate of Need	410,700	430,000	452,000	428,800	450,500
TOTAL EXPENDITURES	3,234,682,300	3,681,824,000	3,741,197,300	3,467,847,600	3,437,598,300

The Cabinet for Health Services was created by Executive Order 95-79 (which also abolished the Cabinet for Human Resources) on December 28, 1995. Executive Orders 96-862 and 96-1494 further revised the structure of the Cabinet. The Department for Medicaid Services, Department for Mental Health/Mental Retardation Services, Department for Public Health, Commission for Children with Special Health Care Needs, the Office of Certificate of Need, the Office of Program Support, the Office of the General Counsel, the Office of the Inspector General and the Office of the Secretary form the Cabinet for Health Services. The last four units listed above are included in one appropriation unit called Administrative Support.

**HEALTH SERVICES
Administrative Support**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation		21,899,000	22,501,300	22,410,700	22,904,800
Reorganization Adjustment	12,599,200				
Restricted Agency Funds					
Balance Forward	2,776,700	585,700	185,700	585,700	185,700
Current Receipts	6,471,000	5,520,500	6,077,000	4,410,500	4,900,000
Non-Revenue Receipts	-2,191,000	339,500	140,500	339,500	140,500
Total Restricted Agency Funds	7,056,700	6,445,700	6,403,200	5,335,700	5,226,200
Federal Funds					
Balance Forward	29,600				
Current Receipts	3,833,400	54,103,000	54,270,000	54,299,500	54,453,000
Revenue Redistribution	3,120,000	3,920,000	4,144,000	2,833,500	2,998,500
Total Federal Funds	6,983,000	58,023,000	58,414,000	57,133,000	57,451,500
TOTAL FUNDS	26,638,900	86,367,700	87,318,500	84,879,400	85,582,500
EXPENDITURES BY CLASS					
Personnel Costs	15,214,100	17,858,300	18,782,900	15,608,600	16,307,100
Operating Expenses	4,137,800	4,556,200	4,582,400	4,408,100	4,412,700
Grants, Loans or Benefits	912,500	63,767,500	63,767,500	64,677,000	64,677,000
Debt Service	5,773,800				
Capital Outlay	15,000				
TOTAL EXPENDITURES	26,053,200	86,182,000	87,132,800	84,693,700	85,396,800
EXPENDITURES BY UNIT					
Inspector General	11,929,700	14,131,000	14,829,000	11,886,500	12,437,500
Support Services	14,123,500	72,051,000	72,303,800	72,925,500	73,162,300
EMPOWER Kentucky General Fund Savings				-118,300	-203,000
TOTAL EXPENDITURES	26,053,200	86,182,000	87,132,800	84,693,700	85,396,800

Administrative Support consists of two components: Support Services and the Office of the Inspector General.

The Support Services area includes the Office of the Secretary, Office of the General Counsel, and the Office of Program Support. These offices provide policy, administrative, legal, financial and personnel support services to the program areas of the Cabinet.

The Office of the Inspector General provides support to other programs in both the Cabinet for Health Services and for Cabinet for Families and Children through its Division of Audits and its Division of Special Investigations. In addition the Division of Licensing and Regulation provides inspections of health care facilities, child caring facilities and child day care programs.

**HEALTH SERVICES
Administrative Support
Inspector General**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		4,674,000	5,157,500	4,649,500	5,117,500
Reorganization Adjustment	2,776,700				
Restricted Agency Funds					
Current Receipts	2,970,500	1,863,500	1,920,000	771,000	768,500
Non-Revenue Receipts		339,500	140,500	339,500	140,500
Total Restricted Agency Funds	<u>2,970,500</u>	<u>2,203,000</u>	<u>2,060,500</u>	<u>1,110,500</u>	<u>909,000</u>
Federal Funds					
Current Receipts	3,062,500	3,334,000	3,467,000	3,293,000	3,412,500
Revenue Redistribution	3,120,000	3,920,000	4,144,000	2,833,500	2,998,500
Total Federal Funds	<u>6,182,500</u>	<u>7,254,000</u>	<u>7,611,000</u>	<u>6,126,500</u>	<u>6,411,000</u>
TOTAL FUNDS	<u>11,929,700</u>	<u>14,131,000</u>	<u>14,829,000</u>	<u>11,886,500</u>	<u>12,437,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	10,298,000	12,708,000	13,376,000	10,544,000	11,066,500
Operating Expenses	925,200	1,075,000	1,105,000	994,500	1,023,000
Grants, Loans or Benefits	706,500	348,000	348,000	348,000	348,000
TOTAL EXPENDITURES	<u>11,929,700</u>	<u>14,131,000</u>	<u>14,829,000</u>	<u>11,886,500</u>	<u>12,437,500</u>
EXPENDITURES BY UNIT					
Audits	1,743,200	2,170,000	2,280,000	1,710,500	1,793,500
Licensing and Regulation	8,908,500	10,310,500	10,816,500	8,888,500	9,296,000
Special Investigations	1,278,000	1,650,500	1,732,500	1,287,500	1,348,000
TOTAL EXPENDITURES	<u>11,929,700</u>	<u>14,131,000</u>	<u>14,829,000</u>	<u>11,886,500</u>	<u>12,437,500</u>

The Office of the Inspector General is composed of the Division of Licensing and Regulation, the Division of Audits, and the Division of Special Investigations. The general authority for the Office of the Inspector General is pursuant to provisions of KRS 194.030(11).

The chief responsibility of the Division for Licensing and Regulation is to ensure that all health care (KRS 216B.042) and child care facilities (KRS 199.896) meet applicable state licensing and federal certification requirements. Additional duties include the registration of private utilization review agencies (KRS 311.131); the investigation and resolution of complaints against all health facilities, child care facilities, and private utilization review agencies; and the maintenance of a nurse aide registry and a home health agency hot-line.

The Division of Audits (DOA) audits Cabinet programs to assess contractor compliance with state and federal laws and regulations. In accordance with KRS 194.030(11) and 906 KAR 1:010, the Office of the Inspector General's Division of Audits is responsible for the conduct of audits of programs within the Cabinet for Health Services and the Cabinet for Families and Children, their grantees and contractors. These include, but are not limited to, audits of nursing homes, home health agencies, mental health-mental retardation boards, primary care centers, psychiatric hospitals, adult day care facilities, spouse abuse centers, child care centers, and Alternative Intermediate Services/Mental Retardation (AIS/MR) facilities. The DOA also conducts investigations of alleged fraud and abuse which are received over the Medicaid fraud hotline (mandated by KRS 205.8483 and 42 CFR 455) and other Medicaid fraud referrals.

The Division of Special Investigations is responsible for the conduct of investigations for detecting the perpetration of fraud or abuse of any program by any client, or by any vendor of services with whom the Cabinet has contracted; special investigations requested by the secretary, commissioners, or office heads of the Cabinet into matters related to the Cabinet or its programs; and the notification and forwarding of any information relevant to possible criminal violations to the appropriate prosecuting authority. The Division of Special Investigations operates a toll-free welfare and Medicaid fraud and abuse hotline; conducts investigations of Women, Infants, and Children (WIC) program vendors to determine adherence to WIC policies and procedures by making WIC compliance purchases to collect evidence of improper vendor practices; and collects, maintains, and reports data on assistance program fraud investigations by the Office of the Inspector General and the Office of the Attorney General.

Policy

The Governor's recommended budget provides funding in the amount of \$149,000 in federal funds and \$7,500 General Funds in fiscal year 1999 and \$154,500 in federal funds and \$8,000 in General Funds in fiscal year 2000 to underwrite the cost of three positions for the implementation of the federally mandated minimum data set. This initiative will provide a data base of all residents of all long-term care facilities in the state.

**HEALTH SERVICES
Administrative Support
Support Services**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		17,225,000	17,343,800	17,879,500	17,990,300
Reorganization Adjustment	9,822,500				
Restricted Agency Funds					
Balance Forward	2,776,700	585,700	185,700	585,700	185,700
Current Receipts	3,500,500	3,657,000	4,157,000	3,639,500	4,131,500
Non-Revenue Receipts	-2,191,000				
Total Restricted Agency Funds	4,086,200	4,242,700	4,342,700	4,225,200	4,317,200
Federal Funds					
Balance Forward	29,600				
Current Receipts	770,900	50,769,000	50,803,000	51,006,500	51,040,500
Total Federal Funds	800,500	50,769,000	50,803,000	51,006,500	51,040,500
TOTAL FUNDS	14,709,200	72,236,700	72,489,500	73,111,200	73,348,000
EXPENDITURES BY CLASS					
Personnel Costs	4,916,100	5,150,300	5,406,900	5,115,300	5,355,900
Operating Expenses	3,212,600	3,481,200	3,477,400	3,481,200	3,477,400
Grants, Loans or Benefits	206,000	63,419,500	63,419,500	64,329,000	64,329,000
Debt Service	5,773,800				
Capital Outlay	15,000				
TOTAL EXPENDITURES	14,123,500	72,051,000	72,303,800	72,925,500	73,162,300
EXPENDITURES BY UNIT					
Secretary	189,585	63,410,000	63,418,000	64,319,500	64,327,500
General Counsel	1,108,862	1,150,500	1,197,000	1,150,500	1,197,000
Program Support	5,907,845	6,154,500	6,405,300	6,119,500	6,354,300
Building Costs	6,917,208	1,336,000	1,283,500	1,336,000	1,283,500
TOTAL EXPENDITURES	14,123,500	72,051,000	72,303,800	72,925,500	73,162,300

Executive Order 96-862 established Administrative Support in the Cabinet for Health Services. Executive Order 96-1494 further revised the organization of the Cabinet. Administrative Support includes activities such as budget and policy development, financial management and reporting, human resources development, purchasing and operational management, administrative hearings, and technology resources management.

The Office of the Secretary provides executive leadership to improve the Cabinet's service delivery system and to adapt programs and services to better meet changing public needs. The Office is responsible for ensuring that the Cabinet implements all legislative, executive, and federally mandated programs and for developing administrative policies that reflect the requirements and philosophies governing human services programs which fall under the direction of the various departments within the Cabinet. The Office also serves as the primary contact for community groups, local officials, service providers, business and labor organizations, federal agencies, and legislative and congressional activities.

The Office of the Counsel provides legal service and assistance to all units of the Cabinet in any legal action in which it may be involved. The Office administers all personal service contracts for legal services. This office reviews and drafts legal documents and instruments, legislation and statutes. It also provides, on a day-to-day basis, legal advice concerning the operation of all programs within the Cabinet, reviews and drafts legal opinions and answers inquiries submitted by federal, state, and local government officials and the public. The Office represents the Cabinet and its officials in federal and state courts, as well as before quasi-judicial and administrative bodies.

The Office of Program Support for the Cabinet for Health Services provides overall administrative support to the Cabinet. It provides program monitoring and evaluation, assists in developing plans to improve programs, and provides technical assistance to the Cabinet's departments/offices. It oversees the Cabinet's personal service, program administration, and price contracts and is focusing on outcomes and performance measurements. A centralized accounting system is maintained for all Cabinet programs which ensures that the requirements of the Federal Cash Management Act are met. Administrative support is provided for employee services such as professional development, employee incentives and payroll as well as for all personnel functions. Technical assistance is provided to departments/offices on procurement of goods and services for the Cabinet. Administrative law judges conduct hearings and render findings and preside over settlement of conciliation conferences.

The Governor's recommended budget includes \$13,940,000 in General Funds and \$50,182,500 in federal funds each year of the biennium for the Children's Health Initiative Program (CHIP).

HEALTH SERVICES
Children with Special Health Care Needs

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,971,300	4,871,000	7,217,000	3,817,700	6,190,600
Restricted Agency Funds					
Balance Forward	2,460,500				
Current Receipts	4,376,000	5,771,000	5,100,000	5,771,000	5,100,000
Total Restricted Agency Funds	6,836,500	5,771,000	5,100,000	5,771,000	5,100,000
Federal Funds					
Balance Forward	189,000	1,300,000		1,300,000	
Current Receipts	503,500	108,000	95,000	108,000	95,000
Revenue Redistribution	5,638,000	4,479,000	4,402,000	4,479,000	4,402,000
Total Federal Funds	6,330,500	5,887,000	4,497,000	5,887,000	4,497,000
TOTAL FUNDS	17,138,300	16,529,000	16,814,000	15,475,700	15,787,600
EXPENDITURES BY CLASS					
Personnel Costs	4,112,000	7,793,300	7,869,000	7,465,200	7,823,700
Operating Expenses	656,800	692,500	657,000	611,500	586,400
Grants, Loans or Benefits	10,704,000	7,872,000	8,037,500	7,399,000	7,377,500
Capital Outlay	365,500	171,200	250,500		
TOTAL EXPENDITURES	15,838,300	16,529,000	16,814,000	15,475,700	15,787,600
EXPENDITURES BY UNIT					
Special Health Care Needs Program	13,771,300	14,884,000	15,133,500	13,890,700	14,212,000
Hemophilia Program	1,313,500	969,500	994,000	969,500	994,000
Disabled Children's Program	753,500	675,500	686,500	675,500	686,500
EMPOWER Kentucky General Fund Savings				-60,000	-104,900
TOTAL EXPENDITURES	15,838,300	16,529,000	16,814,000	15,475,700	15,787,600

The Commission for Children with Special Health Care Needs has a 73 year history of providing care for children with a variety of special needs. Through the years, the Commission has evolved from providing surgeries for "crippled children" to offering comprehensive medical care for children with a range of complex needs. A family-centered approach ensures that the family is valued as an integral part of the care plan and services are provided to assist the family in meeting children's needs.

The Commission for Children with Special Health Care Needs works collaboratively with other agencies to assure services to children with disabilities are comprehensive, community-based, family-centered and coordinated, thus avoiding duplication and fragmentation of the service delivery system.

The family's financial status plays a role in determining whether the child is accepted into the program. All families with incomes at or below 200 percent of the federal poverty level are accepted. A sliding fee scale based on income and number in household determines what percentage of the cost each family pays for treatment. Individuals that fall outside the program's income guidelines can also receive services through the Commission if they reside in medically under-served areas of the state. The parent or legal guardian is then required to reimburse the Commission for all costs expended for treatment. This allows the Commission to further assist in communities where specialized medical care is unavailable.

In addition to direct care and case management services, the Commission for Children with Special Health Care Needs is authorized (KRS 211.645 and 211.647) to administer the hearing conservation program and the hearing high risk registry. Both of these population based services provide a system for early identification and treatment of hearing disorders and can function as a referral source for medical services provided by the Commission's hearing clinics. Audiologists located throughout the state make referrals to these programs.

Policy

The Governor's recommended budget reflects the spend-down of several prior year's accumulation of Medicaid cost settlements. As these agency funds are diminishing, additional General Fund is recommended to support current services. Additionally, the recommended budget includes increasing the personnel complement of the Commission. The request to increase the personnel complement is budget neutral as these employees presently work for the Commission under contracts with local health departments. Instead of being contract employees, these 120 individuals will become direct employees of the Commission.

**HEALTH SERVICES
Medicaid Services**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	628,590,500	645,310,500	763,611,500	639,014,700	667,865,100
Reorganization Adjustment	211,000				
Total General Fund	628,801,500	645,310,500	763,611,500	639,014,700	667,865,100
Restricted Agency Funds					
Balance Forward	9,685,500	20,634,000		41,565,100	58,971,000
Current Receipts	3,161,000	6,232,500	5,732,500	171,232,500	159,732,500
Non-Revenue Receipts	216,215,000	242,963,500	154,000,000	71,435,400	
Total Restricted Agency Funds	229,061,500	269,830,000	159,732,500	284,233,000	218,703,500
Federal Funds					
Balance Forward	2,188,500	29,930,500		79,474,300	
Current Receipts	2,005,219,500	2,151,179,000	2,208,536,500	1,965,450,700	2,008,234,500
Revenue Redistribution	-22,536,000	-21,550,500	-13,956,000	-21,550,500	-13,956,000
Total Federal Funds	1,984,872,000	2,159,559,000	2,194,580,500	2,023,374,500	1,994,278,500
TOTAL FUNDS	2,842,735,000	3,074,699,500	3,117,924,500	2,946,622,200	2,880,847,100
EXPENDITURES BY CLASS					
Personnel Costs	45,431,800	33,387,000	33,386,000	32,545,200	32,457,600
Operating Expenses	738,100	969,000	976,500	759,000	781,000
Grants, Loans or Benefits	2,675,486,200	3,040,343,500	3,083,562,000	2,854,347,000	2,811,682,000
Capital Outlay	39,500				
TOTAL EXPENDITURES	2,721,695,600	3,074,699,500	3,117,924,500	2,887,651,200	2,844,920,600
EXPENDITURES BY UNIT					
Medicaid Administration	60,295,600	51,559,000	50,944,500	49,051,200	49,821,600
Medicaid Benefits	2,661,400,000	3,023,140,500	3,066,980,000	2,838,600,000	2,795,099,000
TOTAL EXPENDITURES	2,721,695,600	3,074,699,500	3,117,924,500	2,887,651,200	2,844,920,600

The Medical Assistance program underwrites payments for health care provided to medically indigent Kentuckians. Eligibility for services is determined by staff in county Cabinet for Families and Children offices. Persons may also automatically qualify for benefits if they are eligible for Supplemental Security Income benefits administered by the Social Security Administration. The Department for Medicaid Services does not provide medical services; it reimburses health care providers who choose to participate in the Medicaid program.

**HEALTH SERVICES
Medicaid Services
Administration**

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,851,100	21,550,500	21,371,500	20,443,700	20,810,600
Reorganization Adjustment	211,000				
Total General Fund	<u>8,062,100</u>	<u>21,550,500</u>	<u>21,371,500</u>	<u>20,443,700</u>	<u>20,810,600</u>
Restricted Agency Funds					
Balance Forward	3,371,000				
Current Receipts	3,161,000	6,232,500	5,732,500	6,232,500	5,732,500
Non-Revenue Receipts	11,268,000				
Total Restricted Agency Funds	<u>17,800,000</u>	<u>6,232,500</u>	<u>5,732,500</u>	<u>6,232,500</u>	<u>5,732,500</u>
Federal Funds					
Balance Forward	558,500				
Current Receipts	56,411,000	45,326,500	37,796,500	43,925,500	37,234,500
Revenue Redistribution	-22,536,000	-21,550,500	-13,956,000	-21,550,500	-13,956,000
Total Federal Funds	<u>34,433,500</u>	<u>23,776,000</u>	<u>23,840,500</u>	<u>22,375,000</u>	<u>23,278,500</u>
TOTAL FUNDS	<u>60,295,600</u>	<u>51,559,000</u>	<u>50,944,500</u>	<u>49,051,200</u>	<u>49,821,600</u>
EXPENDITURES BY CLASS					
Personnel Costs	45,431,800	33,387,000	33,386,000	32,545,200	32,457,600
Operating Expenses	738,100	969,000	976,500	759,000	781,000
Grants, Loans or Benefits	14,086,200	17,203,000	16,582,000	15,747,000	16,583,000
Capital Outlay	39,500				
TOTAL EXPENDITURES	<u>60,295,600</u>	<u>51,559,000</u>	<u>50,944,500</u>	<u>49,051,200</u>	<u>49,821,600</u>
EXPENDITURES BY UNIT					
Eligibility Determination	11,268,000	11,464,500	11,231,000	11,464,500	11,231,000
Program Administration	49,027,600	40,094,500	39,713,500	37,589,500	38,596,000
EMPOWER Kentucky General Fund Savings				-2,800	-5,400
TOTAL EXPENDITURES	<u>60,295,600</u>	<u>51,559,000</u>	<u>50,944,500</u>	<u>49,051,200</u>	<u>49,821,600</u>

The Medical Assistance program provides coverage for preventive and remedial medical care not otherwise available to the financially and medically indigent within the state's funding limitations. Administrative functions include: determining the eligibility of applicants, formulating policy, processing claims, surveillance/utilization review recoupment of monies from liable third parties, collecting overpayments and cost reimbursement. Claims are paid through a fiscal agent contract. In addition, the Medicaid program has contractors who are required to provide medical review of Medicaid acute care admissions, provide level of care determinations for long-term care patients and certify the medical necessity and appropriateness of such care, and provide a review of Medicaid recipients in mental hospitals and psychiatric facilities. The eligibility determination function is performed through contract by the Cabinet for Families and Children, Department for Social Insurance.

Policy

The Empower Kentucky Transportation Initiative will result in net savings to Medicaid Administration of \$492,500 in fiscal year 2000. This is due to the fact that local Department for Social Insurance workers will no longer be required to process transportation vouchers for Medicaid recipients. Department for Social Insurance staff time will be diverted to other program areas such as Temporary Assistance to Needy Families (TANF), Food Stamps, etc. These savings have been calculated into the Medicaid Administration and Social Insurance Administration budget requests and recommended budgets.

**HEALTH SERVICES
Medicaid Services
Benefits**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	620,739,400	623,760,000	742,240,000	618,571,000	647,054,500
Restricted Agency Funds					
Balance Forward	6,314,500	20,634,000		41,565,100	58,971,000
Current Receipts				165,000,000	154,000,000
Non-Revenue Receipts	204,947,000	242,963,500	154,000,000	71,435,400	
Total Restricted Agency Funds	211,261,500	263,597,500	154,000,000	278,000,500	212,971,000
Federal Funds					
Balance Forward	1,630,000	29,930,500		79,474,300	
Current Receipts	1,948,808,500	2,105,852,500	2,170,740,000	1,921,525,200	1,971,000,000
Total Federal Funds	1,950,438,500	2,135,783,000	2,170,740,000	2,000,999,500	1,971,000,000
TOTAL FUNDS	2,782,439,400	3,023,140,500	3,066,980,000	2,897,571,000	2,831,025,500
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	2,661,400,000	3,023,140,500	3,066,980,000	2,838,600,000	2,795,099,000

Under Title XIX of the Social Security Act and KRS 205.520, the Kentucky Medicaid program provides for preventive and remedial medical care for financially and medically indigent citizens in Kentucky who meet the technical income and resource criteria for eligibility. The following services are currently provided by Kentucky's Medicaid program: Inpatient Hospital, Physician Services, Nursing Facility Services, Outpatient Hospital, Home Health, Family Planning, Screening, Lab, Dental, Transportation - Non-emergency and Emergency, Vision Care, Hearing Care, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Pharmacy, Medicare Premiums, Community Mental Health, Mental Hospitals, Psychiatric Residential Facilities, Renal Dialysis Services, Primary Care/Rural Health, Podiatry, Alternative Intermediate Services for Mentally Retarded (AIS/MR), Ambulatory Surgical Centers, Home and Community-Based Waiver (HCBS), Adult Day Care, Nurse Midwife, Nurse Anesthetist, Hospice, Preventive Services, Targeted Case Management, School-based Services, Home-based Services for children who are ventilator dependent, Durable Medical Equipment, portable x-ray, Nurse Practitioners, and other medically necessary diagnostic and treatment services for children Early Periodic Screening Diagnosis and Treatment (EPSDT)). In addition, qualified Medicare beneficiaries receive the following services: chiropractic, physical therapist, occupational therapist, psychologist, licensed clinical social worker, physician assistant, and comprehensive outpatient rehabilitative facility services.

Kentucky Medical Assistance Program (KMAP) Recipient Groups

Persons who are eligible for KMAP benefits are classified into two groups: those who already qualify for some type of financial assistance (categorically eligible) and those eligible for medical assistance only (medically needy).

Categorically Needy: Persons in this financial assistance group receive grant money from Temporary Assistance to Needy Families (TANF), State Supplementation, or the Supplemental Security Income (SSI) programs. Within this group are the following categories of people: needy families with dependent children; foster care children; those 65 years of age or older with inadequate incomes; the needy blind; and the needy permanently and totally disabled. Any SSI or State Supplementation recipient automatically receives Medicaid. Individuals who meet the technical and financial requirements of the Aid to Families with Dependent Children (AFDC) program as it existed on July 16, 1996, can qualify for Medicaid.

Medically Needy: Persons in this group have incomes or resources above a level to qualify for financial assistance to meet basic needs, but have insufficient income to meet all or part of their medical needs. This group also includes: pregnant women and infants with household income of less than 185 percent of the Federal Poverty Level (FPL); children under age six with household income under 133 percent of FPL; and children under age 13 with household income under the poverty level.

Current Poverty Guidelines	
Family Size	Monthly Income
1	\$657
2	884
3	1,110
4	1,337
5	1,564
6	1,790

Although the aged, blind, and disabled (both categorically and medically needy) represent only 37 percent of the recipient population, they account for approximately 70 percent of expenditures. The Governor's recommended budget assumes average monthly eligibles of 520,000 in fiscal year 1999 and 516,000 in fiscal year 2000 as submitted in the budget request. This projection reflects the slight decline in eligibles over the past two years.

Provider Taxes

Although the majority of the funds that the Commonwealth uses to match federal Medicaid dollars are derived from the General Fund, approximately 35 percent of the program's fiscal year 1996-97 expenditure match was secured from a dedicated provider tax. The tax is levied on hospitals, pharmacies, physicians, home health agencies, health maintenance organizations, and long-term care facilities. All provider groups except physicians pay a rate of two percent on gross revenues with the exception of hospitals and pharmacies; hospitals are taxed at a rate of 2.5 percent and pharmacies pay 25 cents a prescription. The Governor's recommended budget assumes completion of the phase-out of the provider tax on physicians by July 1, 1999. Conversely, funds have been included in the Governor's recommended budget to replace these dollars.

Disproportionate Share Hospital (DSH) Payments

The Federal Balanced Budget Act of 1997 effectively capped Disproportionate Share Hospital (DSH) payments at \$191 million in fiscal year 1999 and \$187 million in fiscal year 2000. Disproportionate share hospital payments to state mental hospitals were separately capped at approximately \$33 million in fiscal year 1999 and \$32 million in fiscal year 2000. The Medicaid budget for fiscal year 1997 included funding for DSH payments to state mental hospitals totaling \$50 million. Since Medicaid can no longer make this level of payment under the new federal cap, the Medicaid General Fund base in the agency request was reduced by \$5.8 million in fiscal year 1999 and \$6.5 million in fiscal year 2000. These amounts represent the difference between the General Fund share needed by Medicaid to make the previous payment to these facilities and the amount needed to make the lower payment under the federal cap. Since Medicaid can no longer use the entire funding originally allocated to make DSH payments to the state mental hospitals, these base General Fund dollars are displayed in Mental Health and Mental Retardation in fiscal year 1999 and fiscal year 2000.

Other Expenditures and Offsets

Kentucky Patient Access Program (KenPAC) payments will decrease throughout the biennium as the Health Care Partnership program is implemented. This reduction in KenPAC payments has been included in the savings projections for managed care. The projected savings have been incorporated into the Governor's recommended budget.

The Empower Kentucky Transportation initiative is a special offset. Savings from this initiative have been identified and total \$776,032 in fiscal year 1999 and \$1,707,270 in fiscal year 2000 in the Medicaid Non-Emergency Transportation program. Accordingly, the General Fund and agency fund share of these savings (\$229,000 and \$503,500) has been deducted from the requested and the Governor's recommended Medicaid budgets.

As the Medicaid managed care initiatives are implemented, the Medicaid program will no longer receive drug rebate payments from drug manufacturers; however, the Medicaid cost for drugs will decrease correspondingly; therefore, the net affect to the program will be neutral.

Cost settlements and adjustments are factors which represent the net of additional payments to, and recoupments from, providers. These factors are variable from year to year. Expenditures for these factors are expected to remain relatively constant in the Governor's recommended budget.

An additional factor affecting Medicaid's expenditures during the biennium is the shift to prepayment for services while at the same time making payments incurred before the new capitation system was implemented. This causes a "bubble" in the spending line. Although there is no actual increase in the total expenditures over time, when payment of pre-capitation bills are paid at the same time that capitation payments are made, both dollars must be available at the same time. This results in payment of bills "incurred but not previously reported." The Governor's recommended budget assumes these expenditures in fiscal years 1998 and 1999 at the levels included in the budget request.

Benefit Match Rate

The Governor's recommended budget assumes a federal medical assistance percentage (FMAP) of 29.51 for state fiscal year 1999 and 29.47 for state fiscal year 2000. The projected dollars for the Medicaid "Regular Program and DSH" portion of the fiscal year 1999 and fiscal year 2000 Medicaid benefits budget resulted from a consensus analysis and review process which involved staff from the Department for Medicaid Services, the consulting firm of Coopers & Lybrand and the staff of the Office of Financial Management and Economic Analysis.

Projected Expenditures (figures in millions)			
	FY 1997-98	FY 1998-99	FY 1999-00
Regular Program and DSH	\$2,639.6	\$2,795.2	\$2,974.6
Projected Precapitation Costs	81.0	165.4	-0-
Other Adjustments (KenPAC, Drug Rebate, Cost Settlements, Empower)	(42.4)	(51.5)	(62.3)
Managed Care Savings	(16.8)	(70.5)	(117.2)
Total	\$2,661.4	\$2,838.6	\$2,795.1

HEALTH SERVICES
Mental Health / Mental Retardation

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	120,168,400	161,699,500	172,499,000	143,943,400	151,397,600
Restricted Agency Funds					
Balance Forward	8,900,000	4,459,000	687,000	4,459,000	687,000
Current Receipts	131,600,500	111,754,500	117,797,000	110,972,500	117,437,000
Non-Revenue Receipts	5,554,500	7,797,000	7,800,000	7,797,000	7,800,000
Total Restricted Agency Funds	146,055,000	124,010,500	126,284,000	123,228,500	125,924,000
Federal Funds					
Balance Forward	275,500	151,500	54,500	151,500	124,500
Current Receipts	34,203,100	34,612,000	34,485,500	34,612,000	34,485,500
Non-Revenue Receipts	20,000	45,000	45,000	45,000	45,000
Revenue Redistribution	688,000	466,500	459,500	466,500	459,500
Total Federal Funds	35,186,600	35,275,000	35,044,500	35,275,000	35,114,500
TOTAL FUNDS	301,410,000	320,985,000	333,827,500	302,446,900	312,436,100
EXPENDITURES BY CLASS					
Personnel Costs	116,831,000	117,812,500	123,927,500	113,408,900	119,256,200
Operating Expenses	16,296,900	22,500,500	22,189,500	18,697,000	18,792,900
Grants, Loans or Benefits	162,371,600	178,623,500	185,835,000	169,009,500	173,040,500
Capital Outlay	1,300,000	1,307,000	1,134,000	520,000	535,000
TOTAL EXPENDITURES	296,799,500	320,243,500	333,086,000	301,635,400	311,624,600
EXPENDITURES BY UNIT					
Community Alcohol and Drug Services	32,208,100	33,182,000	33,477,500	31,682,000	31,936,000
Community Mental Health Services	39,179,500	41,648,500	42,549,500	40,133,000	41,009,500
Community Mental Retardation Services	37,005,500	45,993,500	48,755,000	41,361,000	41,780,000
General Mental Health/Mental Retardation Support	30,217,000	30,470,000	31,918,500	28,234,000	28,973,500
Residential Mental Health/Mental Retardation Services	158,189,400	168,949,500	176,385,500	160,537,500	168,447,000
EMPOWER Kentucky General Fund Savings				-312,100	-521,400
TOTAL EXPENDITURES	296,799,500	320,243,500	333,086,000	301,635,400	311,624,600

The Department is the primary state agency for operating Mental Health, Mental Retardation, Substance Abuse, and Developmental Disabilities programs. Services are provided both in the community and directly in state-owned and/or operated facilities. Over 2,000 inpatients are cared for daily in the facilities and several thousand more are treated as outpatients in community mental health centers operated by 14 regional community mental health/mental retardation boards.

During the next biennium, the Department plans to move into behavioral managed care. This move is consistent with the agency's goal of providing a continuum of services with an emphasis on use of community based services whenever possible. In recent years, the Department has placed increasing emphasis on services to children and strategies which allow for earlier intervention as a means of avoiding more expensive hospital or residential services. Additionally, early intervention for children with developmental delays helps children to develop to their full potential and to enter school ready to learn.

HEALTH SERVICES
Mental Health/Mental Retardation
Community Alcohol and Drug Services

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	7,321,500	8,788,500	9,049,000	7,288,500	7,507,500
Restricted Agency Funds					
Balance Forward	1,875,000	3,000		3,000	
Current Receipts	469,000	550,000	550,000	550,000	550,000
Non-Revenue Receipts	754,500	2,197,000	2,200,000	2,197,000	2,200,000
Total Restricted Agency Funds	3,098,500	2,750,000	2,750,000	2,750,000	2,750,000
Federal Funds					
Balance Forward	3,500				
Current Receipts	22,322,600	22,102,500	22,137,500	22,102,500	22,137,500
Revenue Redistribution	-535,000	-459,000	-459,000	-459,000	-459,000
Total Federal Funds	21,791,100	21,643,500	21,678,500	21,643,500	21,678,500
TOTAL FUNDS	32,211,100	33,182,000	33,477,500	31,682,000	31,936,000
EXPENDITURES BY CLASS					
Personnel Costs	1,317,500	1,333,500	1,390,000	1,318,500	1,375,000
Operating Expenses	180,000	169,000	173,500	143,000	147,000
Grants, Loans or Benefits	30,710,600	31,679,500	31,914,000	30,220,500	30,414,000
TOTAL EXPENDITURES	32,208,100	33,182,000	33,477,500	31,682,000	31,936,000

Community Alcohol and Drug Services supports the provision of quality treatment, prevention, early identification, and education services to citizens suffering from, or who are at-risk of, alcohol and drug abuse. Approximately 30,000 persons receive services through this program. Services are provided primarily through contracts with seventeen regional prevention centers.

Client services provided include non-medical detoxification, Driving Under the Influence (DUI) assessment and education, consultation with businesses on development of a drug-free workplace and employee assistance programs, social setting detoxification centers, residential rehabilitation, outpatient clinic, residential transitional care, case and program consultation, community education and training related prevention services, juvenile diversion programs (youth referred by court designated workers), and direct prevention programming in school settings. Clients are referred primarily from criminal justice, social welfare, and health care systems. Treatment services focus on chemically dependent persons in need of detoxification, residential or outpatient programs. Clients targeted for substance abuse services include: pregnant women, youth, Temporary Assistance to Needy Families (TANF) recipients whose alcohol or drug use is a barrier to their ability to work, intravenous drug users, persons referred by court or probation and parole officers, and individuals with mental illness who are experiencing substance abuse problems. The state agency provides services including planning, implementation, program development, consultation in schools, training, and monitoring of the performance of contract agencies.

HEALTH SERVICES
Mental Health/Mental Retardation
Community Mental Health Services

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,391,500	28,655,500	29,494,500	27,140,000	27,954,500
Restricted Agency Funds					
Balance Forward	522,000	687,000	687,000	687,000	687,000
Current Receipts	862,500	540,000	540,000	540,000	540,000
Non-Revenue Receipts	4,800,000	5,600,000	5,600,000	5,600,000	5,600,000
Total Restricted Agency Funds	<u>6,184,500</u>	<u>6,827,000</u>	<u>6,827,000</u>	<u>6,827,000</u>	<u>6,827,000</u>
Federal Funds					
Balance Forward		20,000	20,000	20,000	20,000
Current Receipts	4,575,500	5,068,000	5,130,000	5,068,000	5,130,000
Revenue Redistribution	1,735,000	1,785,000	1,785,000	1,785,000	1,785,000
Total Federal Funds	<u>6,310,500</u>	<u>6,873,000</u>	<u>6,935,000</u>	<u>6,873,000</u>	<u>6,935,000</u>
TOTAL FUNDS	<u>39,886,500</u>	<u>42,355,500</u>	<u>43,256,500</u>	<u>40,840,000</u>	<u>41,716,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	4,578,500	4,965,000	5,142,000	4,852,000	5,023,500
Operating Expenses	271,000	276,000	282,000	230,000	235,000
Grants, Loans or Benefits	34,328,500	36,407,500	37,125,500	35,051,000	35,751,000
Capital Outlay	1,500				
TOTAL EXPENDITURES	<u>39,179,500</u>	<u>41,648,500</u>	<u>42,549,500</u>	<u>40,133,000</u>	<u>41,009,500</u>

Community Mental Health Services seek to assure that Kentuckians with mental health problems have an array of services available that will support and improve their ability to function. To accomplish this mission, the department has contracted with 14 regional mental health/mental retardation boards that oversee the individual community mental health centers in local communities. In addition, the Division of Mental Health has targeted funds to priority populations considered to be the most vulnerable and in need of services. These are:

- Adults with severe mental illness (SMI);
- Children and youth with severe emotional disabilities; and
- Victims and perpetrators of sexual abuse or domestic violence.

By statute (KRS 210.410), community mental health centers (CMHCs) must provide persons with mental health problems specific services such as: consultation and educational services to help individuals understand their illnesses and treatment options; therapeutic rehabilitation programs, where a person with mental illness may receive services to assist them to live independently within the community; outpatient services; emergency services; and inpatient services, which are generally made available through referrals to state or community hospitals.

Additionally, state and federal funds are used to expand the array of services to include case management services, psychotropic medications, and housing and vocational support services for adults with severe mental illness. Funds are also provided for unique services that “wrap around” a child or adult who is at risk of psychiatric hospitalization. These funds are used to purchase goods and services that are individualized and can include peer mentoring, respite, and social skills training. To address the staggering impact of sexual or domestic violence on the mental health of its victims, treatment services for victims and perpetrators and rape crisis services have been implemented across the state.

The Community Mental Health program also assists in statewide mental health planning; defines, implements and monitors services; provides technical assistance and training to providers, consumers and the general public; and procures and administers additional federal and other mental health funds.

HEALTH SERVICES
Mental Health/Mental Retardation
Community Mental Retardation Services

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	25,750,500	32,566,500	34,263,500	28,004,000	27,288,500
Restricted Agency Funds					
Balance Forward	2,769,000	2,769,000		2,769,000	
Current Receipts	5,955,000	4,679,000	8,760,000	4,679,000	8,760,000
Total Restricted Agency Funds	8,724,000	7,448,000	8,760,000	7,448,000	8,760,000
Federal Funds					
Balance Forward	267,000	72,500	-24,500	72,500	45,500
Current Receipts	5,617,500	6,741,500	6,598,000	6,741,500	6,598,000
Revenue Redistribution	-512,000	-859,500	-866,500	-859,500	-866,500
Total Federal Funds	5,372,500	5,954,500	5,707,000	5,954,500	5,777,000
TOTAL FUNDS	39,847,000	45,969,000	48,730,500	41,406,500	41,825,500
EXPENDITURES BY CLASS					
Personnel Costs	2,379,500	3,067,000	2,961,000	2,997,000	2,961,000
Operating Expenses	353,500	441,500	445,500	441,500	445,500
Grants, Loans or Benefits	34,272,500	42,485,000	45,348,500	37,922,500	38,373,500
TOTAL EXPENDITURES	37,005,500	45,993,500	48,755,000	41,361,000	41,780,000
EXPENDITURES BY UNIT					
Local Mental Retardation Services	35,594,000	44,500,000	47,505,500	39,937,500	40,530,500
Kentucky Developmental Disability Council	1,411,500	1,493,500	1,249,500	1,423,500	1,249,500
TOTAL EXPENDITURES	37,005,500	45,993,500	48,755,000	41,361,000	41,780,000

Community Mental Retardation Services provides an array of services to enable children and adults with mental retardation and other developmental disabilities to have quality lives through inclusion in all aspects of community life. This includes a place to live, education and learning, employment, health care and social and civic participation. Services are provided via contracts with community mental health/mental retardation boards, state universities, and for-profit and non-profit agencies and include residential, vocational, educational and social support. Residential services include group homes, supervised apartment living, staffed residences and other alternative living arrangements. Vocational services are provided to persons age 18 and over and include assessment, work/adult habilitation and supported employment. Children, ages birth through two years, who have a developmental delay, or have a diagnosed condition are eligible for services through the Kentucky Early Intervention System (KEIS). Services and supports provided b KEIS include therapy, education, counseling and respite. These services create opportunities for children to grow and develop to their full potential and reduce the financial and emotional stress associated with a child with a disability. Support services are provided to persons of all ages and include respite care, case management, leisure/recreation, habilitation, in-home support and training.

Developmental Disabilities Planning, another program component, promotes systems change, capacity building and advocacy for people with developmental disabilities. These services are managed by the Developmental Disabilities Council, a group of consumers, parents and state and local agencies appointed by the Governor. The Council serves as an advocate by conducting programs, projects and activities that enhance the independence, productivity and integration and inclusion of persons with disabilities into their communities. The Council was established by the Developmental Disabilities Assistance Act (PL 104-183) and KRS 194.135.

Policy

The Governor's recommended budget includes \$400,000 in each year of the biennium for supported housing. These funds will support the leveraging of other federal and state housing development resources by sponsors willing to develop housing for persons with disabilities. In the past three years, for each dollar provided for the Affordable Housing Trust Fund, \$17 in additional funds were leveraged.

HEALTH SERVICES
Mental Health/Mental Retardation
General Mental Health/Mental Retardation Support

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	26,117,000	30,270,000	31,818,500	28,034,000	28,873,500
Restricted Agency Funds					
Balance Forward	420,000				
Current Receipts	2,580,000				
Total Restricted Agency Funds	3,000,000				
Federal Funds					
Balance Forward	500	58,500	58,500	58,500	58,500
Current Receipts	1,158,000	200,000	100,000	200,000	100,000
Total Federal Funds	1,158,500	258,500	158,500	258,500	158,500
TOTAL FUNDS	30,275,500	30,528,500	31,977,000	28,292,500	29,032,000
EXPENDITURES BY CLASS					
Personnel Costs	4,124,500	2,154,000	2,248,500	2,154,000	2,248,500
Operating Expenses	1,063,000	800,000	830,500	800,000	830,500
Grants, Loans or Benefits	25,029,500	27,496,000	28,819,500	25,260,000	25,874,500
Capital Outlay		20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	30,217,000	30,470,000	31,918,500	28,234,000	28,973,500

General Mental Health/Mental Retardation Support provides centralized administrative and financial management to the Department. It includes the Commissioner's Office, the Division for Administration and Financial Management and community care grants to the community mental health/mental retardation centers. This administrative unit supports activities relating to policy development, program monitoring, standards development and overall administrative, financial, contract and grant management to the other programs in the Department.

The community care grant funds included in this program provide the funding for the "core services" or "safety net" for individuals needing mental health (MH), mental retardation (MR), and/or substance abuse (SA) services, and the infrastructure that supports and provides these services. KRS 210.420 requires the distribution by formula for these funds and designates the local community mental health centers as the local planning authority and receivers of these funds. The statute allows Centers some discretion as to which program areas (MH, MR, or SA) and which services will be funded based on local needs. Each center's annual plan and budget sets forth the need for services, the cost provisions, and the number of clients to be served by each program area.

Policy

The recommended budget provides for seven additional positions, including three for behavioral health managed care. Additionally, \$220,000 is provided each year for three positions to staff the Psychiatric Security Review Board as recommended by the Task Force on Law, Violent Crime and Serious Mental Illness.

HEALTH SERVICES
Mental Health/Mental Retardation
Residential Mental Health/Mental Retardation Services

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	33,587,900	61,419,000	67,873,500	53,789,000	60,295,000
Restricted Agency Funds					
Balance Forward	3,314,000	1,000,000		1,000,000	
Current Receipts	121,734,000	105,985,500	107,947,000	105,203,500	107,587,000
Total Restricted Agency Funds	125,048,000	106,985,500	107,947,000	106,203,500	107,587,000
Federal Funds					
Balance Forward	4,500	500	500	500	500
Current Receipts	529,500	500,000	520,000	500,000	520,000
Non-Revenue Receipts	20,000	45,000	45,000	45,000	45,000
Total Federal Funds	554,000	545,500	565,500	545,500	565,500
TOTAL FUNDS	159,189,900	168,950,000	176,386,000	160,538,000	168,447,500
EXPENDITURES BY CLASS					
Personnel Costs	104,431,000	106,293,000	112,186,000	102,182,000	107,846,500
Operating Expenses	14,429,400	20,814,000	20,458,000	17,300,000	17,458,000
Grants, Loans or Benefits	38,030,500	40,555,500	42,627,500	40,555,500	42,627,500
Capital Outlay	1,298,500	1,287,000	1,114,000	500,000	515,000
TOTAL EXPENDITURES	158,189,400	168,949,500	176,385,500	160,537,500	168,447,000

The Residential Mental Health/ Mental Retardation Services program provides inpatient services in the areas of psychiatric hospitalization, intermediate care for persons with mental retardation, nursing facility care, forensic psychiatry and substance abuse. The Department provides care to over 2000 inpatients each day.

Inpatient psychiatric services are provided for adults 18 and older through three psychiatric hospitals: Eastern State Hospital in Lexington; Central State Hospital in Louisville; and Western State Hospital in Hopkinsville. The Hazard Psychiatric Facility (100 beds) provides acute inpatient psychiatric services through a contract with the Department. Eastern State Hospital is operated under a management contract with Bluegrass Regional Mental Health/Mental Retardation Board, Inc.

Two facilities, Glasgow Intermediate Care Facility (100 beds) and Western State Intermediate Care Facility (144 beds) on the campus of Western State Hospital, provide nursing facility services for mentally ill patients age 18 and over who are admitted from state psychiatric hospitals.

Seven facilities provide intermediate care for the mentally retarded who are unable to live unassisted in their community: Oakwood in Somerset (420 beds); Outwood in Dawson Springs (80 beds); Hazelwood in Louisville (196 beds); Central State Intermediate Care Facility for the Mentally Retarded on the campus of Central State Hospital (50 beds); Del Maria in Fern Creek (eight beds); the Meadows in Mount Washington (eight beds); and Windsong in Crestwood (eight beds). Residents are assisted in self-care skills, appropriate social behavior and are provided an array of specialized services designed to promote the personal growth of the individual.

Volta House, a 30-bed facility on the campus of Western State Hospital in Hopkinsville, provides a 28-day inpatient program for individuals suffering from chronic or acute alcoholism.

Forensic psychiatric services are provided at the Kentucky Correctional Psychiatric Center within the Luther Luckett Correctional Complex in LaGrange (93 beds). Pretrial services are provided for persons with felony charges who are referred by district and circuit courts for evaluation of competency to stand trial. The correctional component serves post convicted patients in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

HEALTH SERVICES
Public Health

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,577,900	55,142,000	57,274,000	53,887,300	55,426,700
Reorganization Adjustment	-1,155,900				
Total General Fund	<u>50,422,000</u>	<u>55,142,000</u>	<u>57,274,000</u>	<u>53,887,300</u>	<u>55,426,700</u>
Restricted Agency Funds					
Balance Forward	1,265,500	688,000	34,000	688,000	34,000
Current Receipts	9,547,500	13,956,500	13,930,500	9,434,000	9,408,000
Total Restricted Agency Funds	<u>10,813,000</u>	<u>14,644,500</u>	<u>13,964,500</u>	<u>10,122,000</u>	<u>9,442,000</u>
Federal Funds					
Balance Forward	688,000				
Current Receipts	112,223,000	113,560,500	114,156,500	113,560,500	114,156,500
Revenue Redistribution	427,000	427,000	427,000	427,000	427,000
Total Federal Funds	<u>113,338,000</u>	<u>113,987,500</u>	<u>114,583,500</u>	<u>113,987,500</u>	<u>114,583,500</u>
TOTAL FUNDS	<u>174,573,000</u>	<u>183,774,000</u>	<u>185,822,000</u>	<u>177,996,800</u>	<u>179,452,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	23,191,500	25,074,000	26,035,000	25,424,500	26,483,600
Operating Expenses	8,175,500	8,207,000	8,238,000	8,174,300	8,185,600
Grants, Loans or Benefits	142,234,500	150,175,500	151,231,500	144,080,500	144,465,500
Capital Outlay	283,500	283,500	283,500	283,500	283,500
TOTAL EXPENDITURES	<u>173,885,000</u>	<u>183,740,000</u>	<u>185,788,000</u>	<u>177,962,800</u>	<u>179,418,200</u>
EXPENDITURES BY UNIT					
General Health Support	13,289,000	14,129,000	14,291,500	14,129,000	14,291,500
Epidemiology and Health Planning	20,878,000	21,280,500	21,502,000	21,280,500	21,502,000
Adult and Child Health	127,566,500	130,058,000	131,434,500	129,975,000	130,787,700
Laboratory Services	4,771,500	5,088,500	5,256,500	5,088,500	5,256,500
Public Health Protection and Safety	7,380,000	13,184,000	13,303,500	7,530,000	7,649,500
EMPOWER Kentucky General Fund Savings				-40,200	-69,000
TOTAL EXPENDITURES	<u>173,885,000</u>	<u>183,740,000</u>	<u>185,788,000</u>	<u>177,962,800</u>	<u>179,418,200</u>

The Department for Public Health is the single organizational unit responsible for developing and operating all health-related programs that provide services to protect and improve the health of the citizens of the Commonwealth.

Services are provided directly or through local health departments which operate with guidance and technical assistance provided by the Department.

Broad improvements in the health of the public are made possible by the daily activities performed by public health departments in assessing, developing policy, and assuring provision of services. In fiscal year 1996 the public health departments of Kentucky reported the following accomplishments:

- Achieved the lowest infant mortality rate of all states in the southeast;
- Immunized 80 percent of children, compared to a national rate of only 75 percent;
- Provided personal health services to over 200,000 Medicaid clients and over 325,000 low income patients;
- Made over 800,000 home health visits;
- Screened 100,000 persons for sexually transmitted diseases and conducted 27,000 HIV tests;
- Provided data to support local health departments in assessing local community health needs;
- Conducted inspections of restaurants, groceries and motels, x-ray and other radiation-producing machines, and dairies;
- Provided preventive health services to 93,000 children, services to 2,500 children with developmental delays, and nutritional counseling to 24,000 mothers with children.

It has been estimated by the U.S. Department of Health and Human Services that 25 of the 30 additional years of life expectancy gained since the beginning of this century can be attributed to public health measures. These measures include:

- Development and use of immunization against communicable diseases, such as smallpox and diphtheria;
- Improvements in sanitary water sources, and in sewage and waste disposal;
- Monitoring and improvements in sanitary food production;
- Discovery of the germ theory of the spread of disease with education of lay people about the benefits of hand washing and the introduction of antiseptic and sterile techniques in patient care.

The Department for Public Health was reorganized by Executive Order 97-1348, effective October 16, 1997. The reorganization consolidates similar functions into one program area, reducing the total number of organizational units and branches, provides one single point for local health departments to go to for direction, and promotes coordination and information sharing among various programs and divisions within the Department.

HEALTH SERVICES
Public Health
General Health Support

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	10,680,000	10,786,000	11,694,000	10,786,000	11,694,000
Restricted Agency Funds					
Balance Forward	429,000	654,000		654,000	
Current Receipts	2,375,000	2,230,000	2,138,500	2,230,000	2,138,500
Total Restricted Agency Funds	2,804,000	2,884,000	2,138,500	2,884,000	2,138,500
Federal Funds					
Revenue Redistribution	459,000	459,000	459,000	459,000	459,000
TOTAL FUNDS	13,943,000	14,129,000	14,291,500	14,129,000	14,291,500
EXPENDITURES BY CLASS					
Personnel Costs	4,998,000	5,835,000	5,995,000	5,835,000	5,995,000
Operating Expenses	626,000	629,000	631,500	629,000	631,500
Grants, Loans or Benefits	7,665,000	7,665,000	7,665,000	7,665,000	7,665,000
TOTAL EXPENDITURES	13,289,000	14,129,000	14,291,500	14,129,000	14,291,500

The General Health Support program provides funding to four organizational units within the Department for Health Services: the Office of the Commissioner, the State Employees' Nurses Stations, the Division of Resource Management and the Division of Local Health Department Operations.

The Commissioner's office is responsible for the leadership, management, oversight, and policy direction of the Department for Public Health (DPH). The Commissioner advises the heads of major agencies in state government on policies, plans, and programs relating to matters of public health including actions necessary to respond to extraordinary events in order to safeguard the health of the citizens of the Commonwealth. The Commissioner serves as the Chief Medical Officer of the Commonwealth.

The Director of Nursing, in the Commissioner's Office provides professional consultation, support, and technical assistance to the commissioner, executive staff, state and local health departments. She also directs the operation of nurse-managed employee health centers in Frankfort that support direct care, blood pressure monitoring, health education, and scheduled HIV/AIDS and CPR classes for state employees.

Resource Management includes: preparation of DPH's biennial and annual operating budget, financial analysis; oversight of the allocation of funds to local health departments; establishment of regulations for local fiscal operations; operation of patient services billing and accounts receivable; development of uniform budgeting procedures for 51 health departments; compilation of the Medicaid preventive health services cost report for 53 health departments; and preparation of Medicaid and Medicare cost reports for 17 health department home health agencies. This enables health departments to receive approximately \$70 million per year from Medicare and Medicaid.

Local Health Department Operations includes: strengthening and enhancing the operation of health departments through maintaining an automated patient and services reporting system that tracks approximately 4.5 million services to 725,000 patients. In addition, the division operates the local health merit system, a separate personnel program for 48 local health departments and their 4,000 employees, staffs a five-member merit system council and recommends changes in the local health employee compensation and classification plan.

HEALTH SERVICES
Public Health
Epidemiology and Health Planning

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,481,900	8,932,000	9,045,000	8,932,000	9,045,000
Reorganization Adjustment	-1,155,900				
Total General Fund	8,326,000	8,932,000	9,045,000	8,932,000	9,045,000
Restricted Agency Funds					
Current Receipts	2,305,000	2,019,000	2,085,500	2,019,000	2,085,500
Federal Funds					
Balance Forward	125,500				
Current Receipts	10,121,500	10,329,500	10,371,500	10,329,500	10,371,500
Total Federal Funds	10,247,000	10,329,500	10,371,500	10,329,500	10,371,500
TOTAL FUNDS	20,878,000	21,280,500	21,502,000	21,280,500	21,502,000
EXPENDITURES BY CLASS					
Personnel Costs	5,968,500	6,138,500	6,359,500	6,138,500	6,359,500
Operating Expenses	2,524,500	2,526,000	2,526,500	2,526,000	2,526,500
Grants, Loans or Benefits	12,276,500	12,507,500	12,507,500	12,507,500	12,507,500
Capital Outlay	108,500	108,500	108,500	108,500	108,500
TOTAL EXPENDITURES	20,878,000	21,280,500	21,502,000	21,280,500	21,502,000
EXPENDITURES BY UNIT					
Communicable Diseases	10,426,500	10,723,000	10,786,500	10,723,000	10,786,500
HIV / AIDS	5,191,000	5,253,500	5,277,500	5,253,500	5,277,500
Surveillance and Investigation	1,791,500	1,977,000	2,015,000	1,977,000	2,015,000
Health Data	392,000	449,500	465,500	449,500	465,500
Health Policy Development	949,500	961,000	974,500	961,000	974,500
Vital Statistics	2,127,500	1,916,500	1,983,000	1,916,500	1,983,000
TOTAL EXPENDITURES	20,878,000	21,280,500	21,502,000	21,280,500	21,502,000

The mission of the Epidemiology and Health Planning program is to assess the occurrence, of and risk factors for, preventable diseases and injuries in the Commonwealth; to develop policy related to the prevention of disease; and to assure the provision of public health services. To discharge these responsibilities, the program conducts activities divided into six subprograms:

- Communicable Disease which includes immunizations, Sexually Transmitted Diseases (STD), TB, and other communicable diseases;
- HIV/AIDS surveillance, prevention, services, and counseling and testing;
- Surveillance and Investigations including reportable disease surveillance, emerging infections, health status and health risk factor studies, and injury epidemiology;
- Health Data which encompasses data relating to community health systems planning and development;
- Health Policy Development which includes collection of provider information, development of the state health plan, the public health improvement plan; and
- Vital Statistics which collects and preserves mandatory records of all vital events.

The program investigates from two to twenty epidemics per year, depending on occurrence, and handles over 1,800 medical consultations each year dealing with preventable diseases. Two physicians, one veterinarian, and five nurse consultants are currently in the program – each with a specific range of expertise in disease control. The program gathers, edits, and publishes data derived from 20,000 reports per year on 65 different reportable diseases.

The program administers more than 750,000 immunizations each year (more, in years when outbreaks occur) to more than 310,000 persons. Immunization rates in schools, day care, health department clinics, and among the general child population are tracked. Tuberculosis is controlled with a three-pronged strategy: skin-test screening, preventive medications for those infected but not ill, and aggressive treatment of active cases. Kentucky's TB case rate remains below the national average.

The program is the designated State Data Center. Health Data and Vital Statistics are responsible for the mandated collection, analysis, and dissemination of health data from all sources to policy makers, health planners and consumers with information relating to the total program goal of assessing the health of the population, developing policy relating to the health of the population and insuring access of public health services to the population. The maintenance of all vital records (birth, death, marriage and divorce certificates) and response to all persons who need vital data are also carried out by this program.

**HEALTH SERVICES
Public Health
Adult and Child Health**

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	26,156,000	28,084,500	28,912,500	28,001,500	28,265,700
Restricted Agency Funds					
Balance Forward	190,000	34,000	34,000	34,000	34,000
Current Receipts	281,000	437,000	437,000	437,000	437,000
Total Restricted Agency Funds	<u>471,000</u>	<u>471,000</u>	<u>471,000</u>	<u>471,000</u>	<u>471,000</u>
Federal Funds					
Balance Forward	552,000				
Current Receipts	100,453,500	101,568,500	102,117,000	101,568,500	102,117,000
Revenue Redistribution	-32,000	-32,000	-32,000	-32,000	-32,000
Total Federal Funds	<u>100,973,500</u>	<u>101,536,500</u>	<u>102,085,000</u>	<u>101,536,500</u>	<u>102,085,000</u>
TOTAL FUNDS	<u>127,600,500</u>	<u>130,092,000</u>	<u>131,468,500</u>	<u>130,009,000</u>	<u>130,821,700</u>
EXPENDITURES BY CLASS					
Personnel Costs	5,812,500	6,246,500	6,565,000	6,604,500	7,030,200
Operating Expenses	1,730,500	1,732,000	1,734,000	1,732,000	1,734,000
Grants, Loans or Benefits	120,023,500	122,079,500	123,135,500	121,638,500	122,023,500
TOTAL EXPENDITURES	<u>127,566,500</u>	<u>130,058,000</u>	<u>131,434,500</u>	<u>129,975,000</u>	<u>130,787,700</u>
EXPENDITURES BY UNIT					
Clinical Health	30,962,500	31,133,500	31,271,000	31,121,500	31,101,200
Drug Enforcement	388,000	480,500	504,500	965,500	1,139,500
EMS	3,318,000	3,353,500	3,395,000	4,353,500	4,395,000
Community Health	9,310,500	11,031,000	11,652,500	9,475,000	9,540,500
Nutrition Services	83,587,500	84,059,500	84,611,500	84,059,500	84,611,500
TOTAL EXPENDITURES	<u>127,566,500</u>	<u>130,058,000</u>	<u>131,434,500</u>	<u>129,975,000</u>	<u>130,787,700</u>

The Adult and Child Health Services program promotes and improves the health status of all Kentuckians through community based health education; clinical care of primarily a preventive nature; nutrition counseling and food supplementation; the education and enforcement of appropriate drug prescription and record keeping; the ongoing development and improvement of a statewide emergency medical services system; and the promotion of an adequate network of primary care providers throughout the State.

The Clinical Health subprogram promotes the health of Kentuckians by reducing the incidence of preventable diseases, disabilities and injuries; providing preventive and specialized health services to low income children; and working collaboratively with other health and human service providers to develop systems of child health care. Clinical services include: preventive health care for children and adolescents; diagnosis and treatment for inborn errors of metabolism and other inherited disorders for which Kentucky infants are screened at birth; evaluation and interventions for children with developmental delays; and lead poisoning prevention services.

The Drug Control subprogram administers and enforces the Kentucky Controlled Substances Act, the Drug and Device portions of the Kentucky Food, Drug and Cosmetic Act, the use of the title "doctor" and the treatment of cancer law. In addition, the program provides technical and professional expertise to professional licensing boards, local health departments, and all law enforcement agencies that enforce controlled substances laws.

KRS 211.950-952 directs the Cabinet to establish a single lead agency to carry out all administrative functions related to the planning, development, improvement, and expansion of Emergency Medical Services (EMS) systems throughout the state. This includes responsibility for ambulance licensing and paramedic certification. The program has also implemented the development of a statewide EMS and trauma systems plan to be used to guide the development of EMS/trauma systems across the state.

The mission of the Community Health subprogram is addressed through efforts of local health departments in each of Kentucky's 120 counties along with state staff and includes community-based health promotion and education for adults and children, dental services, family planning services, maternal and infant services and primary care services. The subprogram conducts recruitment and retention activities in conjunction with the National Health Service Corps (NHSC), University of Kentucky and University of Louisville Placement Services and the Kentucky Primary Care Association, and assists local entities throughout the state in their efforts to assess and fulfill primary care needs. The Community Scholarship Program is administered through this program in conjunction with the Kentucky Primary Care Association, UK Center for Rural Health, Kentucky Medical Association and University of Kentucky, University of Louisville Placement Offices. It is designed to provide scholarships for students in primary care health providers fields within health professional shortage areas (HPSAs) through state, federal and community matching funds. The Kentucky Board of Family Health Care Providers is staffed by the Community Health program. This board is charged with testing and certifying mid-level health care practitioners (MLP) to work in licensed networks. Testing and grading of MLPs is arranged through program staff in conjunction with board members. The Kentucky Spinal Cord and Health Injury Research Board is also staffed by the program.

The Nutrition subprogram administers the federally-funded Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program which provides a monthly food prescription (package) and nutrition education to low-income pregnant and postpartum women, infants and children at nutritional risk; and sets standards of care for nutrition services. Studies have shown that pregnant women who participate in WIC have fewer premature births, less low birth weight babies and seek prenatal care earlier in the pregnancy. Nutritionists in local health departments provide medical nutrition therapy and follow-up nutrition care for children with special health care needs.

Policy

The Governor's recommended budget provides \$485,000 in fiscal year 1999 and \$635,000 in fiscal year 2000 for the development and implementation of a prescription tracking system to monitor use and potential abuse of controlled substances and \$115,000 in fiscal year 1999 for breast cancer services. In addition, \$1,000,000 is provided each year of the biennium for funding for the Kentucky Regional Poison Center of the Kosair Children's Hospital.

**HEALTH SERVICES
Public Health
Laboratory Services**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	3,657,000	3,925,500	4,088,500	3,925,500	4,088,500
Restricted Agency Funds					
Balance Forward	116,500				
Current Receipts	839,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Restricted Agency Funds	955,500	1,000,000	1,000,000	1,000,000	1,000,000
Federal Funds					
Balance Forward	10,500				
Current Receipts	148,500	163,000	168,000	163,000	168,000
Total Federal Funds	159,000	163,000	168,000	163,000	168,000
TOTAL FUNDS	4,771,500	5,088,500	5,256,500	5,088,500	5,256,500
EXPENDITURES BY CLASS					
Personnel Costs	2,574,500	2,867,000	3,010,000	2,867,000	3,010,000
Operating Expenses	2,009,000	2,033,500	2,058,500	2,033,500	2,058,500
Grants, Loans or Benefits	13,000	13,000	13,000	13,000	13,000
Capital Outlay	175,000	175,000	175,000	175,000	175,000
TOTAL EXPENDITURES	4,771,500	5,088,500	5,256,500	5,088,500	5,256,500

The Laboratory Services program provides essential examinations of clinical and environmental specimens as required to support other state and local health department programs, and reference diagnostic testing not readily available elsewhere for hospitals and practicing physicians. Examples of the services provided include serologic tests for neonatal screening for phenylketonuria, galactosemia, congenital hypothyroidism and sickle cell; sputum examinations for tuberculosis; rubella testing; culture for influenza and other viral pathogens; intestinal parasite examinations; various types of bacteriological examination; rabies examinations; legionnaire's disease, pertussis and clinical chemistry analyses for glucose and cholesterol levels, among others. Laboratory Services also performs clinical toxicology and forensic toxicology examinations; tests environmental samples for water fluoride levels; examines milk, food, and water for evidence of contamination; and performs pesticide analyses, radiochemistry, and occupational safety and health chemistry.

In addition, Laboratory Services performs tests for patients of facilities operated by the Department for Mental Health and Mental Retardation, and provides the forensic toxicology support to the Justice Cabinet's Medical Examiner Program. The Labor Cabinet contracts with Laboratory Services to provide occupational health chemistry analyses for the Kentucky Occupational Safety and Health Program.

Federal regulations enacting the Clinical Laboratory Improvement Act (CLIA) became effective on September 1, 1992, and govern the practices of all laboratories that perform diagnostic clinical tests on human specimens. The regulations establish compliance standards for laboratory personnel, quality assurance and proficiency testing. The Laboratory Services program is certified as a high complexity laboratory, obligating it to meet the most stringent requirements for quality assurance, quality control, and personnel qualification. The program is also responsible for approximately 255 local health department sites licensed on multiple-site certificates under CLIA. The program's staff provide technical direction, training sessions, on-site consultations, procedure manuals, forms for documentation, and other tools necessary to implement CLIA at the 255 local health department sites.

HEALTH SERVICES
Public Health
Public Health Protection and Safety

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,603,000	3,414,000	3,534,000	2,282,500	2,402,500
Restricted Agency Funds					
Balance Forward	530,000				
Current Receipts	3,747,500	8,270,500	8,269,500	3,748,000	3,747,000
Total Restricted Agency Funds	4,277,500	8,270,500	8,269,500	3,748,000	3,747,000
Federal Funds					
Current Receipts	1,499,500	1,499,500	1,500,000	1,499,500	1,500,000
TOTAL FUNDS	7,380,000	13,184,000	13,303,500	7,530,000	7,649,500
EXPENDITURES BY CLASS					
Personnel Costs	3,838,000	3,987,000	4,105,500	3,987,000	4,105,500
Operating Expenses	1,285,500	1,286,500	1,287,500	1,286,500	1,287,500
Grants, Loans or Benefits	2,256,500	7,910,500	7,910,500	2,256,500	2,256,500
TOTAL EXPENDITURES	7,380,000	13,184,000	13,303,500	7,530,000	7,649,500
EXPENDITURES BY UNIT					
Radiation	1,510,000	1,513,500	1,538,000	1,513,500	1,538,000
Milk	1,343,500	1,399,000	1,409,500	1,399,000	1,409,500
Food	2,102,000	7,872,000	7,913,000	2,218,000	2,259,000
Sanitation	2,424,500	2,399,500	2,443,000	2,399,500	2,443,000
TOTAL EXPENDITURES	7,380,000	13,184,000	13,303,500	7,530,000	7,649,500

The Public Health Protection and Safety Program provides a variety of environmental services, from monitoring exposure to radiation to insuring sanitation of food and milk and public facilities.

The resources of the Radiation subprogram are primarily directed toward licensure, registration, certification, inspections, environmental surveillance, compliance activities and emergency response. The program inspects and issues 450 specific licenses to users of radioactive materials in the areas of medical, industry, research and academia; and registers and inspects 200 users of radiation sources in industry and small laboratories. Examples of facilities which are regulated by the program are dentist offices, cancer therapy facilities, industrial manufacturing facilities, and hospital and research institutions. The program monitors the transportation of radioactive waste, both in and through the Commonwealth, and is equipped to respond to radiological emergencies 24 hours per day. The program registers and inspects 3,249 facilities with approximately 7,000 x-ray source/tubes, and issues certificates and inspects approximately 5,500 operators of sources of radiation. Monitoring of nuclear waste disposal sites (such as Maxey Flats) is also conducted by this agency along with the Natural Resources and Environmental Protection Cabinet.

The Milk Safety subprogram seeks to prevent adulteration, misbranding, and false advertising of milk and milk products and to protect the public from disease transmission through milk products. Providing milk safety education to milk haulers, pasteurization equipment operators and other industry professionals is a major program activity. Routine inspection and monitoring of dairy farms, milk haulers, bulk transfer and receiving stations, and dairy processing plants is another major activity.

The Food subprogram prohibits the sale of adulterated, misbranded, or falsely advertised foods, food products, over the counter drugs, and cosmetics. This program provides planning, monitoring, training, and evaluation for all local health department food surveillance programs. Standards interpretations, consultation standardization of employees conducting inspections, and program evaluations are routinely provided to local health departments who provide inspections, including sample collection, to food service establishments; retail food stores; vending machine companies; tattoo studios and boarding homes; bed and breakfast establishments; food manufacturing and storage plants; and collect representative samples from the state's raw agricultural producers to test for pesticide residues. The food safety program also oversees quarantine and destruction of food, drugs and alcohol which have been contaminated by disasters such as floods.

The Sanitation subprogram is responsible for the prevention of disease and injury in public facilities and the individual personal environment. Primary functions of this program are to: establish sanitary and safety standards of operation and construction, issue operational permits and inspect public facilities, issue permits to construct onsite sewage disposal systems, train and certify onsite sewage systems inspectors and installers, issue permits to abate lead hazards in child occupied facilities, certify lead inspectors and abatement professionals, investigate unsafe products, train local health department staff, and evaluate local health department program activities. Areas of program responsibility include: schools, manufactured home and recreational vehicle parks, swimming pools and beaches, radon education and mitigation, lead abatement in child occupied facilities, youth camps, abatement of public health nuisances, state confinement facilities, private water supplies, public restrooms, vector and rodent control, bird roosts, septic tank servicing and septage disposal.

**HEALTH SERVICES
Certificate of Need**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation		129,000	133,000	127,800	131,500
Reorganization Adjustment	324,700				
Restricted Agency Funds					
Balance Forward	547,400	646,400	530,400	646,400	530,400
Current Receipts	185,000	185,000	185,000	185,000	185,000
Total Restricted Agency Funds	732,400	831,400	715,400	831,400	715,400
TOTAL FUNDS	1,057,100	960,400	848,400	959,200	846,900
EXPENDITURES BY CLASS					
Personnel Costs	359,500	376,500	397,000	375,300	395,500
Operating Expenses	51,200	53,500	55,000	53,500	55,000
TOTAL EXPENDITURES	410,700	430,000	452,000	428,800	450,500

Executive Order 96-862 abolished the Kentucky Health Policy Board and established the Office of Certificate of Need within the Cabinet for Health Services.

The certificate of need process ensures that the citizens of the Commonwealth will have safe, adequate and efficient medical care. KRS 216B provides statutory authority to promulgate administrative regulations, process approval or disapproval of applications for certificates of need, schedule public hearings, monitor the implementation of approved certificates of need, and issue advisory opinions.

A certificate of need must be obtained prior to the following activities:

- establishment of a health facility;
- obligation of a capital expenditure which exceeds the capital expenditure minimum;
- a substantial change in the bed capacity of a health facility;
- a substantial change in a project;
- acquisition of major medical equipment;
- alteration of a geographical area or a specific location which has been designated on a certificate of need or license; or
- transfer of an approved certificate of need for the establishment of a new health facility or the replacement of a licensed facility.

HEALTH SERVICES
Health Care Policy Board

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	3,415,900				
Reorganization Adjustment	-3,415,900				

The Health Care Policy Board was abolished by Senate Bill 343 which was passed subsequent to the passage of House Bill 379, the Appropriations Bill. Language was included in House Bill 379, however, directing the Cabinet to transfer \$1,100,000 in fiscal year 1997 and \$1,200,000 in fiscal year 1998 to the Kentucky Homeplace Program via the Department for Public Health. The remaining dollars were directed to be used for activities mandated under Senate Bill 343 which were assigned to other Cabinet agencies. The Office of Certificate of Need was created to assume certificate of need duties. The Department for Health Services assumed health data collection duties and the Administrative Hearing Branch within Administrative Support assumed the certificate of need public hearing function.

JUSTICE

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	310,771,600	427,174,500	486,636,500	374,270,400	416,860,900
Current Year Appropriation	7,287,500				
Special Appropriation	4,000,000				
Continuing Appropriation	475,800				
Reorganization Adjustment	36,897,900				
Mandated Allotments	660,000				
Total General Fund	360,092,800	427,174,500	486,636,500	374,270,400	416,860,900
Restricted Agency Funds					
Balance Forward	16,878,000	14,265,500	24,557,500	18,430,800	20,008,100
Current Receipts	16,971,000	29,272,000	35,308,500	22,110,500	24,122,000
Non-Revenue Receipts	41,475,000	46,289,500	47,009,500	46,589,500	47,324,500
Total Restricted Agency Funds	75,324,000	89,827,000	106,875,500	87,130,800	91,454,600
Federal Funds					
Balance Forward	438,000	980,000	901,000	6,015,500	4,281,000
Current Receipts	40,050,000	41,199,500	41,543,500	41,140,500	41,481,000
Non-Revenue Receipts	-4,465,000	-4,300,000	-4,100,000	-4,300,000	-4,100,000
Revenue Redistribution	6,765,000	1,263,500	962,000	1,425,500	1,132,000
Total Federal Funds	42,788,000	39,143,000	39,306,500	44,281,500	42,794,000
Road Fund					
Regular Appropriation	40,407,000	35,407,000	30,407,000	35,000,000	30,000,000
TOTAL FUNDS	518,611,800	591,551,500	663,225,500	540,682,700	581,109,500
EXPENDITURES BY CLASS					
Personnel Costs	255,486,500	302,081,000	330,465,000	275,537,500	295,024,400
Operating Expenses	66,145,900	68,664,000	71,571,500	62,818,700	67,188,000
Grants, Loans or Benefits	141,035,200	172,902,000	190,355,500	166,259,100	182,323,700
Debt Service	22,970,900	7,661,500	24,389,500	1,181,500	11,673,500
Capital Outlay	8,527,000	14,532,000	11,072,500	10,596,800	6,595,800
TOTAL EXPENDITURES	494,165,500	565,840,500	627,854,000	516,393,600	562,805,400
EXPENDITURES BY UNIT					
Justice Administration	19,542,500	21,479,500	21,883,000	21,993,100	22,326,400
Kentucky State Police	108,698,600	126,483,500	133,899,500	111,961,600	118,703,400
Juvenile Justice	69,811,700	87,872,500	109,019,000	81,617,800	96,670,900
Criminal Justice Training	25,860,000	25,755,500	29,779,000	25,932,500	30,088,000
Corrections	270,252,700	303,463,000	332,474,500	274,888,600	295,016,700
TOTAL EXPENDITURES	494,165,500	565,054,000	627,055,000	516,393,600	562,805,400

The Kentucky Justice Cabinet was created by KRS 15A.010 in 1974. The components of the Cabinet are: Justice Administration, Department of State Police, Department of Criminal Justice Training, and Department of Corrections.

Policy

The Criminal Justice Response Team, a group of 30 Kentucky citizens experienced in many different aspects of the criminal justice system, was created by Executive Order 97-888, effective July 17, 1997. The Response Team was given the responsibility of reviewing Kentucky's criminal justice system, and providing recommendations to make the system more effective and efficient in reducing crime, addressing citizens' concerns and promoting public confidence in the system. There are many recommendations included within the Justice Cabinet that relate to specific recommendations of the Response Team. These recommendations are noted on the individual pages for the departments within the Cabinet.

Moreover, the entire Justice Cabinet has been given a major policy priority. Recommended funding for each of the major departments and agencies of the Cabinet represents a significant expansion of responsibilities, financial support, and a recognition of the priority placed upon the Commonwealth's criminal justice system in the Governor's recommended budget.

JUSTICE
Justice Administration

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,762,600	5,643,500	5,867,000	6,015,600	6,153,900
Reorganization Adjustment	-2,625,100				
Total General Fund	5,137,500	5,643,500	5,867,000	6,015,600	6,153,900
Restricted Agency Funds					
Balance Forward	6,000,000	6,827,500	7,886,500	6,827,500	7,745,000
Current Receipts	3,300,500	3,222,500	3,272,500	3,222,500	3,272,500
Non-Revenue Receipts	789,500	881,500	881,500	881,500	881,500
Total Restricted Agency Funds	10,090,000	10,931,500	12,040,500	10,931,500	11,899,000
Federal Funds					
Balance Forward	556,000	500,000	500,000	500,000	500,000
Current Receipts	15,561,500	17,091,000	17,093,000	17,091,000	17,093,000
Non-Revenue Receipts	-4,465,000	-4,300,000	-4,100,000	-4,300,000	-4,100,000
Revenue Redistribution	-10,000				
Total Federal Funds	11,642,500	13,291,000	13,493,000	13,291,000	13,493,000
TOTAL FUNDS	26,870,000	29,866,000	31,400,500	30,238,100	31,545,900
EXPENDITURES BY CLASS					
Personnel Costs	5,406,000	5,815,000	6,111,500	6,448,800	6,702,100
Operating Expenses	2,098,000	1,818,500	1,733,500	1,728,500	1,625,000
Grants, Loans or Benefits	11,775,000	13,646,500	13,873,000	13,620,500	13,829,000
Capital Outlay	263,500	199,500	165,000	195,300	170,300
TOTAL EXPENDITURES	19,542,500	21,479,500	21,883,000	21,993,100	22,326,400
EXPENDITURES BY UNIT					
Charitable Gaming	2,027,000	2,027,500	2,087,000	2,169,000	2,243,500
Grants Management	11,277,000	12,981,500	13,191,500	12,976,000	13,186,000
Medical Examiner	2,312,000	2,368,500	2,478,000	2,308,500	2,395,500
Parole Board	1,018,500	1,245,000	1,293,500	1,044,500	1,080,500
Secretary	2,908,000	2,857,000	2,833,000	3,511,100	3,447,400
EMPOWER Kentucky General Fund Savings				-16,000	-26,500
TOTAL EXPENDITURES	19,542,500	21,479,500	21,883,000	21,993,100	22,326,400

The Office of the Secretary includes the Secretary, Deputy Secretary, General Counsel and Administrative Services for the Justice Cabinet. The Office is responsible for the overall administration of the Cabinet; provision of legal services; development of legislation, regulation, and policy; and coordination of activities within the Cabinet and among Cabinet departments and agencies.

The Division of Grants Management administers federal and state funds to effect changes in the Commonwealth's Criminal Justice System. Grants Management staff develop a statewide plan for each grant award and provide for the disbursement of grant funds. They also monitor and audit awards as well as coordinate reporting functions required under the terms of each grant. Through this division, the Cabinet currently receives funds from the following block grant/formula grant programs: Victims of Crime Act, and the Narcotics Control Assistance Act.

The Medical Examiner program is responsible for providing assistance to the Commonwealth's coroners, deputy coroners, and law enforcement officials in determining the cause and manner of death as well as identification of the deceased.

The Medical Examiner program includes support staff for the physicians, a forensic anthropologist, the chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for facilities, equipment, histology and radiology services, and medicolegal autopsy assistants. Also, regional forensic pathology programs are currently established at the Trover Clinic in Madisonville and at St. Luke's Hospital in Campbell County.

The Division of Charitable Gaming, established by legislation passed during the 1994 Session of the General Assembly, is responsible for regulating charitable gaming throughout the state and ensuring that the statutory provisions are enforced. The Division is solely supported with agency funds.

The Kentucky Parole Board is an independent, autonomous agency attached to the Office of the Secretary for administrative purposes. This seven-member Board is the primary release review authority for all convicted felons.

Policy

Expansion funding in the amount of \$240,000 in fiscal year 1999 and \$230,000 in fiscal year 2000 is provided for the establishment of the Criminal Justice Council. The new council will provide analysis, dissemination of information and general direction on trends and issues regarding crime in Kentucky (Criminal Justice Response Team Recommendation A).

Additional funding in the amount of \$500,000 in each year of the biennium is provided for legal aid.

**JUSTICE
State Police**

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	55,348,600	75,864,000	87,887,500	61,449,100	72,782,900
Current Year Appropriation	1,158,500				
Total General Fund	<u>56,507,100</u>	<u>75,864,000</u>	<u>87,887,500</u>	<u>61,449,100</u>	<u>72,782,900</u>
Restricted Agency Funds					
Balance Forward	156,500	-394,000	-383,000	264,500	377,500
Current Receipts	3,663,500	3,825,000	3,887,500	3,927,000	3,995,000
Non-Revenue Receipts	2,069,000	2,330,000	2,296,000	2,630,000	2,611,000
Total Restricted Agency Funds	<u>5,889,000</u>	<u>5,761,000</u>	<u>5,800,500</u>	<u>6,821,500</u>	<u>6,983,500</u>
Federal Funds					
Balance Forward	-130,000	480,000	401,000	480,000	504,000
Current Receipts	6,924,500	9,151,500	9,493,500	9,092,500	9,431,000
Revenue Redistribution	-154,500	-162,000	-170,000		
Total Federal Funds	<u>6,640,000</u>	<u>9,469,500</u>	<u>9,724,500</u>	<u>9,572,500</u>	<u>9,935,000</u>
Road Fund					
Regular Appropriation	40,407,000	35,407,000	30,407,000	35,000,000	30,000,000
TOTAL FUNDS	<u>109,443,100</u>	<u>126,501,500</u>	<u>133,819,500</u>	<u>112,843,100</u>	<u>119,701,400</u>
EXPENDITURES BY CLASS					
Personnel Costs	79,441,100	93,598,500	100,577,500	83,372,200	87,574,100
Operating Expenses	19,717,000	20,427,000	20,783,000	17,401,900	19,096,300
Grants, Loans or Benefits	1,695,000	2,850,000	3,075,000	2,850,000	3,075,000
Debt Service	737,000		1,221,000		3,457,000
Capital Outlay	7,108,500	9,608,000	8,243,000	8,337,500	5,501,000
TOTAL EXPENDITURES	<u>108,698,600</u>	<u>126,483,500</u>	<u>133,899,500</u>	<u>111,961,600</u>	<u>118,703,400</u>
EXPENDITURES BY UNIT					
Administration	6,180,600	7,641,000	8,044,000	7,483,000	7,866,000
Operations	68,415,000	79,254,000	87,819,000	71,794,500	78,644,500
Services	34,103,000	39,588,500	38,036,500	35,582,100	33,830,000
EMPOWER Kentucky General Fund Savings				-2,898,000	-1,637,100
TOTAL EXPENDITURES	<u>108,698,600</u>	<u>126,483,500</u>	<u>133,899,500</u>	<u>111,961,600</u>	<u>118,703,400</u>

The Department of State Police, the Commonwealth's statewide law enforcement agency, has been part of the Justice Cabinet since 1974. Troopers assigned to 16 regional posts are responsible for the enforcement of criminal and traffic laws throughout the state. In addition, the Drug Enforcement and Special Investigation Branch directs investigations of white-collar crime, organized crime, racketeering, and drug-related crime. State Police is also mandated to provide protection to the Governor, Lieutenant Governor, their families and property.

The Department serves as the clearinghouse for all national, state, and local criminal justice and law enforcement information, including Kentucky's automated fingerprint identification files. State Police also provides forensic laboratory services for local law enforcement agencies throughout the state.

Policy

Included within the restricted fund appropriation for fiscal year 1998 is \$499,000 to maintain current operations and essential services in the Department.

Sufficient funding is provided in the Governor's 1998-2000 recommended budget for 1,000 sworn personnel. A total of 477 new vehicles for the biennium are authorized. In fiscal year 1999, \$6,346,500 is provided for approximately 300 cars and \$3,731,000 in fiscal year 2000 for 177 vehicles.

Recommended language in the Appropriations Act directs the State Police to redirect a vacancy credit (approximately three percent) towards providing a fiscal year 1999 salary supplement of \$750 for troopers, dispatchers, and arson investigators. In addition, funding is included in the amount of \$250,000 in fiscal year 1999 and \$500,000 in fiscal year 2000 in order to provide an additional salary supplement of \$250 per year for sworn personnel including troopers, for a total of \$1,000 in fiscal year 1999 and \$1,250 in fiscal year 2000.

A policy decision was made to replace Road Fund use by Kentucky State Police with General Funds in the amount of \$5,400,000 in fiscal year 1999 and \$10,400,000 in fiscal year 2000. Road Funds in the amount of \$35,000,000 continue to be provided in fiscal year 1999 and \$30,000,000 in fiscal year 2000.

A current year appropriation of \$1,158,500 is provided to allow for the continuation of responsibilities associated with House Bill 40. This bill was enacted during the 1996 Regular Session of the General Assembly and was codified as KRS 237.10. House Bill 40 permits Kentucky citizens to apply for a license to carry concealed weapons. Per KRS 237.10, the Kentucky State Police receives \$20 of the \$60 application fee to carry a concealed weapon and is charged with determining eligibility as well as the issuance of the license.

Federal funds in the amount of \$2,013,500 in fiscal year 1999 and \$2,030,500 in fiscal year 2000 are provided for the High Intensity Drug Trafficking Areas grants. The grants are used to suppress the marijuana trade in Kentucky's top 25 marijuana-producing counties.

Debt Service is provided in fiscal year 2000 for the following projects:

- Replacement of Basic Radio System - \$2,861,000
- Integrated Criminal Apprehension System (ICAP) - \$298,000
- Kentucky Accident Reporting System (CRASH) - \$298,000

JUSTICE
Juvenile Justice

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		63,694,000	82,697,500	57,446,400	70,359,400
Current Year Appropriation	2,000,000				
Special Appropriation	4,000,000				
Reorganization Adjustment	41,308,200				
Total General Fund	<u>47,308,200</u>	<u>63,694,000</u>	<u>82,697,500</u>	<u>57,446,400</u>	<u>70,359,400</u>
Restricted Agency Funds					
Balance Forward	449,000				93,100
Current Receipts	4,490,500	8,807,500	10,953,500	8,807,500	10,953,500
Non-Revenue Receipts		400,000	400,000	400,000	400,000
Total Restricted Agency Funds	<u>4,939,500</u>	<u>9,207,500</u>	<u>11,353,500</u>	<u>9,207,500</u>	<u>11,446,600</u>
Federal Funds					
Current Receipts	17,564,000	14,957,000	14,957,000	14,957,000	14,957,000
Revenue Redistribution		100,000	100,000	100,000	100,000
Total Federal Funds	<u>17,564,000</u>	<u>15,057,000</u>	<u>15,057,000</u>	<u>15,057,000</u>	<u>15,057,000</u>
TOTAL FUNDS	<u>69,811,700</u>	<u>87,958,500</u>	<u>109,108,000</u>	<u>81,710,900</u>	<u>96,863,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	40,766,500	48,067,500	56,184,000	44,873,600	50,044,300
Operating Expenses	4,104,700	5,235,000	5,646,000	5,116,700	5,482,600
Grants, Loans or Benefits	24,564,500	34,350,000	43,489,000	31,434,500	38,566,000
Debt Service	376,000		3,700,000		2,578,000
Capital Outlay		220,000		193,000	
TOTAL EXPENDITURES	<u>69,811,700</u>	<u>87,872,500</u>	<u>109,019,000</u>	<u>81,617,800</u>	<u>96,670,900</u>
EXPENDITURES BY UNIT					
Detention Services	1,588,500	9,338,500	19,194,500	6,522,900	12,837,500
Program Management	952,000	1,192,000	1,255,500	1,182,000	1,241,000
Program Operations	64,574,200	74,460,500	85,557,000	71,213,500	79,908,500
Support Services	2,697,000	2,881,500	3,012,000	2,861,500	2,984,500
EMPOWER Kentucky General Fund Savings				-162,100	-300,600
TOTAL EXPENDITURES	<u>69,811,700</u>	<u>87,872,500</u>	<u>109,019,000</u>	<u>81,617,800</u>	<u>96,670,900</u>

In 1995, the United States notified Kentucky of its intent to investigate various juvenile treatment facilities pursuant to the Civil Rights of Institutionalized Persons Act (CRIPA). On July 28, 1995, the United States issued a findings letter in which it found that the conditions at the Kentucky juvenile treatment centers violated the statutory and constitutional rights of the juveniles. These findings formed the basis for a consent decree which was executed by the Commonwealth with the United States Department of Justice pertaining to juvenile justice administration, care, services, and protection of youths committed to the state's residential treatment centers.

House Bill 117, adopted during the 1996 Session of the General Assembly, directed that a Department of Juvenile Justice be established by July 1, 1997. The Bill charged the Department with operating prevention and detention programs as well as providing services and programs for public and youthful offenders. Executive Order 96-1069 was signed August 7, 1996, and set forth the organizational structure of the Department.

Then, on November 27, 1996, Executive Order 96-1576 was signed which transferred staff, programs and related budgets from the Cabinet for Families and Children to the new Department effective December 16, 1996. In addition to insuring that the programs transferred from the Cabinet for Families and Children are operated efficiently and in compliance with the Consent Decree, the Department has implemented several programs related to House Bill 117 in the areas of prevention, aftercare, staff training, and juvenile treatment.

The Department is divided into four functional areas: Program Management, Program Operations, Detention Services and Program Support.

Program Management

Program Management includes the Commissioner's Office, Office of General Counsel and the Ombudsman's Office and provides management and policy direction for the Department. The General Counsel's Office is responsible for providing legal services and advice to employees, presiding over administrative hearings, and promulgating administrative regulations. The Ombudsman's Office investigates and resolves grievances filed by those receiving services from the Department. The grievance provision is a key provision of the Consent Decree under which the Department must operate.

Program Operations

Program Operations consists of the services provided to both public and youthful offenders. Organizationally, the state is divided into three regions and the programs are administered on a regional basis. Direct Services are provided through the following programs:

Day Treatment Services

Day treatment provides educational alternatives for youth between the ages of 12 and 17 whose behavior preclude participation in a regular school setting, but do not otherwise represent a threat to others in the community. These services also help youth returning to the community from more restrictive settings to have fewer adjustment problems and to have continued treatment that is tailored to the individual child. The programs are set up around a normal classroom schedule, with highly individualized instruction. The emphasis is treatment through individual and group counseling and family intervention. The state operates six day treatment centers and contracts for 21 additional day treatment programs across the state. This is the least restrictive program in that the youth remain in a home setting during the evening and attend a day treatment program during the day. These youth are usually referred for participation in day treatment by the court or a school system.

Day Treatment Facilities	County	Slots
Hardin County	Hardin	40
Hopkins County	Hopkins	40
Lifeskills	Warren	40
Daviess County	Daviess	45
Calloway County	Calloway	30
Ohio County	Ohio	30
Barren County	Barren	30
Harrodsburg Independent	Boyle	30
Bullitt County	Bullitt	50
Shelby County	Shelby	30
Wilkinson Street	Franklin	50
Boyle County	Boyle	30
Shelby Valley	Pike	30
Phelps	Pike	30
Madison County	Madison	30
Newport	Campbell	45
Laurel County	Laurel	30
Pulaski County	Pulaski	30
Clark County	Clark	30
Christian County	Christian	40
Campbell County	Campbell	15
Bell County	Bell	30
Corbin Board of Education	Knox/Laurel/Whitley	30
Lexington Urban County Government	Fayette	55
Covington Area	Kenton	75
Ashland	Boyd	40
Louisville	Jefferson	75

Day Treatment Slots = 1030

Group Homes

Group homes are residential treatment programs that serve eight to ten youth per home. These programs accept youth between the ages of 12 and 18 who have been committed to the Department as public offenders. The purposes of group home care include the transition of youth from institutional placements back to the community and as an alternative to institutionalization. There are 17 group homes (12 state operated and five contract) in 12 counties. Due to the growing number of youth on the waiting lists, the capacity of 11 group homes was increased from 8 to 10 juveniles in fiscal year 1998. By the end of fiscal year 1998, the new capacity will be 158.

Group Home Facilities	County	Beds
Ashland	Boyd	10
Bowling Green	Warren	10
Burnside	Pulaski	10
Frenchburg	Menifee	10
Glasgow	Barren	10
Hopkinsville	Christian	10
London	Laurel	10
Mayfield	Graves	10
Middlesboro	Bell	10
Waddy	Shelby	10
Frankfort	Franklin	10
Westport	Jefferson	8
Louisville - Bardstown Road	Jefferson	8
Louisville - Crescent	Jefferson	8
Louisville - Kennedy	Jefferson	8
Louisville - Winter Avenue	Jefferson	8
Lexington - Project Respect	Fayette	8

Group Home Beds = 158

Residential Care

Residential care provides 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These youth have been assessed to be in need of treatment which cannot be provided in their community, or they require placement in a secure setting as they represent a threat to the community. Two of the centers, Cardinal and Owensboro, are referred to as treatment centers as they house youth in need of specialized treatment. The remaining state-operated facilities are referred to as youth development centers. The centers were the primary impetus for the Consent Decree which provides guidelines for appropriate operations at the facilities. Services include individual, group and family counseling, academic and remedial education, vocational education, and behavior modification treatment. Due to a growing number of youth on the waiting list, over 100 beds have been added to existing centers. The total capacity by the beginning of fiscal year 1999 will be 499. This total includes the Bluegrass facility in Lexington which was closed in 1997 due to failure of the contractor to provide adequate services. Funding is provided in this recommendation to reopen the facility with a staff of state employees.

Residential Facilities	City	County	Beds
Central Kentucky Treatment Center	Louisville	Jefferson	40
Johnson-Breckinridge Treatment Center	Louisville	Jefferson	36
Northern Kentucky Treatment Center	Crittenden	Grant	44
Morehead Treatment Center	Morehead	Rowan	40
Green River Boy's Camp	Cromwell	Butler	48
Rice-Audubon Treatment Center	Louisville	Jefferson	42
Mayfield Boy's Treatment Center	Mayfield	Graves	36
Owensboro Treatment Center	Owensboro	Daviess	30
Cardinal Treatment Center	Louisville	Jefferson	33
Lincoln Village Treatment Center	Elizabethtown	Hardin	40
Lake Cumberland Boy's Camp	Monticello	Wayne	50
Woodsbend Boy's Camp	West Liberty	Morgan	44
Bluegrass Treatment Center	Lexington	Fayette	16

Residential Beds = 499

Community Supervision

Community Supervision provides supervision of juvenile offenders placed on probation. In addition, Community Workers provide pre-dispositional reports to the courts which include recommendations to the judges. Public offenders committed by the courts are assessed in the community for decisions regarding the need for placement out of the youth's home. If the determination is made that the youth can be served in the community, the workers refer to other agencies for intense counseling, day treatment and other community programs. A new mandate of the Department per House Bill 117, the implementation of prevention programs which target those youth who are in danger of becoming offenders, will also be monitored by the community workers. Over 3,000 youth are under community supervision.

Contract Beds

The Department also contracts for approximately 300 beds in various private child care facilities in the state. The cost of these beds range from \$41 to \$166.

Also included in Program Operations is the Classification Branch which determines appropriate program placements for youth committed to the Department. The Division of Education works with all educational programs operated by the Department, through contracts in day treatment programs, residential programs, and detention centers.

Detention Services

The Detention Division was created by Executive Order 97-981 to oversee three detention centers under construction in Breathitt, McCracken, and Campbell counties which will be state operated. KRS 15A.065 authorizes the Department to operate or contract for the operation of facilities for pre-adjudicated youth. The Governor's 1998-2000 recommended budget reflects operating costs and debt service for the three previously authorized detention facilities as well as three new detention facilities, and the expansion of Breathitt County Detention Center. Prior to the 1996 Regular Session of the General Assembly, the state's role as it relates to juvenile detention was limited to promulgating regulations and inspections. However, with the funding of three facilities and the passage of House Bill 117, the Department of Juvenile Justice will assume a much greater role in operating and overseeing juvenile detention centers. The goal of the Department in taking on this new responsibility will not only be to strategically locate detention centers so that counties will have easy access, but also to reduce the fiscal liability of counties who incur large bills for housing juveniles. Also, the Department will strive to insure consistency in the manner in which juveniles are detained and the way facilities are operated as well as insuring that detention is used only as a last resort by providing alternatives to detention.

State-operated Detention Centers	County	Beds
Breathitt County	Breathitt	32
McCracken County	McCracken	48
Campbell County	Campbell	52
Breathitt County Expansion	Breathitt	24
Detention Center #1	?	48
Detention Center #2	?	48
Detention Center #3	?	48

Detention Beds = 300

Program Support

Program Support includes the Division of Administrative Services, Division of Quality Assurance, Medical Branch, and Training Branch. Administrative Services provides services to all organizational units in the areas of fiscal operations, personnel administration, and information services/management. The role of Quality Assurance is to review and analyze juvenile treatment programs operated by the Department to insure that these programs are providing the intended results, and are functioning according to appropriate Departmental policy and procedure. The Medical Branch coordinates and reviews all medical services provided to juveniles committed to the Department. The Training Branch provides instruction for the initial eight week training course for all new youth workers hired in the residential facilities. It also provides various instructional classes for in-service training needs at facilities across the state.

Policy

There is \$1.5 million appropriated in fiscal year 1998 in the Department of Education for education in day treatment programs. These funds are recommended in the 1998-2000 biennium in the Department of Juvenile Justice (\$1.5 million in each year of the biennium).

The following additional items are recommended for the Department of Juvenile Justice:

A current year appropriation of \$2,000,000 is provided to cover private child care costs incurred by the Department.

Funding in the amount \$129,000 is provided in fiscal year 1999 for operating costs for McCracken County Detention Center (Criminal Justice Response Team Recommendation I-15).

Funding in the amount of \$82,000 is provided in fiscal year 1999 for operating costs for Campbell County Detention Center (Criminal Justice Response Team Recommendation I-15).

Funding in the amount of \$3,350,000 is provided in fiscal year 1999 and \$7,730,000 in fiscal year 2000 to provide a subsidy to counties of \$20 per day for each juvenile detained in a detention center in fiscal year 1999 and \$40 per day for each juvenile detained in a detention center in fiscal year 2000.

Funding in the amount of \$1,040,000 is provided in fiscal year 1999 and \$1,422,000 in fiscal year 2000 for the operating costs of a 40-Bed Boot Camp (Criminal Justice Response Team Recommendation I-15).

Funding in the amount of \$600,000 is provided in fiscal year 1999 and \$2,500,000 in fiscal year 2000 to expand prevention programs (Criminal Justice Response Team Recommendation I-4).

Funding in the amount of \$250,000 is provided in each year of the biennium to expand aftercare services (Criminal Justice Response Team Recommendation I-5).

Funding in the amount of \$500,000 is provided in fiscal year 2000 for salary improvement for youth workers, counselors, and program supervisors.

Funding in the amount of \$200,000 is provided in each year of the biennium to contract for an assessment center for males entering the system. The Department owns a 16-Bed facility on the grounds of Eastern State Hospital. This new assessment center will be housed at this facility and will be operated under contract with a private child care provider.

Funding in the amount of \$650,000 is provided in each year of the biennium to contract for a 12-Bed treatment facility for emotionally disturbed girls (Criminal Justice Response Team Recommendation I-5).

Funding in the amount of \$100,000 is provided in each year of the biennium to develop alternatives to detention (Criminal Justice Response Team Recommendation I-5).

Funding in the amount of \$324,000 is provided in fiscal year 1999 and \$300,000 in fiscal year 2000 to expand the hours of operation of the state operated Day Treatment programs until 8:00pm by providing recreation, tutoring, and other positive social opportunities for youth at risk (Criminal Justice Response Team Recommendation I-5).

Funding in the amount of \$123,000 is provided in fiscal year 1999 to purchase additional vehicles for transportation of youth.

One million dollars (\$1,000,000) in fiscal year 1999 and \$2,000,000 in fiscal year 2000 to contract with Military Affairs for a military based training program (challenge program) for youth committed to the Department of Juvenile Justice (Criminal Justice Response Team Recommendation I-5).

Debt Service is provided for the following projects (Criminal Justice Response Team Recommendation I-15):

- Additional Secure Detention Facilities- \$1,536,000
- New Maximum Security Facility to replace Central Kentucky Treatment Center - \$800,000
- Expansion of Breathitt County Detention Center - \$242,000

It should be noted that the Governor's recommended budget does not provide for funds to implement a provision in House Bill 117 (codified as KRS 635.060[4] and [5]) which requires the Department to pay the total cost of housing a youth who the judge has ordered to serve time in detention. This statute was suspended in House Bill 4, which was enacted during the 1997 Special Session of the General Assembly.

JUSTICE
Criminal Justice Training

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Restricted Agency Funds					
Balance Forward	2,976,500	6,078,500	16,038,000	2,656,500	5,676,000
Current Receipts	390,000	7,939,500	11,970,000	390,000	390,000
Non-Revenue Receipts	25,150,000	28,562,000	29,704,500	28,562,000	29,704,500
TOTAL FUNDS	28,516,500	42,580,000	57,712,500	31,608,500	35,770,500
EXPENDITURES BY CLASS					
Personnel Costs	3,854,900	4,640,000	4,877,500	4,453,500	4,681,000
Operating Expenses	7,066,100	1,917,000	1,870,000	1,776,000	1,725,000
Grants, Loans or Benefits	13,302,300	18,082,500	20,140,500	17,934,000	19,992,000
Debt Service	1,120,100	1,181,500	3,165,500	1,181,500	3,165,500
Capital Outlay	516,600	721,000	524,500	587,500	524,500
TOTAL EXPENDITURES	25,860,000	26,542,000	30,578,000	25,932,500	30,088,000
EXPENDITURES BY UNIT					
Law Enforcement Foundation Program Fund	25,150,000	25,366,000	29,380,500	25,543,000	29,689,500
Special Training Program	710,000	389,500	398,500	389,500	398,500
TOTAL EXPENDITURES	25,860,000	25,755,500	29,779,000	25,932,500	30,088,000

The Department of Criminal Justice Training is responsible for the training of local law enforcement professionals as provided under Chapters 15, 15A, 64, and 72 of the Kentucky Revised Statutes. Course offerings include basic and specialized training for police officers and dispatchers, sheriffs and deputies, airport and campus security personnel, and coroners. Breath Test certification instruction is provided to all police officers in Kentucky. Students may attend classes at either the Training Center on the Eastern Kentucky University campus or at a variety of regional sites.

Criminal Justice Training is also responsible for the administration of the Kentucky Law Enforcement Program Foundation Fund (KLEPFF) which is supported by insurance premium surcharge proceeds which accrue pursuant to KRS 42.190 and KRS 136.392. The funds are used to provide a pay incentive of \$2,500 distributed by the Department to each qualified law enforcement officer.

Policy

Expansion funds in the amount of \$1,958,500 in fiscal year 1999 and \$4,063,000 in fiscal year 2000 are provided to increase the pay incentive for all current participants from the current \$2,500 level to \$2,750 in fiscal year 1999 and \$3,000 in fiscal year 2000. Also, funding is provided in the amount of \$3,792,000 in fiscal year 1999 and \$3,884,000 in fiscal year 2000 to allow sheriffs and their deputies as well as University Police to benefit from the pay incentive and training programs at the new levels (\$2,750 in fiscal year 1999 and \$3,000 in fiscal year 2000) (Criminal Justice Response Team Recommendation H-14).

Funding is provided in the amount of \$403,000 in fiscal year 1999 and \$364,000 in fiscal year 2000 to establish a program to license all law enforcement officers and to ensure adherence to professional standards (Criminal Justice Response Team Recommendation H-1).

Agency fund supported debt service in the amount of \$1,908,000 is included in fiscal year 2000 for construction of a new Law Enforcement Basic Training Complex on the campus of Eastern Kentucky University.

**JUSTICE
Corrections**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	247,660,400	281,973,000	310,184,500	249,359,300	267,564,700
Current Year Appropriation	4,129,000				
Continuing Appropriation	475,800				
Reorganization Adjustment	-1,785,200				
Mandated Allotments	660,000				
Total General Fund	251,140,000	281,973,000	310,184,500	249,359,300	267,564,700
Restricted Agency Funds					
Balance Forward	7,296,000	1,753,500	1,016,000	8,682,300	6,116,500
Current Receipts	5,126,500	5,477,500	5,225,000	5,763,500	5,511,000
Non-Revenue Receipts	13,466,500	14,116,000	13,727,500	14,116,000	13,727,500
Total Restricted Agency Funds	25,889,000	21,347,000	19,968,500	28,561,800	25,355,000
Federal Funds					
Balance Forward	12,000			5,035,500	3,277,000
Revenue Redistribution	6,929,500	1,325,500	1,032,000	1,325,500	1,032,000
Total Federal Funds	6,941,500	1,325,500	1,032,000	6,361,000	4,309,000
TOTAL FUNDS	283,970,500	304,645,500	331,185,000	284,282,100	297,228,700
EXPENDITURES BY CLASS					
Personnel Costs	126,018,000	149,960,000	162,714,500	136,389,400	146,022,900
Operating Expenses	33,160,100	39,266,500	41,539,000	36,795,600	39,259,100
Grants, Loans or Benefits	89,698,400	103,973,000	109,778,000	100,420,100	106,861,700
Debt Service	20,737,800	6,480,000	16,303,000		2,473,000
Capital Outlay	638,400	3,783,500	2,140,000	1,283,500	400,000
TOTAL EXPENDITURES	270,252,700	303,463,000	332,474,500	274,888,600	295,016,700
EXPENDITURES BY UNIT					
Corrections Management	27,269,200	16,997,500	26,578,500	7,103,200	9,917,200
Adult Institutions	170,780,500	203,289,000	217,120,500	186,309,600	197,723,200
Community Services and Local Facilities	57,258,700	67,284,500	72,883,500	66,907,300	72,807,800
Local Jail Support	14,944,300	15,892,000	15,892,000	14,568,500	14,568,500
TOTAL EXPENDITURES	270,252,700	303,463,000	332,474,500	274,888,600	295,016,700

The Department of Corrections is governed by KRS Chapters 196 and 197. The Department is directed by the Commissioner of Corrections. Appropriation units within the Department include Corrections Management, Adult Correctional Institutions, Community Services and Local Facilities, and Local Jail Support.

The continuing inmate population increase, combined with the Department's compliance with the Federal Consent Decree capping the population at two of the state's major institutions, and the Kentucky State Supreme Court ruling mandating the timely removal of state prisoners from local jails, has created a continuing need to accommodate a larger inmate population through community based and institutional based solutions.

The Corrections Department is presently operating in conformance with the Federal Court Consent Decree concerning the Commonwealth's major penal institutions and inmate population. In March 1987, the Kentucky Corrections Department was found to be in substantial compliance with the 1980 Federal Court Consent Decree by the U.S. District Court. The Department of Corrections is also operating the Kentucky Correctional Institution for Women in accordance with a court decision resulting from litigation concerning inmates' civil rights.

Based on the latest trends and current criminal laws, sentencing, and parole patterns, the Department of Corrections has estimated that the number of convicted felons under the custody of the Department will increase by approximately 1,155 in fiscal year 1998, and by 1,075 in fiscal year 1999, and 921 in fiscal year 2000. This will bring the number of convicted felons under custody to 16,195 by the end of fiscal year 1999, and to 17,116 by the end of fiscal year 2000.

Policy

The set of alternatives included in the Executive Budget to address the burgeoning inmate population combines the use of community based options, including jails, halfway houses, and diversion centers, and the construction of a new 1,790 bed medium security prison to provide a sufficient number of prison beds. Also recommended is the establishment of a community confinement program. The goal of the program is the removal of 850 non-violent property offenders/drug users from cells in county jails or state prisons by the end of fiscal year 2000. The bricks and mortar currently utilized to confine these offenders will be replaced with more effective community sanctions such as electronic monitoring, home detention, and intensive substance abuse treatment.

By the end of fiscal year 1998, the Department of Corrections will have the capacity to house 15,120 felons, either in institutions or in community based beds. The budget for the 1998-2000 biennium includes the necessary capital and operating funds to increase bed capacity by approximately 1,996 by the end of the 1998-2000 biennium.

**JUSTICE
Corrections
Corrections Management**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,347,900	16,836,500	26,417,500	6,832,200	9,756,200
Reorganization Adjustment	-1,785,200				
Total General Fund	26,562,700	16,836,500	26,417,500	6,832,200	9,756,200
Restricted Agency Funds					
Balance Forward	112,500			133,000	23,000
Current Receipts	161,500	161,000	161,000	161,000	161,000
Total Restricted Agency Funds	274,000	161,000	161,000	294,000	184,000
Federal Funds					
Balance Forward				35,500	35,500
Revenue Redistribution	601,000				
TOTAL FUNDS	27,437,700	16,997,500	26,578,500	7,161,700	9,975,700
EXPENDITURES BY CLASS					
Personnel Costs	5,146,400	6,594,500	7,103,500	5,860,500	6,183,400
Operating Expenses	1,354,000	1,468,000	1,432,000	1,242,700	1,260,800
Debt Service	20,737,800	6,480,000	16,303,000		2,473,000
Capital Outlay	31,000	2,455,000	1,740,000		
TOTAL EXPENDITURES	27,269,200	16,997,500	26,578,500	7,103,200	9,917,200
EXPENDITURES BY UNIT					
Administrative Services	3,781,900	7,286,500	6,925,500	4,219,500	4,452,500
Commissioner	935,000	968,500	1,017,000	959,500	1,005,000
Debt Service	20,737,800	6,480,000	16,303,000		2,473,000
General Counsel	766,000	951,500	982,500	790,600	827,000
Corrections Training	1,048,500	1,311,000	1,350,500	1,139,400	1,179,000
EMPOWER Kentucky General Fund Savings				-5,800	-19,300
TOTAL EXPENDITURES	27,269,200	16,997,500	26,578,500	7,103,200	9,917,200

Corrections Management provides the top-level administration and management functions for the Corrections Department. The Commissioner's Office provides policy direction and oversight for all Corrections functions. The Commission on Corrections and Community Services, which has statutory authority to advise the Department per KRS 439.302-439.306, is administratively attached to the Commissioner's Office. This office also manages the Department's accreditation process.

The Division of Corrections Training has responsibility for development and implementation of pre-service and in-service training programs for all Department employees. Employees must attend a specified amount of pre-service training prior to independent assignment to a particular job as well as a specified amount of annual in-service training. Additionally, Corrections Training is responsible for training all county jail staff within the Commonwealth. The minimum standards for jails state that county jailers will receive a minimum of 40 hours of annual in-service training, and the jail staff shall receive a minimum of 16 hours of in-service training annually.

The Division of Administrative Services is responsible for planning and policy development for the Department and for the management of personnel, fiscal affairs, and construction projects.

The Office of General Counsel is responsible for providing legal advice and legal representation in all civil law suits involving the Corrections Department employees, institutions and the Board of Claims. In addition, General Counsel has the responsibility for monitoring the Consent Decree for the Kentucky State Penitentiary and the Kentucky State Reformatory, and monitoring the court order in regard to the Kentucky Correctional Institution for Women.

Policy

Funds are provided in the amount of \$823,000 in fiscal year 1999 and \$903,000 in fiscal year 2000 to continue and replace the Victim Notification System (VINE) grant from the federal government.

General Fund debt service is provided in fiscal year 2000 for the following projects (Criminal Justice Response Team Recommendation F-1):

- 200-Bed Dormitory at Blackburn Correctional Complex - \$496,000
- Kentucky Correctional Institution for Women-Phase I Expansion - \$1,561,000
- 1,790-Bed Medium Security Prison (Design and Site Acquisition only) - \$330,000
- Water Storage Tank and Water Line Replacement at Northpoint Training Center - \$86,000

JUSTICE
Corrections
Adult Correctional Institutions

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	152,929,800	182,436,000	195,479,500	162,430,800	172,180,200
Restricted Agency Funds					
Balance Forward	7,086,500	1,999,500	1,558,000	8,518,800	6,073,000
Current Receipts	4,649,000	5,286,500	5,034,000	5,286,500	5,034,000
Non-Revenue Receipts	13,466,500	14,116,000	13,727,500	14,116,000	13,727,500
Total Restricted Agency Funds	<u>25,202,000</u>	<u>21,402,000</u>	<u>20,319,500</u>	<u>27,921,300</u>	<u>24,834,500</u>
Federal Funds					
Balance Forward	12,000			2,836,500	1,981,500
Revenue Redistribution	3,992,000	1,175,500	880,000	1,175,500	880,000
Total Federal Funds	<u>4,004,000</u>	<u>1,175,500</u>	<u>880,000</u>	<u>4,012,000</u>	<u>2,861,500</u>
TOTAL FUNDS	<u>182,135,800</u>	<u>205,013,500</u>	<u>216,679,000</u>	<u>194,364,100</u>	<u>199,876,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	97,448,600	118,397,500	128,529,500	106,033,300	113,551,200
Operating Expenses	28,906,600	34,582,000	36,608,500	32,390,700	34,702,500
Grants, Loans or Benefits	43,817,900	48,981,000	51,582,500	46,602,100	49,069,500
Capital Outlay	607,400	1,328,500	400,000	1,283,500	400,000
TOTAL EXPENDITURES	<u>170,780,500</u>	<u>203,289,000</u>	<u>217,120,500</u>	<u>186,309,600</u>	<u>197,723,200</u>
EXPENDITURES BY UNIT					
Blackburn Correctional Complex	4,575,500	5,065,000	5,166,000	4,929,500	5,100,000
Bell County Forestry Camp	1,904,500	2,122,000	2,193,000	2,122,000	2,187,200
Correctional Industries	12,727,000	13,350,500	14,491,500	13,251,500	14,384,500
Educational Services	4,944,500	5,519,000	5,821,000	5,379,500	5,719,500
Eastern Kentucky Correctional Complex	15,885,000	17,317,500	17,943,000	16,276,500	16,868,000
Farm Operations	1,008,800	1,417,000	1,472,000	1,417,000	1,472,000
Frankfort Career Development Center	2,043,800	2,586,500	2,683,500	2,392,500	2,479,500
Green River Correctional Complex	7,687,600	11,366,000	11,838,500	11,323,500	11,780,000
Kentucky Correctional Institution for Women	7,488,300	8,135,500	8,427,000	8,116,000	8,391,000
Kentucky State Penitentiary	13,471,000	15,027,000	15,683,500	14,285,000	14,885,000
Kentucky State Reformatory	21,896,100	27,177,000	28,406,000	24,282,000	25,396,500
Luther Luckett Correctional Complex	11,944,000	12,978,000	13,501,000	12,980,000	13,476,500
Medical Services	17,151,000	18,915,000	20,775,500	17,154,100	18,838,300

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Mental Health	4,939,500	7,014,000	8,628,500	6,194,500	7,205,000
Northpoint Training Center	12,103,000	13,216,500	13,758,000	13,216,000	13,732,000
Management Operations	685,000	7,022,000	7,930,000	689,000	721,000
Private Prisons	16,229,300	17,244,000	17,253,500	16,766,000	16,775,500
Roederer Correctional Complex	7,603,500	10,174,000	13,212,000	10,174,000	13,212,000
Western Kentucky Correctional Complex	6,493,100	7,642,500	7,937,000	7,642,500	7,937,000
EMPOWER Kentucky General Fund Savings				-2,281,500	-2,837,300
TOTAL EXPENDITURES	170,780,500	203,289,000	217,120,500	186,309,600	197,723,200

During the 1980 fiscal year, the Corrections Cabinet entered into a Consent Decree that eliminated prison overcrowding and provided for more humane conditions at the Kentucky State Reformatory and the Kentucky State Penitentiary. The Corrections Cabinet was adjudged in March, 1987, to be in substantial compliance with the stipulations of the Consent Decree despite significant increases in the number of convicted felons during that time period.

In fiscal year 1985, the Corrections Cabinet began complying with a court order in regard to the Kentucky Correctional Institution for Women. The settlement agreed to by the court included a construction plan designed to provide new construction and renovation of the institution's physical plant. The Cabinet, in compliance with the court order, expanded and upgraded the industry and vocational education programs for the inmates at the institution.

In fiscal year 1998, Adult Institutions operates 12 adult correctional institutions and oversees three private prisons with a combined maximum operational capacity of 11,127 projected by year end. By the end of the 1998-00 biennium the operational capacity is planned to reach 11,741. This includes the completion of a 314-bed dorm at Green River Correctional Complex, the completion of a 150-bed bed dorm at the Roederer Correctional Complex, and a new boot camp facility at the Roederer Correctional Complex (150 beds).

The Division of Operations supervises and directs classification of inmates and program services which include vocational education, academic education, health services, on-the-job training, recreational and religious programs. The Division adopts policies and procedures for these areas and provides general management of the institutions. This division also has oversight of the private institutions in Floyd County, Marion County, and Lee County.

Kentucky State Reformatory (KSR) is a medium security institution located in Oldham County near LaGrange with a current maximum operational capacity of 1,405. Demolition and reconstruction of Unit E is in progress and will be completed in fiscal year 1998. This dorm will serve as the prison system's mental health facility and will house 150 inmates and will bring the total operational capacity of KSR to 1,555.

Kentucky State Penitentiary is the state's only maximum security institution. It is located in Lyon County near Eddyville and has a current maximum operational capacity of 816. The population of this institution was capped and major renovations were mandated by a Federal Court Consent Decree. The Department is currently in substantial compliance with this decree as recognized by the Federal Court.

Luther Luckett Correctional Complex is a medium security institution located in Oldham County near LaGrange with a current maximum operational capacity of 1,078. The institution also houses the Kentucky Correctional Psychiatric Center operated by the Cabinet for Health Services. The Center diagnoses and treats Corrections Department inmates with severe emotional or mental problems as well as diagnosing persons accused of serious crimes in cases where there is some question about the mental or emotional stability of the accused.

Kentucky Correctional Institution for Women is located in Shelby County near Pewee Valley. It is the only state prison for women in Kentucky and, as such, incarcerates all classifications of women inmates. The current maximum operational capacity is 613. Forty-five (45) additional beds will be added to this facility in fiscal year 1998 through double-bunking, which will raise total capacity to 658 by year end.

Eastern Kentucky Correctional Complex is a medium security institution located in Morgan County near West Liberty. Phase II of this facility opened in fiscal year 1992 and the current operational capacity is 1,650. This has been achieved through double-bunking of both phases of this facility.

Northpoint Training Center is a medium security institution located on Highway 33, about three miles south of Burgin in Mercer County. Its current maximum operating capacity is 1,118.

Western Kentucky Correctional Complex is a medium security prison located in Lyon County near Eddyville. This institution was converted from minimum to medium security during the 1988-90 biennium in response to the State Supreme Court ruling mandating timely removal of state prisoners from local jails. The maximum operating capacity is presently 430. This capacity will increase to 634 during the remainder of fiscal year 1998 with the completion of a new dorm unit funded with maintenance pool funds using inmate labor, and through greater utilization of existing dorm units.

Green River Correctional Complex, located near Central City in Muhlenberg County, is a medium security institution with a present operational capacity of 589. This is the state's most recently constructed prison, which opened in December, 1994. A new 314-bed dorm is under development and will increase capacity to 903.

Roederer Correctional Complex is located in Oldham County near LaGrange with a current maximum operational capacity of 657. This includes the System's Assessment and Classification Center which handles 460 inmates. This institution also includes a 50-bed co-ed Boot Camp. In process is the construction of a new 150-bed dorm and a new 200-bed Boot Camp to replace the existing unit. These projects will not be completed until the 1998-2000 biennium, raising the total operational capacity 957.

Frankfort Career Development Center houses 180 minimum security prisoners and is located at Frankfort in Franklin County. Institutional programs include community service activities. The inmates are assigned to various jobs in and around public buildings and the State Capitol. The jobs require primarily unskilled personnel and include such assignments as janitorial work, cutting grass and general labor.

The Blackburn Correctional Complex, located near Lexington, is a minimum security institution with diversified programming. It has an operational capacity of 394 beds.

Bell County Forestry Camp is a 200-bed minimum security institution located in Bell County near Pineville. The Camp primarily provides inmate labor to the Division of Forestry for fire fighting and fire brake clearing. Inmates also work for the Department of Parks at Pine Mountain State Park and the Transportation Cabinet by cleaning up along roads in the district.

In fiscal year 1987, the Federal Court mandated that the Corrections Department establish a more comprehensive mental health program within the institutions. The new and expanded mental health programs include: a 62-bed intensive services residential program at Kentucky State Reformatory, a 16-bed evaluation and stabilization unit at Kentucky State Reformatory, and additional mental health staff at Kentucky State Penitentiary. These programs are required to meet the demands of the 1980 Federal Consent Decree. A 140-bed intensive substance abuse treatment program funded with state and federal funds is functioning at Kentucky State Reformatory. Staff have been employed in each probation and parole district to provide assessments and coordinate treatment resources for substance abuse clients. The Division of Mental Health oversees and directs these programs and the existing mental health programs within the institutions, including the Sex Offender Treatment Program. The Sex Offender Treatment Program has institutional sites at Kentucky State Reformatory, Luther Lockett Correctional Complex, Kentucky State Penitentiary, Kentucky Correctional Institution for Women and Western Kentucky Correctional Complex. Community treatment and pre-sentence evaluation services for sex offenders are available statewide.

KRS 197.210 provides the authority for Correctional Industries to offer inmate produced goods to state agencies, city and county governments, and the general public. Currently, Kentucky has industry operations at Kentucky State Reformatory, Luther Lockett Correctional Complex, Kentucky Correctional Institution for Women, Northpoint Training Center, Kentucky State Penitentiary, Blackburn Correctional Complex, Eastern Kentucky Correctional Complex, Green River Correctional Complex, Western Kentucky Correctional Complex, and Roederer Correctional Complex.

Prison farm operations are located at Roederer Correctional Complex, Blackburn Correctional Complex, Northpoint Training Center and Western Kentucky Correctional Complex. Operations include raising and selling beef cattle and swine; growing and selling corn and soybeans; and raising vegetables and apples for prison use. No canning or meat processing activities are included.

Policy

Due to the delay in previously authorized beds coming on-line, \$2.8 million in fiscal year 1998 in General Fund appropriation is recommended to be transferred to Community Services and Local Facilities to help offset the cost of housing additional inmates in county jails. There will be language in the Appropriations Act authorizing this transfer.

Funding in the amount of \$855,000 in fiscal year 1999 and \$1,981,500 in fiscal year 2000 was provided in the Mental Health Division for staffing and operating for the mental health component of the Community Confinement Program (Criminal Justice Response Team Recommendation F-2 and F-5).

Agency funds in the amount of \$210,000 in fiscal year 1999 and \$236,000 in fiscal year 2000 are provided in the Division of Correctional Industries for six new staff.

**JUSTICE
Corrections
Community Services and Local Facilities**

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,914,200	66,808,500	72,395,500	65,527,800	71,059,800
Current Year Appropriation	4,129,000				
Mandated Allotments	660,000				
Total General Fund	<u>56,703,200</u>	<u>66,808,500</u>	<u>72,395,500</u>	<u>65,527,800</u>	<u>71,059,800</u>
Restricted Agency Funds					
Balance Forward	97,000	-246,000	-542,000	30,500	20,500
Current Receipts	316,000	30,000	30,000	316,000	316,000
Total Restricted Agency Funds	<u>413,000</u>	<u>-216,000</u>	<u>-512,000</u>	<u>346,500</u>	<u>336,500</u>
Federal Funds					
Balance Forward				2,163,500	1,260,000
Revenue Redistribution	2,336,500	150,000	152,000	150,000	152,000
Total Federal Funds	<u>2,336,500</u>	<u>150,000</u>	<u>152,000</u>	<u>2,313,500</u>	<u>1,412,000</u>
TOTAL FUNDS	<u>59,452,700</u>	<u>66,742,500</u>	<u>72,035,500</u>	<u>68,187,800</u>	<u>72,808,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	23,392,000	24,937,000	27,050,500	24,464,600	26,257,300
Operating Expenses	2,095,200	2,788,000	3,070,000	2,733,700	2,867,300
Grants, Loans or Benefits	31,771,500	39,559,500	42,763,000	39,709,000	43,683,200
TOTAL EXPENDITURES	<u>57,258,700</u>	<u>67,284,500</u>	<u>72,883,500</u>	<u>66,907,300</u>	<u>72,807,800</u>
EXPENDITURES BY UNIT					
Local Facilities	39,185,000	46,964,000	50,497,000	46,877,700	50,876,500
Probation and Parole	18,073,700	20,320,500	22,386,500	20,071,100	21,997,500
EMPOWER Kentucky General Fund Savings				-41,500	-66,200
TOTAL EXPENDITURES	<u>57,258,700</u>	<u>67,284,500</u>	<u>72,883,500</u>	<u>66,907,300</u>	<u>72,807,800</u>

Community Services and Local Facilities goal is to provide an effective and efficient system of community based correctional programs to protect the Commonwealth. There are two organizational units: Division of Probation and Parole and the Division for Local Facilities.

KRS 439.370 and 439.480 mandate the activities of the Division of Probation and Parole. Presently, the state is divided into 13 districts, and probation and parole officers provide supervision of probationers and parolees, investigate offenders for the courts and parole board, provide rehabilitative services to offenders, and assist in employment and home placement. Services are also provided by this Division to about 3,700 offenders housed in jails and halfway houses during fiscal year 1996, and this is expected to grow to 3,600 by the end of fiscal year 1998. Institutional parole officers serve as liaisons between the institutions and field staff to expedite the release of all residents recommended for parole. The Division of Probation and Parole also operates the Jefferson County Misdemeanor Program under a contractual agreement made in 1986 with the Jefferson County Fiscal Court. This Division contracts to provide a substance abuse program for probationers and parolees throughout the Commonwealth.

The Division for Local Facilities, as mandated by KRS 441.011, 441.013, 441.014, 441.410 and 441.430, is responsible for the implementation of legislation pertaining to jails including: jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans.

Policy

The following additional funding items are provided for community services and local facilities:

- A current year appropriation in the amount of \$4,129,000 is provided so as to allow for increased reliance on county jail beds due to the delayed opening of previously authorized prison beds. Because the prison beds are delayed in coming on line, \$2,800,000 in operating costs for these beds is recommended to be transferred in the current year from adult institutions to offset the cost of housing inmates in the county jails. Therefore, the appropriation for fiscal year 1998 will not match the appropriation in House Bill 379 for either Community Services and Local Facilities or Adult Institutions. There will be language in the Appropriations Act to authorize this transfer. Also, an appropriation in the amount of \$9,097,500 in fiscal year 1999 and \$11,017,000 in fiscal year 2000 is provided for continued increased reliance on jail and halfway house beds as one economical and effective way to deal with the growing prison population (Criminal Justice Response Team Recommendation F-1).
- Funding in the amount of \$154,500 in fiscal year 1999 and \$151,500 in fiscal year 2000 is provided for four reclassifications and three new positions to allow for maintenance of services associated with the projected increase in state felon placements in jails and halfway houses.
- Funding in the amount of \$21,000 is provided in fiscal year 1999 and \$93,000 in fiscal year 2000 is provided for the probation and parole career ladder per KRS 196.076.
- Funding in the amount of \$903,500 in fiscal year 1999 and \$1,864,500 in fiscal year 2000 is provided for the establishment of additional staff and operating for a community confinement program in the Division of Probation and Parole. This program represents a more cost effective way of handling the increased population by implementing effective community sanctions, such as electronic monitoring, home detention, and intensive substance abuse treatment (Criminal Justice Response Team Recommendation F-2 and F-5).
- Funding in the amount of \$1,268,500 in fiscal year 1999 and \$2,706,500 in fiscal year 2000 is provided for a 2.1 percent increase in per diem payments to local jails and halfway houses in fiscal year 1999 and a 2.4 percent increase in fiscal year 2000.

**Justice
Corrections
Local Jail Support**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	14,468,500	15,892,000	15,892,000	14,568,500	14,568,500
Continuing Appropriation	475,800				
TOTAL FUNDS	14,944,300	15,892,000	15,892,000	14,568,500	14,568,500
EXPENDITURES BY CLASS					
Personnel Costs	31,000	31,000	31,000	31,000	31,000
Operating Expenses	804,300	428,500	428,500	428,500	428,500
Grants, Loans or Benefits	14,109,000	15,432,500	15,432,500	14,109,000	14,109,000
TOTAL EXPENDITURES	14,944,300	15,892,000	15,892,000	14,568,500	14,568,500
EXPENDITURES BY UNIT					
Local Jail Allotment	12,917,500	12,917,500	12,917,500	12,917,500	12,917,500
Restricted Medical	888,000	888,000	888,000	888,000	888,000
Jailers' Allowance	463,000	463,000	463,000	463,000	463,000
Catastrophic Medical	675,800	300,000	300,000	300,000	300,000
Restore Jail Allotment		1,039,000	1,039,000		
Increase Minimum Allotment for Jails		284,500	284,500		
TOTAL EXPENDITURES	14,944,300	15,892,000	15,892,000	14,568,500	14,568,500

The Local Jail Support program consolidates jail support functions within the Corrections Department.

The Jail Allotment program involves payment of funds to county governments for jail operations. This program provides for its consolidation with the Restricted Medical Payments program.

The Jail Allotment program and the Restricted Medical Payments program are both allocated to counties by a weighted formula which includes factors measuring each county's wealth relative to the state as a whole, each county's age-at-risk (18-34) population, and consideration of the allocation method utilized prior to fiscal year 1985.

The Catastrophic Medical program provides funds for catastrophic-type, indigent, emergency medical care for local inmates. This program will provide for expenses above a deductible to protect counties from large expenses beyond their funding and control.

The Jail Expense Allowance program, pursuant to KRS 441.115, provides a \$300 per month expense allowance to jailers who attend annual training sponsored by the Corrections Department. The funds, which serve as an incentive for participation, help defray costs associated with training such as travel and lodging.

LABOR

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,234,400	21,699,500	21,745,000	21,298,700	21,367,300
Special Appropriation	19,000,000				
Total General Fund	<u>21,234,400</u>	<u>21,699,500</u>	<u>21,745,000</u>	<u>21,298,700</u>	<u>21,367,300</u>
Restricted Agency Funds					
Balance Forward	347,543,000	209,780,500	134,793,500	228,780,500	173,689,500
Current Receipts	97,657,500	98,134,500	97,888,500	98,814,500	98,352,500
Non-Revenue Receipts	214,960,500	162,914,500	165,385,000	162,709,000	165,102,500
Total Restricted Agency Funds	<u>660,161,000</u>	<u>470,829,500</u>	<u>398,067,000</u>	<u>490,304,000</u>	<u>437,144,500</u>
Federal Funds					
Balance Forward	101,000				
Current Receipts	2,888,500	3,003,000	3,003,000	3,003,000	3,003,000
Revenue Redistribution	51,500				
Total Federal Funds	<u>3,041,000</u>	<u>3,003,000</u>	<u>3,003,000</u>	<u>3,003,000</u>	<u>3,003,000</u>
TOTAL FUNDS	<u>684,436,400</u>	<u>495,532,000</u>	<u>422,815,000</u>	<u>514,605,700</u>	<u>461,514,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	28,445,900	29,151,000	30,585,000	28,691,500	30,058,000
Operating Expenses	233,516,500	175,862,000	178,075,500	175,529,200	177,669,300
Grants, Loans or Benefits	193,360,000	136,351,000	137,851,000	136,351,000	137,851,000
Capital Outlay	333,500	374,500	256,000	344,500	232,000
TOTAL EXPENDITURES	<u>455,655,900</u>	<u>341,738,500</u>	<u>346,767,500</u>	<u>340,916,200</u>	<u>345,810,300</u>
EXPENDITURES BY UNIT					
General Administration and Support	4,451,800	5,037,000	5,072,000	5,002,500	5,020,800
Workplace Standards	208,178,600	151,991,500	153,814,500	151,530,700	153,321,000
Workers Claims	15,182,500	15,102,000	15,748,500	14,994,000	15,637,000
Kentucky Occupational Safety and Health Review Commission	454,500	486,500	498,000	483,500	494,000
Kentucky Workers' Compensation Funding Commission	227,388,500	169,121,500	171,634,500	168,905,500	171,337,500
TOTAL EXPENDITURES	<u>455,655,900</u>	<u>341,738,500</u>	<u>346,767,500</u>	<u>340,916,200</u>	<u>345,810,300</u>

LABOR

The Labor Cabinet is created in KRS Chapter 336 and charged with exercising the administrative functions of the state concerning employer-employee relationships. The Cabinet is headed by a Secretary appointed by the Governor who is responsible for activities relating to wages and hours, occupational safety and health of employees, child labor, apprenticeship, and workers' compensation.

The following boards and councils are attached to the Labor Cabinet for administrative purposes: Kentucky Labor-Management Advisory Council, Prevailing Wage Review Board, Kentucky Occupational Safety and Health Standards Board, Apprenticeship and Training Council, State Labor Relations Board, Child Labor Committee, the Kentucky Employees Insurance Association, and the Workers' Compensation Advisory Council. In addition, workers' compensation reform legislation (House Bill 928) enacted by the 1994 General Assembly transferred the Kentucky Workers' Compensation Funding Commission to the Labor Cabinet for administrative purposes, and also established the Employers Mutual Insurance Authority, an off-budget entity attached for administrative purposes to the Labor Cabinet.

The organizational units under the direction of the Secretary of Labor are the Office of the Secretary, General Counsel, Administrative Services, Labor-Management Relations, and the Department of Workplace Standards. The Secretary of Labor also oversees administrative duties of the Department of Workers Claims, with the Commissioner of the Department being responsible for the daily programmatic activities. The Kentucky Occupational Safety and Health (KOSH) Review Commission is an independent agency administered by an executive director. The Kentucky Workers' Compensation Funding Commission is administratively attached to the Labor Cabinet.

Policy

General Funds totaling \$19 million in coal severance tax receipts are included in the Labor Cabinet summary. In accordance with House Bill 1 of the 1996 Extraordinary Session, workers' compensation reform, these funds are to be deposited into the Commission's Benefit Reserve Account. These revenues, coupled with the assessments imposed upon insurance carriers writing workers' compensation insurance, group self insurers and self insureds, are to be used to fund and prefund the liabilities of the Special Fund.

The remaining balance of General Funds (\$2,298,700 in fiscal year 1999 and \$2,367,300 in fiscal year 2000) are recommended for the Labor Cabinet's labor-management program and programs within the Division of Employment Standards, Apprenticeship and Training.

Restricted funds displayed as non-revenue receipts (\$162,709,000 in fiscal year 1999 and \$165,102,500 in fiscal year 2000) are actually the funds transferred from the Funding Commission to the Labor Cabinet to finance all programs in the Cabinet except the Division of Employment Standards, Apprenticeship and Training and the Office of Labor-Management Relations.

The Labor Cabinet's total recommended budget, including General Funds, restricted funds and federal funds, is \$172,010,700 in fiscal year 1999 and \$174,472,800 in fiscal year 2000.

The Funding Commission's recommended budget, including the \$19 million in General Funds and the Labor Cabinet restricted fund transfers noted above, totals \$168,905,500 in fiscal year 1999 and \$171,337,500 in fiscal year 2000. Restricted funds in the amount of \$3,971,000 in fiscal year 1999 and \$4,028,000 in fiscal year 2000 are recommended for the Uninsured Employers' Fund in the Office of the Attorney General. Restricted funds totaling \$656,000 in fiscal year 1999 and \$470,000 in fiscal year 2000 are recommended for the Labor Cabinet's imaging system, and \$1,569,500 in fiscal year 1999 and \$1,737,000 in fiscal year 2000 are also recommended for Funding Commission operations.

LABOR
General Administration and Support

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	503,800	549,000	540,000	518,000	532,800
Restricted Agency Funds					
Balance Forward	699,000				
Non-Revenue Receipts	3,249,000	4,488,000	4,532,000	4,484,500	4,488,000
Total Restricted Agency Funds	3,948,000	4,488,000	4,532,000	4,484,500	4,488,000
TOTAL FUNDS	4,451,800	5,037,000	5,072,000	5,002,500	5,020,800
EXPENDITURES BY CLASS					
Personnel Costs	3,453,300	3,662,000	3,859,500	3,629,000	3,810,500
Operating Expenses	799,500	1,115,000	975,500	1,113,500	973,300
Grants, Loans or Benefits	119,000	120,000	120,000	120,000	120,000
Capital Outlay	80,000	140,000	117,000	140,000	117,000
TOTAL EXPENDITURES	4,451,800	5,037,000	5,072,000	5,002,500	5,020,800
EXPENDITURES BY UNIT					
General Administration and Support	4,451,800	5,037,000	5,072,000	5,004,000	5,023,000
EMPOWER Kentucky General Fund Savings				-1,500	-2,200
TOTAL EXPENDITURES	4,451,800	5,037,000	5,072,000	5,002,500	5,020,800

This program includes the Office of the Secretary of Labor, the Office of General Counsel, the Office of Administrative Services, and the Office of Labor-Management Relations.

The Secretary of the Labor Cabinet is responsible for the duties set forth in KRS 336.015(1), including administering programs for Employment Standards Apprenticeship and Training, Special Fund, Coal Workers' Pneumoconiosis Fund, and the Occupational Safety and Health Programs. The Office of General Counsel represents the Cabinet in wage and hour actions, occupational safety and health prosecutions and personnel and administrative actions. The Office of Labor-Management Relations works to improve relationships between labor and management and coordinates the activity of the Labor-Management Advisory Council. The Office of Administrative Services provides administrative support to Labor Cabinet programs.

The Office of Labor-Management Relations is funded with General Funds, while the other subprograms are funded by agency fund non-revenue receipts. The agency funds are Workers' Compensation assessments, which are collected by the Kentucky Workers' Compensation Funding Commission and transferred to the Cabinet in accordance with the passage of the Appropriations Act.

Policy

General Funds in the amount of \$120,000 in each year of the 1998-2000 biennium are recommended for continuation of the labor-management relations grants. Additional restricted funds totaling \$308,500 in fiscal year 1999 and \$218,500 in fiscal year 2000 are recommended for the Cabinet's information technology system, with major emphasis being placed upon network technology and technical expertise. Additional restricted funds in the amount of \$656,000 in fiscal year 1999 and \$470,000 in fiscal year 2000 are also recommended in the capital budget for the enhancement of the Cabinet's imaging system.

LABOR
Workplace Standards

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,730,600	2,150,500	2,205,000	1,780,700	1,834,500
Restricted Agency Funds					
Balance Forward	6,194,500	4,000,000	4,000,000	4,000,000	4,000,000
Current Receipts	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Non-Revenue Receipts	197,373,500	143,012,500	144,781,000	142,921,500	144,658,000
Total Restricted Agency Funds	<u>207,568,000</u>	<u>151,012,500</u>	<u>152,781,000</u>	<u>150,921,500</u>	<u>152,658,000</u>
Federal Funds					
Balance Forward	86,000				
Current Receipts	2,742,500	2,828,500	2,828,500	2,828,500	2,828,500
Revenue Redistribution	51,500				
Total Federal Funds	<u>2,880,000</u>	<u>2,828,500</u>	<u>2,828,500</u>	<u>2,828,500</u>	<u>2,828,500</u>
TOTAL FUNDS	<u>212,178,600</u>	<u>155,991,500</u>	<u>157,814,500</u>	<u>155,530,700</u>	<u>157,321,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	11,866,600	12,030,000	12,617,500	11,725,000	12,269,500
Operating Expenses	2,979,500	3,626,000	3,407,000	3,500,200	3,285,500
Grants, Loans or Benefits	193,241,000	136,231,000	137,731,000	136,231,000	137,731,000
Capital Outlay	91,500	104,500	59,000	74,500	35,000
TOTAL EXPENDITURES	<u>208,178,600</u>	<u>151,991,500</u>	<u>153,814,500</u>	<u>151,530,700</u>	<u>153,321,000</u>
EXPENDITURES BY UNIT					
Employment Standards, Apprenticeship and Training	1,782,100	2,150,500	2,205,000	1,782,000	1,836,500
Occupation Safety and Health Compliance	3,193,500	3,676,500	3,773,500	3,659,500	3,748,000
Education and Training for Occupational Safety and Health	3,654,500	4,396,000	4,371,500	4,370,500	4,336,500
Special Fund	191,179,000	140,350,500	140,557,500	140,305,000	140,498,500
Coal Workers' Pneumoconiosis Fund	8,369,500	1,418,000	2,907,000	1,415,000	2,903,500
EMPOWER Kentucky General Fund Savings				-1,300	-2,000
TOTAL EXPENDITURES	<u>208,178,600</u>	<u>151,991,500</u>	<u>153,814,500</u>	<u>151,530,700</u>	<u>153,321,000</u>

The Department of Workplace Standards consists of the Division of Employment Standards, Apprenticeship and Training, the Division of Occupational Safety and Health Compliance, the Division of Education and Training for Occupational Safety and Health, the Division of Special Fund, and the Division of Coal Workers' Pneumoconiosis Fund.

LABOR
Workplace Standards
Employment Standards, Apprenticeship and Training

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,730,600	2,150,500	2,205,000	1,782,000	1,836,500
Federal Funds					
Revenue Redistribution	51,500				
TOTAL FUNDS	<u>1,782,100</u>	<u>2,150,500</u>	<u>2,205,000</u>	<u>1,782,000</u>	<u>1,836,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,540,100	1,694,500	1,783,000	1,480,500	1,558,000
Operating Expenses	242,000	426,000	398,000	301,500	278,500
Capital Outlay		30,000	24,000		
TOTAL EXPENDITURES	<u>1,782,100</u>	<u>2,150,500</u>	<u>2,205,000</u>	<u>1,782,000</u>	<u>1,836,500</u>
EXPENDITURES BY UNIT					
Administration	378,600	802,000	818,000	492,000	508,000
Wage and Hour	1,177,500	1,123,500	1,157,000	1,123,500	1,157,000
Apprenticeship	174,500	166,500	171,500	166,500	171,500
School-to-Work	51,500	58,500	58,500		
TOTAL EXPENDITURES	<u>1,782,100</u>	<u>2,150,500</u>	<u>2,205,000</u>	<u>1,782,000</u>	<u>1,836,500</u>

The Division of Employment Standards, Apprenticeship and Training oversees statutory programs pertaining to wages and hours, discrimination and apprenticeship.

The Wage and Hour subprogram has the responsibility for enforcing all statutes pertaining to Employment Standards as set forth in KRS Chapters 337, 339, and 207. These include: payment of wages, withholding from wages, remittance of gratuities, minimum wage, overtime, lunch periods, rest periods, wage discrimination because of sex, prevailing wage, child labor, and discrimination in employment against the physically handicapped. The goal of this program is to complete approximately 2,900 investigations of employers, to correct approximately 1,600 violations of Kentucky wage and hour laws and to return approximately \$2,000,000 in unpaid wages to approximately 4,400 employees. Some 96,000 employers with over 1,598,000 employees are covered under these statutes.

The Apprenticeship subprogram administers the apprenticeship statutes in KRS Chapter 343. The objective of this program is to encourage the entrance into voluntary agreements of apprenticeship between employers and employees which will equip young people for profitable employment. The goal of this program is to monitor approximately 300 sponsors to assure that they are meeting the standards of providing quality training to approximately 1,975 apprentices registered in this program.

LABOR
Workplace Standards
Occupational Safety and Health Compliance

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	638,000				
Non-Revenue Receipts	1,269,000	2,390,000	2,487,000	2,373,000	2,461,500
Total Restricted Agency Funds	<u>1,907,000</u>	<u>2,390,000</u>	<u>2,487,000</u>	<u>2,373,000</u>	<u>2,461,500</u>
Federal Funds					
Balance Forward	40,000				
Current Receipts	1,246,500	1,286,500	1,286,500	1,286,500	1,286,500
Total Federal Funds	<u>1,286,500</u>	<u>1,286,500</u>	<u>1,286,500</u>	<u>1,286,500</u>	<u>1,286,500</u>
TOTAL FUNDS	<u>3,193,500</u>	<u>3,676,500</u>	<u>3,773,500</u>	<u>3,659,500</u>	<u>3,748,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	2,142,000	2,435,500	2,564,500	2,418,500	2,539,000
Operating Expenses	818,000	994,500	958,000	994,500	958,000
Grants, Loans or Benefits	216,000	216,000	216,000	216,000	216,000
Capital Outlay	17,500	30,500	35,000	30,500	35,000
TOTAL EXPENDITURES	<u>3,193,500</u>	<u>3,676,500</u>	<u>3,773,500</u>	<u>3,659,500</u>	<u>3,748,000</u>
EXPENDITURES BY UNIT					
Safety	1,605,000	2,045,000	2,062,000	2,035,500	2,048,000
Health	1,525,500	1,567,000	1,643,500	1,560,000	1,632,500
Anti-Discrimination	63,000	64,500	68,000	64,000	67,500
TOTAL EXPENDITURES	<u>3,193,500</u>	<u>3,676,500</u>	<u>3,773,500</u>	<u>3,659,500</u>	<u>3,748,000</u>

This division, through enforcement of the provisions of KRS Chapter 338, promotes the safety, health, and general welfare of workers by ensuring that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in work environments. The Division is responsible for the enforcement of Kentucky's occupational safety and health standards, rules and regulations within both the public and private sectors. Through a Safety Inspection Branch and a Health Inspection Branch, the Division maintains a field staff of Safety Compliance Officers and Industrial Hygienists who conduct inspections of workplaces in which hazardous conditions are identified, violations of safety and health standards are cited, and abatement dates are assigned. In some instances, penalties are assessed for violations.

Although all penalties collected by the Division for violations are contributed to the General Fund, the Division's operations are not supported with General Funds. A federal grant from the U. S. Department of Labor, Occupational Safety and Health Administration provides funding for this program, with an agency fund match provided by the Kentucky Workers' Compensation Funding Commission through its assessments.

Policy

Restricted funds in the amount of \$333,000 in fiscal year 1999 and \$265,500 in fiscal year 2000 are recommended for equipment to increase the ability of Kentucky's Occupational Safety and Health program to identify and evaluate employee exposure to hazardous chemicals and operations. In addition, these funds will provide support for five additional personnel, including two Industrial Hygienists, two Safety positions and one Discrimination Officer. These additional personnel will be used to increase inspection activity with the primary goal of providing a safer and healthier workplace for employees.

LABOR
Workplace Standards
Education and Training for Occupational Safety and Health

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	463,000				
Non-Revenue Receipts	1,649,500	2,854,000	2,829,500	2,828,500	2,794,500
Total Restricted Agency Funds	<u>2,112,500</u>	<u>2,854,000</u>	<u>2,829,500</u>	<u>2,828,500</u>	<u>2,794,500</u>
Federal Funds					
Balance Forward	46,000				
Current Receipts	1,496,000	1,542,000	1,542,000	1,542,000	1,542,000
Total Federal Funds	<u>1,542,000</u>	<u>1,542,000</u>	<u>1,542,000</u>	<u>1,542,000</u>	<u>1,542,000</u>
TOTAL FUNDS	<u>3,654,500</u>	<u>4,396,000</u>	<u>4,371,500</u>	<u>4,370,500</u>	<u>4,336,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	2,504,000	3,001,000	3,153,000	2,975,500	3,118,000
Operating Expenses	1,116,500	1,351,000	1,218,500	1,351,000	1,218,500
Capital Outlay	34,000	44,000		44,000	
TOTAL EXPENDITURES	<u>3,654,500</u>	<u>4,396,000</u>	<u>4,371,500</u>	<u>4,370,500</u>	<u>4,336,500</u>
EXPENDITURES BY UNIT					
Training	895,500	1,679,000	1,543,000	1,671,000	1,533,000
Standards	246,500	248,000	258,000	244,500	253,000
Consultation	931,500	916,500	952,500	913,000	947,500
Federal Coordinator/ Administrator	1,103,000	1,110,000	1,153,500	1,106,500	1,148,500
Management Information Systems	167,500	168,500	175,000	165,000	170,000
Labor Statistics	310,500	274,000	289,500	270,500	284,500
TOTAL EXPENDITURES	<u>3,654,500</u>	<u>4,396,000</u>	<u>4,371,500</u>	<u>4,370,500</u>	<u>4,336,500</u>

This Division promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, distribution of technical and informational materials, gathering and monitoring statistical data concerning job injuries and illnesses, technical assistance, and acting as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

The Training Branch develops and presents courses for employers to encourage voluntary compliance with safety and health standards, and also for employees to make them aware of job hazards which they may then avoid or assist in correcting. The Consultation Branch conducts surveys of business establishments at the request of employers to identify safety and health hazards. The Standards Branch provides information relative to standards and requirements, and processes variance requests from employers.

The Management Information System unit handles collection, analysis, and reporting of statistics to develop safer work environments. The Survey subprograms provide published reports of this information.

Funding for this budget unit consists of federal funds and Workers' Compensation assessments.

Policy

Additional restricted funds in the amount of \$754,500 in fiscal year 1999 and \$580,500 in fiscal year 2000 are recommended for the Voluntary Protection Partnership of Kentucky Program, which is a cooperative effort among labor, management and government for the purpose of improving and encouraging employer-provided and employee-participative safety and health programs. These funds will support nine permanent personnel and operating costs, as well as a personal service contract for a certified ergonomist to provide consultation and training to permanent staff.

**LABOR
Workplace Standards
Special Fund**

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	4,967,000	4,000,000	4,000,000	4,000,000	4,000,000
Current Receipts	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Non-Revenue Receipts	186,212,000	136,350,500	136,557,500	136,305,000	136,498,500
TOTAL FUNDS	<u>195,179,000</u>	<u>144,350,500</u>	<u>144,557,500</u>	<u>144,305,000</u>	<u>144,498,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	5,376,500	4,585,500	4,788,000	4,540,000	4,729,000
Operating Expenses	737,500	750,000	754,500	750,000	754,500
Grants, Loans or Benefits	185,025,000	135,015,000	135,015,000	135,015,000	135,015,000
Capital Outlay	40,000				
TOTAL EXPENDITURES	<u>191,179,000</u>	<u>140,350,500</u>	<u>140,557,500</u>	<u>140,305,000</u>	<u>140,498,500</u>
EXPENDITURES BY UNIT					
Administration	6,154,000	5,335,500	5,542,500	5,290,000	5,483,500
Awards	185,025,000	135,015,000	135,015,000	135,015,000	135,015,000
TOTAL EXPENDITURES	<u>191,179,000</u>	<u>140,350,500</u>	<u>140,557,500</u>	<u>140,305,000</u>	<u>140,498,500</u>

The Special Fund is a workers' compensation fund used to pay a portion of compensatory awards for work-related subsequent injuries and occupational diseases. Concern over escalating Special Fund liability, particularly for Black Lung disease, prompted the calling of a Special Session of the General Assembly in 1987. This session produced HB 1, which revamped Kentucky's workers' compensation claims resolution system and enacted new criteria designed to contain future Special Fund occupational disease liability.

In spite of the 1987 legislation, Special Fund liability continued to grow. Another major piece of legislation, HB 928, was passed by the 1994 General Assembly and included several provisions designed to reduce future liability. However, continued concern over increasing workers' compensation costs overall and in particular, the Special Fund's liability, resulted in a December, 1996 Extraordinary Session to again address workers' compensation issues. The product of that session was House Bill 1, enacted into law on December 12, 1996.

House Bill 1 repealed future Special Fund liability for injuries and diseases arising on or after December 12, 1996, the effective date of the Reform Act. However, the legislation was not made retroactive with respect to pre-December 12, 1996 injuries or occupational diseases and will not affect prior awards or claims arising before that date. Therefore, the Division of Special Fund will continue to exist with the same statutory mission it had prior to the passage of the Reform Act.

Policy

Projected expenditures for Special Fund awards in each year of the 1998-2000 biennium are recommended at a funding level of \$135,015,000. This is a reduction of the fiscal year 1998 (current year) awards budgeted at \$185,000,000. The significant drop is the result of House Bill 928 and House Bill 1 of the 1996 Extraordinary Session of the General Assembly. The agency also anticipates a reduction in operating costs, including claimant travel expenses, claimant medical and dental services and court reporter services based upon the statutory changes contained in House Bill 1. The Governor's recommended budget for the 1998-2000 biennium reflects these reductions.

LABOR
Workplace Standards
Coal Workers' Pneumoconiosis Fund

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	126,500				
Non-Revenue Receipts	8,243,000	1,418,000	2,907,000	1,415,000	2,903,500
TOTAL FUNDS	<u>8,369,500</u>	<u>1,418,000</u>	<u>2,907,000</u>	<u>1,415,000</u>	<u>2,903,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	304,000	313,500	329,000	310,500	325,500
Operating Expenses	65,500	104,500	78,000	104,500	78,000
Grants, Loans or Benefits	8,000,000	1,000,000	2,500,000	1,000,000	2,500,000
TOTAL EXPENDITURES	<u>8,369,500</u>	<u>1,418,000</u>	<u>2,907,000</u>	<u>1,415,000</u>	<u>2,903,500</u>

The Coal Workers' Pneumoconiosis Fund was created by the 1996 Extraordinary Session on December 12, 1996. Prior to this Session, it had been determined that Coal Workers' Pneumoconiosis (Black Lung) placed a substantial burden on all employers of the Commonwealth through the Special Fund assessments. The establishment of this Fund is intended to ensure that liabilities incurred as a result of workers' compensation awards for Coal Workers' Pneumoconiosis be the financial responsibility of employers engaged in the severance and processing of coal. Funding is provided by an assessment imposed at the rate of three percent on the workers' compensation premiums paid by every employer engaged in the severance or processing of coal. In addition, an assessment at the rate of two and one-half cents per ton is imposed upon the total annual amount of tons of coal severed by every entity engaged in the severance of coal, as required pursuant to KRS Chapter 143. The Kentucky Workers' Compensation Funding Commission recently established new rates for 1998 at one percent of premium and one cent per ton. These rates will be adjusted annually depending on the actuarial projection of claims liability.

The Fund is responsible for the administration, legal representation and maintenance of records regarding the payment of claims. The Fund has one-half of the liability for income benefits awarded for claims brought under KRS Chapter 342 for the last exposure incurred on or after December 12, 1996; the effective date of the Reform Act passed during the 1996 Extraordinary Session of the General Assembly.

Policy

House Bill 1 of the 1996 Extraordinary Session assigned eight permanent positions to this program. After a reassessment of need, the agency has determined that two positions can be excluded from the fiscal year 1998-2000 budget request. Funding is therefore recommended to support six permanent positions and attendant operating costs. Restricted funds in the amount of \$1,000,000 in fiscal year 1999 and \$2,500,000 in fiscal year 2000 are recommended for awards.

**LABOR
Workers Claims**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Restricted Agency Funds					
Balance Forward	1,109,000				
Non-Revenue Receipts	14,073,500	15,102,000	15,748,500	14,994,000	15,637,000
TOTAL FUNDS	15,182,500	15,102,000	15,748,500	14,994,000	15,637,000
EXPENDITURES BY CLASS					
Personnel Costs	11,489,500	11,832,000	12,303,500	11,724,000	12,192,000
Operating Expenses	3,531,000	3,150,000	3,365,000	3,150,000	3,365,000
Capital Outlay	162,000	120,000	80,000	120,000	80,000
TOTAL EXPENDITURES	15,182,500	15,102,000	15,748,500	14,994,000	15,637,000
EXPENDITURES BY UNIT					
Commissioner	1,183,000	2,117,500	2,217,500	2,097,000	2,193,500
Information and Research	2,227,000	2,065,500	2,152,500	2,053,000	2,140,000
Claims Processing and Appeals	1,417,000	1,314,500	1,369,500	1,302,000	1,357,000
Administrative Law Judge	3,553,000	3,295,500	3,434,000	3,283,000	3,421,500
Insurance	1,557,500	1,444,500	1,505,500	1,432,000	1,493,000
Workers' Compensation Board	824,500	764,500	797,000	752,000	784,500
Arbitration	1,902,000	1,764,000	1,838,500	1,751,500	1,826,000
Ombudsman and Workers Compensation Specialist	2,518,500	2,336,000	2,434,000	2,323,500	2,421,500
TOTAL EXPENDITURES	15,182,500	15,102,000	15,748,500	14,994,000	15,637,000

The Commonwealth of Kentucky adopted a Workers' Compensation Act in 1916 under which employees were granted replacement income and medical services for disability arising from on-the-job accidents. In exchange, employers were afforded immunity from common lawsuits.

Over the past eighty-one years, Kentucky's Workers' Compensation Program has undergone incremental changes generally marked by expansion of coverage to include additional work-related conditions (i.e., occupational diseases) and increases in the amount of benefits granted workers. Reform occurred during the 1994 Regular Session of the General Assembly with the passage of House Bill 928. Before 1994, the main function of the Department was to adjudicate disputes between employers and employees as to entitlement of benefits. Through the impetus of the 1994 statutory changes, the means of delivering industrial health care was altered, efforts began to curtail the expansion of benefits and the administrative and adjudicative arms of the program were strengthened.

House Bill 1, passed by the 1996 Extraordinary Session of the General Assembly, completed the reform of the workers' compensation program. House Bill 1, was adopted on December 12, 1996. This legislation emphasizes administrative resolution of benefit disputes rather than adjudicative claims processing. The new law also represents a marked shift toward fiscal responsibility in the workers' compensation program and is intended to roll back the estimated price of \$1 billion per year paid by the Commonwealth's employers to sustain the program. Through this reform legislation, the program is being restored to its core purpose of promptly delivering wage replacement benefits and medical services to industrially injured workers in a nonadversarial manner.

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

Policy

House Bill 1 of the 1996 Extraordinary Session requires the Commissioner of the Department of Workers Claims to monitor the workload of the Administrative Law Judges and Arbitrators and 120 days before the expiration of terms, certify to the Workers' Compensation Nominating Commission that filling a vacancy is necessary. Due to the decline in injury cases filed, two of the sixteen Administrative Law Judges and two Support Staff positions have been abolished effective December 31, 1997. Funding for the department's current services budget for the 1998-2000 biennium has been reduced accordingly in the recommended budget.

LABOR
Kentucky Occupational Safety and Health Review Commission

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	29,000				
Non-Revenue Receipts	264,500	312,000	323,500	309,000	319,500
Total Restricted Agency Funds	<u>293,500</u>	<u>312,000</u>	<u>323,500</u>	<u>309,000</u>	<u>319,500</u>
Federal Funds					
Balance Forward	15,000				
Current Receipts	146,000	174,500	174,500	174,500	174,500
Total Federal Funds	<u>161,000</u>	<u>174,500</u>	<u>174,500</u>	<u>174,500</u>	<u>174,500</u>
TOTAL FUNDS	<u>454,500</u>	<u>486,500</u>	<u>498,000</u>	<u>483,500</u>	<u>494,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	417,000	434,000	453,500	431,000	449,500
Operating Expenses	37,500	42,500	44,500	42,500	44,500
Capital Outlay		10,000		10,000	
TOTAL EXPENDITURES	<u>454,500</u>	<u>486,500</u>	<u>498,000</u>	<u>483,500</u>	<u>494,000</u>

The Kentucky Occupational Safety and Health Review Commission is an independent quasi-judicial administrative agency which hears and rules on appeals of citations issued by the Division of Occupational Safety and Health Compliance in the Labor Cabinet. For organizational purposes, the Commission is in the Labor Cabinet.

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

Funding for the Commission consists of funds derived from the federal Occupational Safety and Health Grant and agency funds provided by the Kentucky Workers' Compensation Funding Commission from its Special Fund assessments.

LABOR
Kentucky Workers' Compensation Funding Commission

	<u>Revised FY 1998</u>	<u>Requested FY 1999</u>	<u>Requested FY 2000</u>	<u>Recommended FY 1999</u>	<u>Recommended FY 2000</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		19,000,000	19,000,000	19,000,000	19,000,000
Special Appropriation	19,000,000				
Restricted Agency Funds					
Balance Forward	339,511,500	205,780,500	130,793,500	224,780,500	169,689,500
Current Receipts	93,657,500	94,134,500	93,888,500	94,814,500	94,352,500
Total Restricted Agency Funds	<u>433,169,000</u>	<u>299,915,000</u>	<u>224,682,000</u>	<u>319,595,000</u>	<u>264,042,000</u>
TOTAL FUNDS	<u>452,169,000</u>	<u>318,915,000</u>	<u>243,682,000</u>	<u>338,595,000</u>	<u>283,042,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,219,500	1,193,000	1,351,000	1,182,500	1,336,500
Operating Expenses	226,169,000	167,928,500	170,283,500	167,723,000	170,001,000
TOTAL EXPENDITURES	<u>227,388,500</u>	<u>169,121,500</u>	<u>171,634,500</u>	<u>168,905,500</u>	<u>171,337,500</u>
EXPENDITURES BY UNIT					
Funding Commission	1,582,500	1,580,000	1,751,500	1,569,500	1,737,000
Labor Cabinet	219,249,500	163,570,500	165,855,000	163,365,000	165,572,500
Uninsured Employers Fund	6,556,500	3,971,000	4,028,000	3,971,000	4,028,000
TOTAL EXPENDITURES	<u>227,388,500</u>	<u>169,121,500</u>	<u>171,634,500</u>	<u>168,905,500</u>	<u>171,337,500</u>

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

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky workers' compensation premiums received by all insurance carriers and group self-insurers, and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. In addition to these assessments, House Bill 1 of the 1996 Extraordinary Session also mandates that beginning with fiscal year 1998 and all fiscal years thereafter, the Revenue Cabinet credit \$19 million in coal severance tax revenues levied under KRS 143.020 to the Benefit Reserve Fund within the Commission. These funds, coupled with the two assessments, are to be used: to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Employment Standards and Mediation and the Office of Labor-Management Relations; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

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

The Commission is governed by a Board of Directors composed of the Cabinet Secretaries of Labor, Economic Development and Revenue, and four members representing insurers and insureds, who are appointed by the Governor. The Board appoints an executive director to carry out the business of the Commission.

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

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

The revenue information combines the cash within the state accounting system and the cash located with the Commission's long-term investment management firms. Presently, the Funding Commission has an agreement with the Office of Financial Management and Economic Analysis for short-term investments. The remaining balance of the Benefit Reserve Fund is divided among three long-term investment managers, including National Asset Management; Western Asset Management; and the Janus Corporation.