

TOURISM DEVELOPMENT

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	54,828,600	47,553,000	55,683,000	37,215,500	38,381,500
Current Year Appropriation	1,867,000				
Total General Fund	56,695,600	47,553,000	55,683,000	37,215,500	38,381,500
Restricted Agency Funds					
Balance Forward	17,774,400	28,582,500	25,428,500	28,582,500	26,359,000
Current Receipts	93,730,900	97,702,000	99,990,000	97,703,500	99,990,500
Non-Revenue Receipts	7,263,500	-2,190,000	-1,390,000	-2,190,000	-2,490,000
Total Restricted Agency Funds	118,768,800	124,094,500	124,028,500	124,096,000	123,859,500
Federal Funds					
Balance Forward	646,900				
Current Receipts	7,681,400	7,164,000	7,331,500	7,164,000	7,331,500
Non-Revenue Receipts	-644,500				
Total Federal Funds	7,683,800	7,164,000	7,331,500	7,164,000	7,331,500
TOTAL FUNDS	183,148,200	178,811,500	187,043,000	168,475,500	169,572,500
EXPENDITURES BY CLASS					
Personnel Costs	85,522,400	93,548,000	97,958,500	88,741,800	92,283,600
Operating Expenses	43,156,800	50,959,000	52,603,000	47,374,200	49,206,400
Grants, Loans or Benefits	2,613,500	2,736,500	2,795,500	2,648,500	2,668,500
Debt Service	21,150,000	2,452,000	8,579,000	371,000	371,000
Capital Outlay	2,123,000	3,687,500	3,740,500	2,981,000	3,048,500
TOTAL EXPENDITURES	154,565,700	153,383,000	165,676,500	142,116,500	147,578,000
EXPENDITURES BY UNIT					
Secretary	1,418,600	1,291,500	1,330,000	1,232,800	1,276,100
Breaks Interstate Park	200,000	200,000	200,000	200,000	200,000
Travel	6,390,100	8,807,500	9,011,500	6,996,400	7,181,800
Parks	75,688,000	79,245,500	86,036,000	71,234,800	73,373,100
Horse Park	6,864,000	6,143,000	6,398,500	5,490,500	5,614,000
Fair Board	35,828,500	27,188,500	30,716,500	26,536,000	28,109,000
Fish and Wildlife	28,176,500	30,507,000	31,984,000	30,426,000	31,824,000
TOTAL EXPENDITURES	154,565,700	153,383,000	165,676,500	142,116,500	147,578,000

The Tourism Development Cabinet was established by KRS 148.522 to facilitate efficiency and improved administration by the Commonwealth in promoting the tourism industry in Kentucky. Estimates project tourism spending in excess of \$7.2 billion annually, making tourism Kentucky's third-largest industry. The tourism industry, Kentucky's second-largest private employer, provides employment for approximately 144,000 Kentuckians. In addition, tourism related industries and businesses generate approximately \$780 million of state and local tax revenues in the Commonwealth.

**TOURISM DEVELOPMENT
Secretary**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	1,288,900	1,291,500	1,330,000	1,232,800	1,276,100
Federal Funds					
Balance Forward	35,800				
Current Receipts	93,900				
Total Federal Funds	129,700				
TOTAL FUNDS	1,418,600	1,291,500	1,330,000	1,232,800	1,276,100
EXPENDITURES BY CLASS					
Personnel Costs	856,300	819,000	861,000	802,000	841,000
Operating Expenses	292,300	252,500	249,000	160,800	165,100
Grants, Loans or Benefits	270,000	220,000	220,000	270,000	270,000
TOTAL EXPENDITURES	1,418,600	1,291,500	1,330,000	1,232,800	1,276,100
EXPENDITURES BY UNIT					
Executive Policy and Management	1,199,600	1,123,000	1,156,500	1,069,000	1,105,000
Administrative Services	219,000	168,500	173,500	165,000	173,000
EMPOWER Kentucky General Fund Savings				-1,200	-1,900
TOTAL EXPENDITURES	1,418,600	1,291,500	1,330,000	1,232,800	1,276,100

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

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

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

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

TOURISM DEVELOPMENT
Breaks Interstate Park

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	170,000	200,000	200,000	200,000	200,000
Current Year Appropriation	30,000				
TOTAL FUNDS	200,000	200,000	200,000	200,000	200,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	200,000	200,000	200,000	200,000	200,000

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

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

TOURISM DEVELOPMENT
Travel

	<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	6,375,100	8,805,000	9,009,000	6,992,400	7,177,800
Restricted Agency Funds					
Balance Forward	6,900				
Current Receipts	2,100	2,500	2,500	4,000	4,000
Total Restricted Agency Funds	<u>9,000</u>	<u>2,500</u>	<u>2,500</u>	<u>4,000</u>	<u>4,000</u>
Federal Funds					
Current Receipts	6,000				
TOTAL FUNDS	<u>6,390,100</u>	<u>8,807,500</u>	<u>9,011,500</u>	<u>6,996,400</u>	<u>7,181,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	4,180,000	6,216,000	6,326,500	4,719,700	4,886,300
Operating Expenses	1,380,100	1,661,500	1,755,000	1,446,700	1,465,500
Grants, Loans or Benefits	830,000	930,000	930,000	830,000	830,000
TOTAL EXPENDITURES	<u>6,390,100</u>	<u>8,807,500</u>	<u>9,011,500</u>	<u>6,996,400</u>	<u>7,181,800</u>
EXPENDITURES BY UNIT					
Executive Policy and Management	343,400	360,000	371,000	377,000	394,000
Tourism Services	1,697,000	1,779,500	1,835,000	1,760,000	1,837,000
Marketing and Advertising	4,349,700	6,668,000	6,805,500	4,915,000	5,035,000
EMPOWER Kentucky General Fund Savings				-55,600	-84,200
TOTAL EXPENDITURES	<u>6,390,100</u>	<u>8,807,500</u>	<u>9,011,500</u>	<u>6,996,400</u>	<u>7,181,800</u>

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

TOURISM DEVELOPMENT
Travel
Executive Policy and Management

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

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

TOURISM DEVELOPMENT
Travel
Tourism Services

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	1,691,000	1,779,500	1,835,000	1,760,000	1,837,000
Federal Funds					
Current Receipts	6,000				
TOTAL FUNDS	1,697,000	1,779,500	1,835,000	1,760,000	1,837,000
EXPENDITURES BY CLASS					
Personnel Costs	1,095,000	1,131,000	1,190,500	1,122,000	1,180,000
Operating Expenses	572,000	618,500	614,500	608,000	627,000
Grants, Loans or Benefits	30,000	30,000	30,000	30,000	30,000
TOTAL EXPENDITURES	1,697,000	1,779,500	1,835,000	1,760,000	1,837,000

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

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

Policy

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

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

TOURISM DEVELOPMENT
Travel
Marketing and Advertising

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

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

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

Policy

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

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

**TOURISM
Parks**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	32,493,900	34,662,500	40,240,500	26,751,800	27,688,600
Current Year Appropriation	1,837,000				
Total General Fund	34,330,900	34,662,500	40,240,500	26,751,800	27,688,600
Restricted Agency Funds					
Balance Forward	1,489,000	2,000,000	2,000,000	2,000,000	2,100,000
Current Receipts	41,867,500	44,583,000	45,795,500	44,583,000	45,794,500
Total Restricted Agency Funds	43,356,500	46,583,000	47,795,500	46,583,000	47,894,500
Federal Funds					
Balance Forward	600				
TOTAL FUNDS	77,688,000	81,245,500	88,036,000	73,334,800	75,583,100
EXPENDITURES BY CLASS					
Personnel Costs	43,045,100	46,599,500	48,659,000	44,044,500	45,416,300
Operating Expenses	24,259,900	29,815,000	30,499,000	27,015,300	27,781,800
Grants, Loans or Benefits	25,000				
Debt Service	8,258,000	2,081,000	6,128,000		
Capital Outlay	100,000	750,000	750,000	175,000	175,000
TOTAL EXPENDITURES	75,688,000	79,245,500	86,036,000	71,234,800	73,373,100
EXPENDITURES BY UNIT					
General Administration and Support	8,814,800	9,499,000	9,784,500	8,949,500	9,359,000
Resort Parks	46,158,000	53,081,000	54,967,500	50,737,000	52,576,000
Recreation Parks and Historic Sites	11,485,600	13,622,500	14,139,500	12,503,500	12,952,000
Cafeterias	971,600	962,000	1,016,500	958,500	1,010,500
Debt Service	8,258,000	2,081,000	6,128,000		
EMPOWER Kentucky General Fund Savings				-1,913,700	-2,524,400
TOTAL EXPENDITURES	75,688,000	79,245,500	86,036,000	71,234,800	73,373,100

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

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

**TOURISM DEVELOPMENT
Parks
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	8,614,800	9,249,000	9,534,500	8,690,000	9,109,000
Restricted Agency Funds					
Balance Forward	59,500	59,500	9,500	59,500	
Current Receipts	200,000	200,000	250,000	200,000	250,000
Total Restricted Agency Funds	<u>259,500</u>	<u>259,500</u>	<u>259,500</u>	<u>259,500</u>	<u>250,000</u>
TOTAL FUNDS	<u>8,874,300</u>	<u>9,508,500</u>	<u>9,794,000</u>	<u>8,949,500</u>	<u>9,359,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	7,281,000	7,731,000	8,009,000	7,459,500	7,834,000
Operating Expenses	1,508,800	1,768,000	1,775,500	1,490,000	1,525,000
Grants, Loans or Benefits	25,000				
TOTAL EXPENDITURES	<u>8,814,800</u>	<u>9,499,000</u>	<u>9,784,500</u>	<u>8,949,500</u>	<u>9,359,000</u>

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

**TOURISM
Parks
Resort Parks**

	<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	10,424,700	15,984,000	16,861,000	13,478,000	14,570,000
Current Year Appropriation	1,797,000				
Total General Fund	<u>12,221,700</u>	<u>15,984,000</u>	<u>16,861,000</u>	<u>13,478,000</u>	<u>14,570,000</u>
Restricted Agency Funds					
Balance Forward	1,127,000	1,894,700	1,962,200	1,894,700	1,800,000
Current Receipts	34,704,000	37,164,500	38,106,500	37,164,300	38,106,000
Total Restricted Agency Funds	<u>35,831,000</u>	<u>39,059,200</u>	<u>40,068,700</u>	<u>39,059,000</u>	<u>39,906,000</u>
TOTAL FUNDS	<u>48,052,700</u>	<u>55,043,200</u>	<u>56,929,700</u>	<u>52,537,000</u>	<u>54,476,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	27,608,000	29,882,500	31,189,000	28,964,000	30,222,500
Operating Expenses	18,450,000	22,698,500	23,278,500	21,598,000	22,178,500
Capital Outlay	100,000	500,000	500,000	175,000	175,000
TOTAL EXPENDITURES	<u>46,158,000</u>	<u>53,081,000</u>	<u>54,967,500</u>	<u>50,737,000</u>	<u>52,576,000</u>

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

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

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

Policy

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

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

**TOURISM
Parks
Recreation Parks and Historic Sites**

	<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	4,816,800	6,954,000	7,310,500	6,106,500	6,133,000
Current Year Appropriation	40,000				
Total General Fund	<u>4,856,800</u>	<u>6,954,000</u>	<u>7,310,500</u>	<u>6,106,500</u>	<u>6,133,000</u>
Restricted Agency Funds					
Balance Forward	273,500	28,300	28,300	28,300	300,000
Current Receipts	6,383,000	6,668,500	6,829,000	6,668,700	6,829,000
Total Restricted Agency Funds	<u>6,656,500</u>	<u>6,696,800</u>	<u>6,857,300</u>	<u>6,697,000</u>	<u>7,129,000</u>
Federal Funds					
Balance Forward	600				
TOTAL FUNDS	<u>11,513,900</u>	<u>13,650,800</u>	<u>14,167,800</u>	<u>12,803,500</u>	<u>13,262,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	7,651,600	8,467,500	8,916,000	7,999,000	8,378,500
Operating Expenses	3,834,000	4,905,000	4,973,500	4,504,500	4,573,500
Capital Outlay		250,000	250,000		
TOTAL EXPENDITURES	<u>11,485,600</u>	<u>13,622,500</u>	<u>14,139,500</u>	<u>12,503,500</u>	<u>12,952,000</u>

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

Park Facilities

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

Park Facilities

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

Policy

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

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

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

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

Historic Sites

Boone Station - Fayette County
Constitution Square State Shrine - Boyle County
Dr. Thomas Walker State Shrine - Knox County
Isaac Shelby State Shrine - Lincoln County
Jefferson Davis Monument State Shrine - Todd County

Old Mulkey Meeting House State Shrine - Monroe County
Perryville Battlefield State Shrine - Boyle County
Waveland State Shrine - Fayette County
White Hall State Shrine - Madison County
William Whitley House State Shrine - Lincoln County

TOURISM DEVELOPMENT
Parks
Cafeterias

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

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

**TOURISM DEVELOPMENT
Parks
Debt Service**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	8,258,000	2,081,000	6,128,000		
EXPENDITURES BY CLASS					
Debt Service	8,258,000	2,081,000	6,128,000		
EXPENDITURES BY UNIT					
Project 53	678,000				
Project 54	177,000				
Project 55	1,095,000				
Project 59	6,308,000				
New Debt		2,081,000	6,128,000		
TOTAL EXPENDITURES	8,258,000	2,081,000	6,128,000		

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

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

TOURISM DEVELOPMENT
Kentucky Horse Park

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,924,700	2,187,000	2,416,500	1,631,500	1,632,000
Restricted Agency Funds					
Balance Forward	114,000	100,000	100,000	100,000	197,000
Current Receipts	3,915,300	3,946,000	3,972,000	3,946,000	3,972,000
Non-Revenue Receipts	10,000	10,000	10,000	10,000	10,000
Total Restricted Agency Funds	4,039,300	4,056,000	4,082,000	4,056,000	4,179,000
TOTAL FUNDS	6,964,000	6,243,000	6,498,500	5,687,500	5,811,000
EXPENDITURES BY CLASS					
Personnel Costs	3,505,500	3,798,000	4,022,000	3,413,600	3,494,000
Operating Expenses	2,006,500	2,190,000	2,265,500	2,052,900	2,096,000
Debt Service	1,352,000				
Capital Outlay		155,000	111,000	24,000	24,000
TOTAL EXPENDITURES	6,864,000	6,143,000	6,398,500	5,490,500	5,614,000
EXPENDITURES BY UNIT					
Kentucky Horse Park	6,864,000	6,143,000	6,398,500	5,583,000	5,763,000
EMPOWER Kentucky General Fund Savings				-92,500	-149,000
TOTAL EXPENDITURES	6,864,000	6,143,000	6,398,500	5,490,500	5,614,000

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

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

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

Policy

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

TOURISM DEVELOPMENT
Kentucky State Fair Board

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,576,000	407,000	2,487,000	407,000	407,000
Restricted Agency Funds					
Balance Forward	3,090,500	3,784,000	3,173,000	3,784,000	3,825,500
Current Receipts	26,446,000	27,670,500	28,720,000	27,670,500	28,720,000
Non-Revenue Receipts	-1,500,000	-1,500,000	-700,000	-1,500,000	-1,800,000
Total Restricted Agency Funds	28,036,500	29,954,500	31,193,000	29,954,500	30,745,500
TOTAL FUNDS	39,612,500	30,361,500	33,680,000	30,361,500	31,152,500
EXPENDITURES BY CLASS					
Personnel Costs	13,783,000	15,020,500	15,942,500	14,748,000	15,628,500
Operating Expenses	8,969,500	9,885,500	10,339,500	9,544,000	10,203,000
Grants, Loans or Benefits	1,288,500	1,326,500	1,365,500	1,288,500	1,288,500
Debt Service	11,540,000	371,000	2,451,000	371,000	371,000
Capital Outlay	247,500	585,000	618,000	584,500	618,000
TOTAL EXPENDITURES	35,828,500	27,188,500	30,716,500	26,536,000	28,109,000
EXPENDITURES BY UNIT					
Kentucky Fair and Exposition Center	21,499,000	23,104,500	23,718,500	22,541,500	23,275,500
Commonwealth Convention Center	2,789,500	3,713,000	4,547,000	3,623,500	4,462,500
Debt Service	11,540,000	371,000	2,451,000	371,000	371,000
TOTAL EXPENDITURES	35,828,500	27,188,500	30,716,500	26,536,000	28,109,000

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

TOURISM
Kentucky State Fair Board
Kentucky State Fair and Exposition Center

	<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	407,000	407,000	407,000	407,000	407,000
Restricted Agency Funds					
Balance Forward	2,256,000	2,342,000	2,072,500	2,342,000	2,635,500
Current Receipts	22,678,000	23,928,000	24,416,500	23,928,000	24,416,500
Non-Revenue Receipts	-1,500,000	-1,500,000	-700,000	-1,500,000	-1,800,000
Total Restricted Agency Funds	<u>23,434,000</u>	<u>24,770,000</u>	<u>25,789,000</u>	<u>24,770,000</u>	<u>25,252,000</u>
TOTAL FUNDS	<u>23,841,000</u>	<u>25,177,000</u>	<u>26,196,000</u>	<u>25,177,000</u>	<u>25,659,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	12,063,500	13,085,500	13,630,000	12,866,000	13,378,000
Operating Expenses	7,919,500	8,528,000	8,584,000	8,223,000	8,470,000
Grants, Loans or Benefits	1,288,500	1,326,500	1,365,500	1,288,500	1,288,500
Capital Outlay	227,500	164,500	139,000	164,000	139,000
TOTAL EXPENDITURES	<u>21,499,000</u>	<u>23,104,500</u>	<u>23,718,500</u>	<u>22,541,500</u>	<u>23,275,500</u>

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

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

Policy

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

TOURISM DEVELOPMENT
Kentucky State Fair Board
Commonwealth Convention Center

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

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

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

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

Policy

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

TOURISM
Kentucky State Fair Board
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	11,169,000		2,080,000		
Restricted Agency Funds					
Non-Revenue Receipts	371,000	371,000	371,000	371,000	371,000
TOTAL FUNDS	<u>11,540,000</u>	<u>371,000</u>	<u>2,451,000</u>	<u>371,000</u>	<u>371,000</u>
EXPENDITURES BY CLASS					
Debt Service	11,540,000	371,000	2,451,000	371,000	371,000
EXPENDITURES BY UNIT					
Project 26	3,205,000				
Project 54	715,000				
Project 55	4,929,000	371,000	371,000	371,000	371,000
Project 59	2,691,000				
New Debt			2,080,000		
TOTAL EXPENDITURES	<u>11,540,000</u>	<u>371,000</u>	<u>2,451,000</u>	<u>371,000</u>	<u>371,000</u>

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

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

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

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

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

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

**TOURISM DEVELOPMENT
Fish and Wildlife Resources**

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

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

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

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

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

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

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

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

Policy

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

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

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

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

Policy

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

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

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

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

Policy

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

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

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

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

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

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

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

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

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

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

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

TRANSPORTATION

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,526,300	9,535,000	9,543,000	6,186,500	6,346,000
Continuing Appropriation	4,301,100	4,301,000	4,301,000	4,301,100	4,301,100
Total General Fund	9,827,400	13,836,000	13,844,000	10,487,600	10,647,100
Restricted Agency Funds					
Balance Forward	181,118,000	25,783,000	3,450,000	25,783,000	3,450,000
Current Receipts	26,435,500	43,895,000	29,423,000	43,895,000	29,423,000
Non-Revenue Receipts	20,152,000	68,838,500	71,468,500	68,838,500	71,468,500
Total Restricted Agency Funds	227,705,500	138,516,500	104,341,500	138,516,500	104,341,500
Federal Funds					
Balance Forward	-2,260,500	-2,431,500	-2,431,500	-2,431,500	-2,431,500
Current Receipts	346,494,500	381,311,000	365,532,500	406,455,000	389,563,500
Total Federal Funds	344,234,000	378,879,500	363,101,000	404,023,500	387,132,000
Road Fund					
Regular Appropriation	939,302,000	976,823,500	1,027,240,500	973,632,000	1,033,127,000
Surplus Plan	10,361,500				
Current Year Appropriation	2,300,000				
Total Road Fund	951,963,500	976,823,500	1,027,240,500	973,632,000	1,033,127,000
Highway Bonds					
		100,000,000	105,000,000	100,000,000	105,000,000
TOTAL FUNDS	1,533,730,400	1,608,055,500	1,613,527,000	1,626,659,600	1,640,247,600
EXPENDITURES BY CLASS					
Personnel Costs	284,218,800	304,881,500	318,572,500	303,657,500	317,265,000
Operating Expenses	146,343,000	146,872,500	147,161,500	147,352,500	147,684,500
Grants, Loans or Benefits	117,847,500	170,099,000	174,783,000	166,756,000	171,591,500
Debt Service	154,400,500	166,183,000	179,700,500	155,010,000	177,084,500
Capital Outlay	12,029,000	16,936,500	16,956,000	16,936,500	16,956,000
Construction	791,239,000	797,763,500	772,020,500	831,627,500	805,333,000
TOTAL EXPENDITURES	1,506,077,800	1,602,736,000	1,609,194,000	1,621,340,000	1,635,914,500
EXPENDITURES BY UNIT					
General Administration and Support	73,259,500	79,378,500	87,441,000	78,114,500	85,649,000
Air Transportation	2,231,500	5,589,500	5,656,500	2,589,500	2,656,500
Rail Transportation	66,800	75,000	77,500	69,500	72,000
Public Transportation	7,382,000	57,294,000	59,369,000	56,951,000	59,177,500
Revenue Sharing	203,464,000	204,091,500	208,717,000	204,091,500	208,717,000
Highways	1,030,345,000	1,061,152,500	1,045,099,500	1,094,278,000	1,077,633,000

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Vehicle Regulation	31,015,500	32,218,500	33,376,000	32,218,500	33,376,000
Debt Service	152,330,000	162,936,500	169,457,500	153,027,500	168,633,500
Judgements	5,983,500				
TOTAL EXPENDITURES	1,506,077,800	1,602,736,000	1,609,194,000	1,621,340,000	1,635,914,500

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

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

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

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

Policy

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

	<u>Fiscal Year 1998</u>	<u>Fiscal Year 1999</u>	<u>Fiscal Year 2000</u>
Official Road Fund Estimate		1,021,407,90	1,062,707,30
Draft Legislative Proposal		275,000	260,000
Non-Revenue Receipts		125,000	125,000
Road Fund Surplus Account	2,300,000		10,704,700
Total Available Road Funds	<u>2,300,000</u>	<u>1,021,807,90</u>	<u>1,073,797,00</u>

Road Fund appropriations are provided as follows:

Operating Budget

Transportation Cabinet	2,300,000	973,632,000	1,033,127,00
Justice Cabinet		35,000,000	30,000,000
Revenue Cabinet		1,352,000	1,352,000
Finance and Administration Cabinet		382,000	395,000

Capital Budget

Transportation Cabinet		10,447,000	8,923,000
Total Road Fund Appropriations	<u>2,300,000</u>	<u>1,020,813,00</u>	<u>1,073,797,00</u>

TRANSPORTATION
General Administration and 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	2,205,500	1,809,500	1,461,500	1,809,500	1,461,500
Current Receipts	50,000	50,000	50,000	50,000	50,000
Non-Revenue Receipts	20,250,000	20,800,000	21,400,000	20,800,000	21,400,000
Total Restricted Agency Funds	<u>22,505,500</u>	<u>22,659,500</u>	<u>22,911,500</u>	<u>22,659,500</u>	<u>22,911,500</u>
Road Fund					
Regular Appropriation	52,868,000	58,180,500	65,299,000	56,916,500	63,507,000
Reorganization Adjustment	-304,500				
Total Road Fund	<u>52,563,500</u>	<u>58,180,500</u>	<u>65,299,000</u>	<u>56,916,500</u>	<u>63,507,000</u>
TOTAL FUNDS	<u>75,069,000</u>	<u>80,840,000</u>	<u>88,210,500</u>	<u>79,576,000</u>	<u>86,418,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	30,458,500	31,790,000	33,323,000	31,790,000	33,323,000
Operating Expenses	29,498,000	27,674,500	27,194,000	27,674,500	27,194,000
Grants, Loans or Benefits	20,000	22,000	22,500	22,000	22,500
Debt Service	2,070,500	3,246,500	10,243,000	1,982,500	8,451,000
Capital Outlay	11,081,500	16,590,500	16,602,500	16,590,500	16,602,500
Construction	131,000	55,000	56,000	55,000	56,000
TOTAL EXPENDITURES	<u>73,259,500</u>	<u>79,378,500</u>	<u>87,441,000</u>	<u>78,114,500</u>	<u>85,649,000</u>
EXPENDITURES BY UNIT					
Secretary	11,454,000	10,909,000	11,275,500	10,909,000	11,275,500
Administrative Services	51,222,500	57,532,000	64,644,500	56,268,000	62,852,500
Fiscal Management	10,583,000	10,937,500	11,521,000	10,937,500	11,521,000
TOTAL EXPENDITURES	<u>73,259,500</u>	<u>79,378,500</u>	<u>87,441,000</u>	<u>78,114,500</u>	<u>85,649,000</u>

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

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

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

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

Policy

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

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

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

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

In the Department of Fiscal Management, the Governor's budget recommends that additional auditing staff be employed at a cost of \$230,000 in fiscal year 1999 and \$305,000 in fiscal year 2000, funded by the Road Fund. This will permit the implementation of proposed legislation relating to the Extended Weight Road System which is designed to improve enforcement of weight limits on vehicles using this system. The additional costs are anticipated to be offset by additional revenues to the Road Fund under the draft bill.

Finally, Road Funds of \$41,000 in each year of the biennium are recommended to conduct a study of audit selection processes aimed at improving tax compliance.

TRANSPORTATION
Air Transportation

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

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

TRANSPORTATION
Rail Transportation

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

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

TRANSPORTATION
Public Transportation

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

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

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

Policy

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

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

**TRANSPORTATION
Revenue Sharing**

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

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

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

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

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

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

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

Policy

The Governor's recommended budget reflects proposed draft legislation which provides that funding for the Kentucky Transportation Center be drawn uniformly from both the Revenue Sharing Programs and the State Share of the Motor Fuels Tax. The appropriation to the Kentucky Transportation Center is contained in the Highways Research program.

**TRANSPORTATION
Highways**

	<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	176,361,500	21,532,500	-345,500	21,532,500	-345,500
Current Receipts	24,064,000	41,450,000	27,065,000	41,450,000	27,065,000
Total Restricted Agency Funds	<u>200,425,500</u>	<u>62,982,500</u>	<u>26,719,500</u>	<u>62,982,500</u>	<u>26,719,500</u>
Federal Funds					
Balance Forward	-846,500	-846,500	-846,500	-846,500	-846,500
Current Receipts	341,005,500	374,455,500	358,571,500	399,599,500	382,602,500
Total Federal Funds	<u>340,159,000</u>	<u>373,609,000</u>	<u>357,725,000</u>	<u>398,753,000</u>	<u>381,756,000</u>
Road Fund					
Regular Appropriation	499,723,000	523,369,000	554,463,000	531,350,500	562,965,500
Surplus Plan	10,361,500				
Reorganization Adjustment	362,000				
Total Road Fund	<u>510,446,500</u>	<u>523,369,000</u>	<u>554,463,000</u>	<u>531,350,500</u>	<u>562,965,500</u>
Highway Bonds		100,000,000	105,000,000	100,000,000	105,000,000
TOTAL FUNDS	<u>1,051,031,000</u>	<u>1,059,960,500</u>	<u>1,043,907,500</u>	<u>1,093,086,000</u>	<u>1,076,441,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	217,905,500	233,169,500	242,780,500	232,431,000	242,001,500
Operating Expenses	71,762,500	80,395,500	81,465,500	80,395,500	81,465,500
Grants, Loans or Benefits	907,500	990,000	1,145,000	990,000	1,145,000
Capital Outlay	897,500	260,000	265,000	260,000	265,000
Construction	738,872,000	746,337,500	719,443,500	780,201,500	752,756,000
TOTAL EXPENDITURES	<u>1,030,345,000</u>	<u>1,061,152,500</u>	<u>1,045,099,500</u>	<u>1,094,278,000</u>	<u>1,077,633,000</u>
EXPENDITURES BY UNIT					
Research	2,003,500	2,551,000	2,686,000	2,551,000	2,686,000
Construction	830,742,500	843,249,000	818,409,000	877,113,000	851,721,500
Maintenance	162,478,500	179,516,000	186,531,500	178,777,500	185,752,500
Engineering	6,800,500	7,991,500	8,317,500	7,991,500	8,317,500
Planning	8,280,000	7,978,500	8,320,500	7,978,500	8,320,500
Highway Operations	17,540,000	18,866,500	19,835,000	18,866,500	19,835,000
Equipment Services	2,500,000	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL EXPENDITURES	<u>1,030,345,000</u>	<u>1,061,152,500</u>	<u>1,045,099,500</u>	<u>1,094,278,000</u>	<u>1,077,633,000</u>

The Highways appropriation unit is the largest major program in the Transportation Cabinet. There are seven individual program areas which encompass the activities of this unit: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, and Equipment Services. The construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

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

Motor vehicles travel some 42 billion miles per year on Kentucky's 73,200 miles of roads and streets. The State Primary Road System carries approximately 85 percent of all traffic. This network consists of approximately 23,900 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and some 8,900 bridges. Kentucky's parkway system, consisting of 700 miles of state roads built to interstate standards, is the largest in the nation.

TRANSPORTATION
Highways
Research

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Federal Funds					
Current Receipts	1,050,000	1,500,000	1,600,000	1,500,000	1,600,000
Road Fund					
Regular Appropriation	953,500	1,051,000	1,086,000	1,051,000	1,086,000
TOTAL FUNDS	2,003,500	2,551,000	2,686,000	2,551,000	2,686,000
EXPENDITURES BY CLASS					
Personnel Costs	1,713,500	2,361,000	2,496,000	2,361,000	2,496,000
Operating Expenses	290,000	190,000	190,000	190,000	190,000
TOTAL EXPENDITURES	2,003,500	2,551,000	2,686,000	2,551,000	2,686,000

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

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

Policy

The enacted budget provides an approximate three percent cost-of-living increase in each year of the biennium to the Kentucky Transportation Center for funding of \$300,000 in fiscal year 1999 and \$310,000 in fiscal year 2000. These levels are accommodated through suspension of KRS 177.320. Proposed budget bill language also provides for equitable support of the center from both the Revenue Sharing Programs and the State Road Fund.

**TRANSPORTATION
Highways
Construction**

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	176,707,000	21,878,000		21,878,000	
Current Receipts	21,764,000	38,350,000	23,965,000	38,350,000	23,965,000
Total Restricted Agency Funds	198,471,000	60,228,000	23,965,000	60,228,000	23,965,000
Federal Funds					
Balance Forward	-846,500	-846,500	-846,500	-846,500	-846,500
Current Receipts	329,372,500	367,102,500	350,856,000	392,246,500	374,887,000
Total Federal Funds	328,526,000	366,256,000	350,009,500	391,400,000	374,040,500
Road Fund					
Regular Appropriation	314,415,500	315,918,500	338,588,000	324,638,500	347,869,500
Surplus Plan	10,361,500				
Total Road Fund	324,777,000	315,918,500	338,588,000	324,638,500	347,869,500
Highway Bonds					
		100,000,000	105,000,000	100,000,000	105,000,000
TOTAL FUNDS	851,774,000	842,402,500	817,562,500	876,266,500	850,875,000
EXPENDITURES BY CLASS					
Personnel Costs	95,201,000	95,878,000	97,698,500	95,878,000	97,698,500
Operating Expenses	3,938,500	4,950,000	4,961,500	4,950,000	4,961,500
Grants, Loans or Benefits	907,500	990,000	1,145,000	990,000	1,145,000
Capital Outlay	646,500				
Construction	730,049,000	741,431,000	714,604,000	775,295,000	747,916,500
TOTAL EXPENDITURES	830,742,500	843,249,000	818,409,000	877,113,000	851,721,500
EXPENDITURES BY UNIT					
Bond Funded Construction	173,949,500	127,878,000	105,000,000	127,878,000	105,000,000
State Funded Construction	261,004,500	235,883,000	261,003,000	239,099,500	265,133,000
Federal Funded Construction	395,788,500	479,488,000	452,406,000	510,135,500	481,588,500
TOTAL EXPENDITURES	830,742,500	843,249,000	818,409,000	877,113,000	851,721,500

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

Bond Funded Construction has been utilized by the Commonwealth for the construction of several different road "systems" over the past 40 years. General Obligation Bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky was created and sold revenue bonds to generate proceeds which were expended to build the Toll Road System which criss-crosses the state. Resource Recovery Bonds were sold in the late 1970's for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. Finally, the Turnpike Authority sold bonds in 1984, 1987, 1990, 1993, and 1995 for projects identified as part of the Economic Development Road System.

All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired, at which time they are transferred to the Cabinet and become a part of the state highway system. State Funded Construction provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects unsuited for federal funding. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads on the state maintained highway system.

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

Policy

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

Within the State Funded Construction Program, the recommended budget provides Road Fund moneys of \$61.3 million in fiscal year 1999 and \$63 million in fiscal year 2000 for state resurfacing projects and \$450,000 in each year of the biennium for the specialized contracts account. The State Resurfacing Program has been increased each year by approximately \$12.4 million above the current services level with funds made available through the recommended suspension of statutory deposits to the Debt Payment Acceleration Fund (KRS 175.505). Road Funds are also provided in the amount of \$40 million each year of the biennium for the Highway Construction Contingency Account.

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

State Road Funds are provided in the Federal Funded Construction Program totaling \$93,889,000 in fiscal year 1999 and \$87,886,500 in fiscal year 2000 to provide the anticipated required state participation in federally funded projects.

**TRANSPORTATION
Highways
Maintenance**

	<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	-361,000	-361,000	-361,000	-361,000	-361,000
Current Receipts	1,800,000	2,100,000	2,100,000	2,100,000	2,100,000
Total Restricted Agency Funds	<u>1,439,000</u>	<u>1,739,000</u>	<u>1,739,000</u>	<u>1,739,000</u>	<u>1,739,000</u>
Federal Funds					
Current Receipts	4,958,000				
Road Fund					
Regular Appropriation	155,440,500	177,416,000	184,431,500	176,677,500	183,652,500
Reorganization Adjustment	280,000				
Total Road Fund	<u>155,720,500</u>	<u>177,416,000</u>	<u>184,431,500</u>	<u>176,677,500</u>	<u>183,652,500</u>
TOTAL FUNDS	<u>162,117,500</u>	<u>179,155,000</u>	<u>186,170,500</u>	<u>178,416,500</u>	<u>185,391,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	78,555,000	88,823,000	94,013,000	88,084,500	93,234,000
Operating Expenses	82,273,500	88,895,000	90,685,500	88,895,000	90,685,500
Capital Outlay	250,000	248,000	253,000	248,000	253,000
Construction	1,400,000	1,550,000	1,580,000	1,550,000	1,580,000
TOTAL EXPENDITURES	<u>162,478,500</u>	<u>179,516,000</u>	<u>186,531,500</u>	<u>178,777,500</u>	<u>185,752,500</u>
EXPENDITURES BY UNIT					
Roadway Maintenance	113,548,000	133,501,500	139,112,500	132,763,000	138,333,500
Rest Area Maintenance	7,896,000	7,853,500	8,089,500	7,853,500	8,089,500
Bridge Maintenance	11,040,000	8,885,000	9,076,500	8,885,000	9,076,500
Traffic	29,994,500	29,276,000	30,253,000	29,276,000	30,253,000
TOTAL EXPENDITURES	<u>162,478,500</u>	<u>179,516,000</u>	<u>186,531,500</u>	<u>178,777,500</u>	<u>185,752,500</u>

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

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

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

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

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

Policy

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

The Governor's recommended budget provides additional Road Funds in the amount of \$1,000,000 in each year of the biennium to begin bringing into compliance an estimated 26,000 no-passing zones with revised National Highway design standards.

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

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

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

**TRANSPORTATION
Highways
Engineering Administration**

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

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

Policy

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

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

TRANSPORTATION
Highways
Highway Planning

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

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

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

**TRANSPORTATION
Highways
Highway Operations**

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

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

Policy

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

**TRANSPORTATION
Highways
Equipment Services**

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

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

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

TRANSPORTATION
Vehicle Regulation

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Restricted Agency Funds					
Balance Forward	2,517,000	2,407,000	2,300,000	2,407,000	2,300,000
Current Receipts	2,268,000	2,365,500	2,277,500	2,365,500	2,277,500
Non-Revenue Receipts	-98,000				
Total Restricted Agency Funds	4,687,000	4,772,500	4,577,500	4,772,500	4,577,500
Federal Funds					
Balance Forward	-1,384,500	-1,555,500	-1,555,500	-1,555,500	-1,555,500
Current Receipts	1,388,500	1,500,000	1,500,000	1,500,000	1,500,000
Total Federal Funds	4,000	-55,500	-55,500	-55,500	-55,500
Road Fund					
Regular Appropriation	24,935,000	28,246,000	29,304,000	28,246,000	29,304,000
Current Year Appropriation	2,300,000				
Reorganization Adjustment	-59,000				
Total Road Fund	27,176,000	28,246,000	29,304,000	28,246,000	29,304,000
TOTAL FUNDS	31,867,000	32,963,000	33,826,000	32,963,000	33,826,000
EXPENDITURES BY CLASS					
Personnel Costs	20,081,000	22,998,000	24,677,000	22,518,000	24,154,000
Operating Expenses	10,884,500	9,134,500	8,610,500	9,614,500	9,133,500
Capital Outlay	50,000	86,000	88,500	86,000	88,500
TOTAL EXPENDITURES	31,015,500	32,218,500	33,376,000	32,218,500	33,376,000
EXPENDITURES BY UNIT					
Commissioner	548,000	699,000	732,500	699,000	732,500
Driver Licensing	6,511,000	7,149,000	7,424,000	7,149,000	7,424,000
Motor Carriers	1,964,000	2,054,000	2,158,500	2,054,000	2,158,500
Motor Vehicle Licensing	9,135,500	6,105,500	5,460,500	6,105,500	5,460,500
Motor Vehicle Enforcement	12,114,000	15,467,500	16,826,000	15,467,500	16,826,000
Motor Vehicle Commission	743,000	743,500	774,500	743,500	774,500
TOTAL EXPENDITURES	31,015,500	32,218,500	33,376,000	32,218,500	33,376,000

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

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

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

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

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

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

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

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

Policy

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

In the Division of Motor Vehicle Licensing, the proposed budget provides Road Funds of \$2,300,000 in fiscal year 1998 (current year appropriation) and \$838,000 in fiscal year 1999 for the statewide reissuance of license plates for passenger vehicles. This effort, which is required under State law, will allow for the replacement of nearly three million plates during calendar year 1998.

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

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

**TRANSPORTATION
Debt Service**

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

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

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

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

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

Policy

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

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

**TRANSPORTATION
Judgments**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Road Fund					
Regular Appropriation	5,983,500				
EXPENDITURES BY CLASS					
Operating Expenses	5,983,500				
EXPENDITURES BY UNIT					
Paschall Inc. v. Trans. Cab.	5,983,500				

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

Policy

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

WORKFORCE DEVELOPMENT

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	107,596,800	56,627,500	56,152,500	49,238,500	50,484,100
Current Year Appropriation	294,000				
Special Appropriation	2,000,000				
Total General Fund	109,890,800	56,627,500	56,152,500	49,238,500	50,484,100
Restricted Agency Funds					
Balance Forward	5,435,100	2,469,500	1,408,000	2,468,000	1,407,500
Current Receipts	34,330,100	15,230,500	15,459,500	15,231,000	15,459,500
Non-Revenue Receipts	18,611,000	20,168,000	21,800,000	20,168,500	21,800,000
Total Restricted Agency Funds	58,376,200	37,868,000	38,667,500	37,867,500	38,667,000
Federal Funds					
Balance Forward	1,324,000	60,000	62,000	60,000	62,000
Current Receipts	407,480,600	412,789,000	420,184,000	412,908,000	420,630,000
Non-Revenue Receipts	2,667,700	2,693,000	2,750,000	2,693,000	2,750,000
Revenue Redistribution	-7,056,100	-6,497,000	-8,583,000	-6,513,500	-8,603,500
Total Federal Funds	404,416,200	409,045,000	414,413,000	409,147,500	414,838,500
TOTAL FUNDS	572,683,200	503,540,500	509,233,000	496,253,500	503,989,600
EXPENDITURES BY CLASS					
Personnel Costs	164,788,500	104,448,000	106,016,500	104,035,700	105,413,700
Operating Expenses	44,957,500	31,125,000	29,988,500	29,093,300	29,082,400
Grants, Loans or Benefits	354,603,800	360,761,500	367,454,000	360,761,500	367,454,000
Debt Service	3,641,000				
Capital Outlay	2,164,400	5,736,000	4,915,500	893,500	856,000
TOTAL EXPENDITURES	570,155,200	502,070,500	508,374,500	494,784,000	502,806,100
EXPENDITURES BY UNIT					
General Administration and Program Support	22,402,400	12,963,500	9,549,000	12,772,000	9,340,000
State Board for Adult and Technical Education	33,600	30,000	30,500	30,000	30,500
Technical Education	131,038,300	60,053,000	58,858,500	53,099,600	53,681,700
Adult Education and Literacy	21,065,200	21,553,500	22,370,000	21,528,200	22,337,900
Vocational Rehabilitation	47,399,200	49,482,000	51,179,000	49,464,100	51,148,800
Department for the Blind	12,964,700	12,111,000	11,677,000	12,029,700	11,578,100
Governor's Council on Vocational Education	152,500				
State Board for Proprietary Education	235,000	110,500	116,000	110,500	116,000
Job Training Coordinating Council	138,900	132,500	139,000	132,500	139,000

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Teachers' Retirement - Employer Contribution	9,266,100	4,313,500	4,530,500	4,313,500	4,530,500
Training and Reemployment	42,682,000	36,824,500	40,510,500	36,824,500	40,510,500
Employment Services	282,777,300	304,496,500	309,414,500	304,479,400	309,393,100
TOTAL EXPENDITURES	570,155,200	502,070,500	508,374,500	494,784,000	502,806,100

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

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

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

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

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

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

Policy

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

WORKFORCE DEVELOPMENT
General Administration and Program Support

	<u>Revised 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	7,521,900	1,993,500	2,062,500	1,802,000	1,853,500
Restricted Agency Funds					
Balance Forward	890,000	288,500	287,500	288,500	287,500
Non-Revenue Receipts	4,364,000	5,246,500	5,468,000	5,246,500	5,468,000
Total Restricted Agency Funds	<u>5,254,000</u>	<u>5,535,000</u>	<u>5,755,500</u>	<u>5,535,000</u>	<u>5,755,500</u>
Federal Funds					
Balance Forward	8,000	9,500	11,500	9,500	11,500
Current Receipts	6,711,500	2,389,500	248,000	2,389,500	573,000
Revenue Redistribution	3,205,000	3,335,000	1,428,000	3,335,000	1,428,000
Total Federal Funds	<u>9,924,500</u>	<u>5,734,000</u>	<u>1,687,500</u>	<u>5,734,000</u>	<u>2,012,500</u>
TOTAL FUNDS	<u>22,700,400</u>	<u>13,262,500</u>	<u>9,505,500</u>	<u>13,071,000</u>	<u>9,621,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	6,455,400	6,114,500	6,432,500	6,032,800	6,339,600
Operating Expenses	3,266,000	1,953,000	1,969,500	1,843,200	1,853,400
Grants, Loans or Benefits	9,040,000	4,896,000	1,147,000	4,896,000	1,147,000
Debt Service	3,641,000				
TOTAL EXPENDITURES	<u>22,402,400</u>	<u>12,963,500</u>	<u>9,549,000</u>	<u>12,772,000</u>	<u>9,340,000</u>
EXPENDITURES BY UNIT					
Secretary	617,000	772,500	806,500	772,500	806,500
General Counsel	406,000	426,000	447,500	426,000	447,500
Communications	261,000	271,000	283,500	271,000	283,500
Development and Industry Relations	101,500	105,500	111,000	105,500	111,000
Workforce Analysis and Research	143,800	113,000	118,500	113,000	118,500
School-to-Work	6,200,000	2,036,000	325,000	2,036,000	325,000
One Stop Career Centers	2,300,500	2,165,000		2,165,000	
Budget/Personnel Services	2,877,700	3,000,000	3,233,000	3,000,000	3,233,000
Administrative Services	4,537,400	3,916,000	4,064,500	3,916,000	4,064,500
Facilities Maintenance	1,316,500	158,500	159,500	158,500	159,500
Debt Service	3,641,000				
EMPOWER Kentucky General Fund Savings				-191,500	-209,000
TOTAL EXPENDITURES	<u>22,402,400</u>	<u>12,963,500</u>	<u>9,549,000</u>	<u>12,772,000</u>	<u>9,340,000</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Policy

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

WORKFORCE DEVELOPMENT
State Board For Adult and Technical Education

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	33,600	30,000	30,500	30,000	30,500
EXPENDITURES BY CLASS					
Personnel Costs	14,900	13,500	13,500	13,500	13,500
Operating Expenses	18,700	16,500	17,000	16,500	17,000
TOTAL EXPENDITURES	33,600	30,000	30,500	30,000	30,500

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

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

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

WORKFORCE DEVELOPMENT
Technical Education

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	69,175,300	25,748,500	24,242,500	18,795,100	19,065,700
Current Year Appropriation	294,000				
Total General Fund	69,469,300	25,748,500	24,242,500	18,795,100	19,065,700
Restricted Agency Funds					
Balance Forward	1,877,900	796,500	58,500	795,000	58,000
Current Receipts	22,867,800	3,117,000	3,250,500	3,117,500	3,250,500
Non-Revenue Receipts	14,128,000	14,799,500	16,207,000	14,800,000	16,207,000
Total Restricted Agency Funds	38,873,700	18,713,000	19,516,000	18,712,500	19,515,500
Federal Funds					
Balance Forward	228,500				
Current Receipts	29,193,600	20,950,000	20,300,000	20,950,000	20,300,000
Non-Revenue Receipts	-21,800				
Revenue Redistribution	-5,910,000	-5,300,000	-5,100,000	-5,300,000	-5,100,000
Total Federal Funds	23,490,300	15,650,000	15,200,000	15,650,000	15,200,000
TOTAL FUNDS	131,833,300	60,111,500	58,958,500	53,157,600	53,781,200
EXPENDITURES BY CLASS					
Personnel Costs	86,457,100	28,895,000	29,907,000	28,688,100	29,550,700
Operating Expenses	25,953,900	14,856,500	13,612,500	12,952,500	12,851,500
Grants, Loans or Benefits	16,710,900	10,720,500	10,543,500	10,720,500	10,543,500
Capital Outlay	1,916,400	5,581,000	4,795,500	738,500	736,000
TOTAL EXPENDITURES	131,038,300	60,053,000	58,858,500	53,099,600	53,681,700
EXPENDITURES BY UNIT					
Kentucky Tech System	120,914,000	45,978,000	45,200,000	39,271,500	40,471,000
Federal and Support Programs	10,124,300	14,075,000	13,658,500	14,075,000	13,658,500
EMPOWER Kentucky General Fund Savings				-246,900	-447,800
TOTAL EXPENDITURES	131,038,300	60,053,000	58,858,500	53,099,600	53,681,700

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

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

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

Policy

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

WORKFORCE DEVELOPMENT
Technical Education
Kentucky Tech System

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	69,123,600	25,695,000	24,187,000	18,988,500	19,458,000
Current Year Appropriation	294,000				
Total General Fund	69,417,600	25,695,000	24,187,000	18,988,500	19,458,000
Restricted Agency Funds					
Balance Forward	1,849,000	789,600	58,500	788,500	58,000
Current Receipts	22,859,800	3,108,900	3,250,500	3,109,000	3,250,500
Non-Revenue Receipts	14,128,000	14,799,500	16,207,000	14,800,000	16,207,000
Total Restricted Agency Funds	38,836,800	18,698,000	19,516,000	18,697,500	19,515,500
Federal Funds					
Balance Forward	118,800				
Current Receipts	13,351,100	1,643,500	1,597,000	1,643,500	1,597,000
Non-Revenue Receipts	-21,800				
Total Federal Funds	13,448,100	1,643,500	1,597,000	1,643,500	1,597,000
TOTAL FUNDS	121,702,500	46,036,500	45,300,000	39,329,500	40,570,500
EXPENDITURES BY CLASS					
Personnel Costs	85,787,500	28,408,000	29,431,000	28,334,000	29,351,500
Operating Expenses	25,390,600	10,047,000	8,955,500	8,257,000	8,365,500
Grants, Loans or Benefits	7,889,500	2,008,500	2,083,000	2,008,500	2,083,000
Capital Outlay	1,846,400	5,514,500	4,730,500	672,000	671,000
TOTAL EXPENDITURES	120,914,000	45,978,000	45,200,000	39,271,500	40,471,000
EXPENDITURES BY UNIT					
Administration	6,586,700	6,319,000	4,340,000	3,672,000	3,690,500
Continuing Education	8,185,000	502,000	523,000	502,000	523,000
Equipment Procurement	4,838,700	5,932,500	5,932,500	1,873,000	1,873,000
Postsecondary	62,025,000				
Secondary	30,791,100	33,224,500	34,404,500	33,224,500	34,384,500
Student Services	8,487,500				
TOTAL EXPENDITURES	120,914,000	45,978,000	45,200,000	39,271,500	40,471,000

The Kentucky Tech System is composed of 54 area technology centers. These centers serve primarily secondary students and operate on a schedule similar to high schools during the day, but some operate extended schedules to serve adults, and business and industry during evenings and weekends. The 375 full-time and 285 short-term training programs served over 23,000 Kentuckians in the 1996-97 school year. Area centers provide valuable experiences and have a proven track record with the national School-to-Work initiative: work-based learning, primarily co-op, work experience and mentoring, have been components of the area centers' curricula for many years.

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

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

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

WORKFORCE DEVELOPMENT
Adult Education and Literacy

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,051,700	12,555,500	12,932,000	12,411,200	12,779,400
Special Appropriation	2,000,000				
Total General Fund	<u>12,051,700</u>	<u>12,555,500</u>	<u>12,932,000</u>	<u>12,411,200</u>	<u>12,779,400</u>
Restricted Agency Funds					
Balance Forward	244,700	73,500	36,500	73,500	36,500
Current Receipts	797,300	837,000	879,000	837,000	879,000
Total Restricted Agency Funds	<u>1,042,000</u>	<u>910,500</u>	<u>915,500</u>	<u>910,500</u>	<u>915,500</u>
Federal Funds					
Balance Forward	45,500	45,500	45,500	45,500	45,500
Current Receipts	7,055,500	7,084,000	7,428,500	7,203,000	7,549,500
Non-Revenue Receipts	1,089,500	1,143,000	1,200,000	1,143,000	1,200,000
Revenue Redistribution	-100,000	-103,000	-106,000	-103,000	-106,000
Total Federal Funds	<u>8,090,500</u>	<u>8,169,500</u>	<u>8,568,000</u>	<u>8,288,500</u>	<u>8,689,000</u>
TOTAL FUNDS	<u>21,184,200</u>	<u>21,635,500</u>	<u>22,415,500</u>	<u>21,610,200</u>	<u>22,383,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,846,000	1,935,500	2,033,500	1,911,900	2,004,300
Operating Expenses	547,000	503,000	520,000	501,300	517,100
Grants, Loans or Benefits	18,672,200	19,115,000	19,816,500	19,115,000	19,816,500
TOTAL EXPENDITURES	<u>21,065,200</u>	<u>21,553,500</u>	<u>22,370,000</u>	<u>21,528,200</u>	<u>22,337,900</u>
EXPENDITURES BY UNIT					
Management and Support					
Services	1,135,500	1,120,000	1,174,000	1,107,000	1,159,500
Program Services	19,929,700	20,433,500	21,196,000	20,423,500	21,184,500
EMPOWER Kentucky General Fund Savings				-2,300	-6,100
TOTAL EXPENDITURES	<u>21,065,200</u>	<u>21,553,500</u>	<u>22,370,000</u>	<u>21,528,200</u>	<u>22,337,900</u>

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

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

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

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

Policy

A total of two million in General Funds in each year of the biennium is recommended for continuation of the literacy grants provided through House Bill 4 of the Postsecondary Education Reform legislation which was enacted in the First Extraordinary Session of 1997.

WORKFORCE DEVELOPMENT
Vocational Rehabilitation

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,172,700	9,439,000	9,703,000	9,421,100	9,672,800
Restricted Agency Funds					
Balance Forward	1,192,500	905,500	842,000	905,500	842,000
Current Receipts	1,997,000	2,225,000	2,142,000	2,225,000	2,142,000
Non-Revenue Receipts	100,000	103,000	106,000	103,000	106,000
Total Restricted Agency Funds	3,289,500	3,233,500	3,090,000	3,233,500	3,090,000
Federal Funds					
Balance Forward	415,500				
Current Receipts	37,181,500	39,302,000	40,823,000	39,302,000	40,823,000
Non-Revenue Receipts	100,000	50,000	50,000	50,000	50,000
Revenue Redistribution	-1,854,500	-1,700,500	-1,803,500	-1,700,500	-1,803,500
Total Federal Funds	35,842,500	37,651,500	39,069,500	37,651,500	39,069,500
TOTAL FUNDS	48,304,700	50,324,000	51,862,500	50,306,100	51,832,300
EXPENDITURES BY CLASS					
Personnel Costs	18,564,700	19,580,000	20,568,000	19,572,600	20,552,400
Operating Expenses	3,907,500	3,844,000	3,879,000	3,833,500	3,864,400
Grants, Loans or Benefits	24,753,000	25,903,000	26,612,000	25,903,000	26,612,000
Capital Outlay	174,000	155,000	120,000	155,000	120,000
TOTAL EXPENDITURES	47,399,200	49,482,000	51,179,000	49,464,100	51,148,800
EXPENDITURES BY UNIT					
Administrative Management	1,684,500	1,742,500	1,803,500	1,742,500	1,803,500
Carl D. Perkins Comprehensive Rehabilitation Center	6,456,700	6,705,500	6,937,500	6,705,500	6,937,500
Program Planning and Development	1,506,500	1,509,000	1,508,000	1,509,000	1,508,000
Program Services	37,751,500	39,525,000	40,930,000	39,525,000	40,930,000
EMPOWER Kentucky General Fund Savings				-17,900	-30,200
TOTAL EXPENDITURES	47,399,200	49,482,000	51,179,000	49,464,100	51,148,800

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

The Department uses vocational assessments, counseling and guidance services to match the abilities of workers with disabilities to labor market needs. Job preparation activities may include on-the-job training, vocational or classroom instruction. Job development and placement services assist the individual in obtaining and maintaining suitable employment. Transition activities support a move from the classroom to the workplace. Rehabilitation technology adapts the physical environment at work or home to meet employment needs. Follow-up services ensure that employment is progressing satisfactorily.

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

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

**WORKFORCE DEVELOPMENT CABINET
Vocational Rehabilitation
Administrative Management**

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

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

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

WORKFORCE DEVELOPMENT
Vocational Rehabilitation
Carl D. Perkins Comprehensive Rehabilitation Center

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

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

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

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

	<u>Revised 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	46,500	47,000	47,000	47,000	47,000
Restricted Agency Funds					
Balance Forward	22,500	7,500	7,500	7,500	7,500
Current Receipts	45,000	60,000	60,000	60,000	60,000
Total Restricted Agency Funds	<u>67,500</u>	<u>67,500</u>	<u>67,500</u>	<u>67,500</u>	<u>67,500</u>
Federal Funds					
Balance Forward	296,500				
Current Receipts	1,155,000	1,453,500	1,452,500	1,453,500	1,452,500
Revenue Redistribution	-51,500	-51,500	-51,500	-51,500	-51,500
Total Federal Funds	<u>1,400,000</u>	<u>1,402,000</u>	<u>1,401,000</u>	<u>1,402,000</u>	<u>1,401,000</u>
TOTAL FUNDS	<u>1,514,000</u>	<u>1,516,500</u>	<u>1,515,500</u>	<u>1,516,500</u>	<u>1,515,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	546,500	561,000	587,500	561,000	587,500
Operating Expenses	180,000	185,000	185,000	185,000	185,000
Grants, Loans or Benefits	775,000	758,000	730,500	758,000	730,500
Capital Outlay	5,000	5,000	5,000	5,000	5,000
TOTAL EXPENDITURES	<u>1,506,500</u>	<u>1,509,000</u>	<u>1,508,000</u>	<u>1,509,000</u>	<u>1,508,000</u>
EXPENDITURES BY UNIT					
Program Planning and Development	1,065,000	1,095,000	1,134,500	1,095,000	1,134,500
Independent Living	353,500	323,500	283,000	323,500	283,000
Human Resource Development	88,000	90,500	90,500	90,500	90,500
TOTAL EXPENDITURES	<u>1,506,500</u>	<u>1,509,000</u>	<u>1,508,000</u>	<u>1,509,000</u>	<u>1,508,000</u>

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

WORKFORCE DEVELOPMENT
Vocational Rehabilitation
Program Services

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

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

The Division implements the federal Rehabilitation Act of 1973, as amended, and must make available services appropriate to the needs of individuals with disabilities. The services enumerated in the Rehabilitation Act include: evaluation of vocational rehabilitation potential; counseling and guidance; physical and mental restoration services; vocational and other training services; maintenance; transportation; services to family members; interpreter services and note-taking services for persons who are deaf; reader services and note-taking services for persons who are blind; assistive technology; personal assistance services; recruitment and training services; placement; post-employment services; occupational licenses, equipment, initial stock, and supplies; and other goods and services needed for employment.

**WORKFORCE DEVELOPMENT
Department for the Blind**

	<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	1,792,700	1,965,000	2,051,500	1,883,700	1,952,600
Restricted Agency Funds					
Balance Forward	849,500	396,000	171,000	396,000	171,000
Current Receipts	3,024,500	3,031,000	3,033,000	3,031,000	3,033,000
Non-Revenue Receipts	19,000	19,000	19,000	19,000	19,000
Total Restricted Agency Funds	<u>3,893,000</u>	<u>3,446,000</u>	<u>3,223,000</u>	<u>3,446,000</u>	<u>3,223,000</u>
Federal Funds					
Balance Forward	48,500				
Current Receipts	7,820,500	7,071,000	6,663,500	7,071,000	6,663,500
Revenue Redistribution	-194,000	-200,000	-206,000	-200,000	-206,000
Total Federal Funds	<u>7,675,000</u>	<u>6,871,000</u>	<u>6,457,500</u>	<u>6,871,000</u>	<u>6,457,500</u>
TOTAL FUNDS	<u>13,360,700</u>	<u>12,282,000</u>	<u>11,732,000</u>	<u>12,200,700</u>	<u>11,633,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	5,851,500	6,255,000	6,398,000	6,178,800	6,309,700
Operating Expenses	2,533,500	2,207,500	2,154,000	2,202,400	2,143,400
Grants, Loans or Benefits	4,509,700	3,648,500	3,125,000	3,648,500	3,125,000
Capital Outlay	70,000				
TOTAL EXPENDITURES	<u>12,964,700</u>	<u>12,111,000</u>	<u>11,677,000</u>	<u>12,029,700</u>	<u>11,578,100</u>
EXPENDITURES BY UNIT					
Assistive Technology	801,500	370,000		370,000	
Business Enterprises Program	1,010,000	996,500	1,025,000	996,500	1,025,000
Industries for the Blind	2,724,000	2,686,000	2,541,500	2,614,500	2,463,000
Independent Living	559,000	561,500	583,000	561,500	583,000
General Blind Services	7,870,200	7,497,000	7,527,500	7,497,000	7,527,500
EMPOWER Kentucky General Fund Savings				-9,800	-20,400
TOTAL EXPENDITURES	<u>12,964,700</u>	<u>12,111,000</u>	<u>11,677,000</u>	<u>12,029,700</u>	<u>11,578,100</u>

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

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

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

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

WORKFORCE DEVELOPMENT
Department for the Blind
Assistive Technology

	<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	6,000				
Federal Funds					
Balance Forward	4,000				
Current Receipts	791,500	370,000		370,000	
Total Federal Funds	<u>795,500</u>	<u>370,000</u>		<u>370,000</u>	
TOTAL FUNDS	<u>801,500</u>	<u>370,000</u>		<u>370,000</u>	
EXPENDITURES BY CLASS					
Personnel Costs	162,500	175,500		175,500	
Operating Expenses	55,000	56,500		56,500	
Grants, Loans or Benefits	584,000	138,000		138,000	
TOTAL EXPENDITURES	<u>801,500</u>	<u>370,000</u>		<u>370,000</u>	
EXPENDITURES BY UNIT					
Kentucky Assistive Technology Network	795,500	370,000		370,000	
Kentucky Assistive Technology Network	6,000				
TOTAL EXPENDITURES	<u>801,500</u>	<u>370,000</u>		<u>370,000</u>	

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

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

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

Policy

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

WORKFORCE DEVELOPMENT
Department for the Blind
Business Enterprise Program

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

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

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

WORKFORCE DEVELOPMENT
Department for the Blind
Industries for the Blind

	<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	899,500	933,000	961,000	861,500	882,500
Restricted Agency Funds					
Balance Forward	363,000	146,500	1,500	146,500	1,500
Current Receipts	1,608,000	1,608,000	1,608,000	1,608,000	1,608,000
Total Restricted Agency Funds	<u>1,971,000</u>	<u>1,754,500</u>	<u>1,609,500</u>	<u>1,754,500</u>	<u>1,609,500</u>
TOTAL FUNDS	<u>2,870,500</u>	<u>2,687,500</u>	<u>2,570,500</u>	<u>2,616,000</u>	<u>2,492,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	813,000	854,000	900,500	782,500	822,000
Operating Expenses	1,077,500	941,000	941,000	941,000	941,000
Grants, Loans or Benefits	788,500	891,000	700,000	891,000	700,000
Capital Outlay	45,000				
TOTAL EXPENDITURES	<u>2,724,000</u>	<u>2,686,000</u>	<u>2,541,500</u>	<u>2,614,500</u>	<u>2,463,000</u>

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

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

WORKFORCE DEVELOPMENT
Department for the Blind
Independent Living

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

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

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

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

WORKFORCE DEVELOPMENT
Department for the Blind
General Blind Services

	<u>Revised 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	719,700	858,500	911,500	858,500	911,500
Restricted Agency Funds					
Balance Forward	400,000	249,500	169,500	249,500	169,500
Current Receipts	410,000	378,500	368,500	378,500	368,500
Non-Revenue Receipts	19,000	19,000	19,000	19,000	19,000
Total Restricted Agency Funds	<u>829,000</u>	<u>647,000</u>	<u>557,000</u>	<u>647,000</u>	<u>557,000</u>
Federal Funds					
Balance Forward	41,000				
Current Receipts	6,724,000	6,361,000	6,291,000	6,361,000	6,291,000
Revenue Redistribution	-194,000	-200,000	-206,000	-200,000	-206,000
Total Federal Funds	<u>6,571,000</u>	<u>6,161,000</u>	<u>6,085,000</u>	<u>6,161,000</u>	<u>6,085,000</u>
TOTAL FUNDS	<u>8,119,700</u>	<u>7,666,500</u>	<u>7,553,500</u>	<u>7,666,500</u>	<u>7,553,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	3,996,000	4,285,500	4,508,000	4,285,500	4,508,000
Operating Expenses	977,500	803,500	806,000	803,500	806,000
Grants, Loans or Benefits	2,896,700	2,408,000	2,213,500	2,408,000	2,213,500
TOTAL EXPENDITURES	<u>7,870,200</u>	<u>7,497,000</u>	<u>7,527,500</u>	<u>7,497,000</u>	<u>7,527,500</u>
EXPENDITURES BY UNIT					
Basic Support	7,208,200	6,938,500	6,914,000	6,938,500	6,914,000
Training Grant	35,000	32,000	32,000	32,000	32,000
Supported Employment	47,500	49,000	50,500	49,000	50,500
Social Security Program Income	519,500	417,500	471,000	417,500	471,000
General Blind Services	60,000	60,000	60,000	60,000	60,000
TOTAL EXPENDITURES	<u>7,870,200</u>	<u>7,497,000</u>	<u>7,527,500</u>	<u>7,497,000</u>	<u>7,527,500</u>

Pursuant to KRS 163.470 (11) and 782 KAR 1:020-050 and the federal Rehabilitation Act of 1973, the mission of the General Blind Services program is to provide vocational rehabilitation to individuals with severe visual disabilities which will result in gainful employment. The program consists of the Division of Client Services with ten statewide offices, where qualified staff provide services in vocational counseling, evaluation, restoration, college and other vocational training, rehabilitation teaching, prescriptive adaptive devices, rehabilitation technology, job placement and other services which enable individuals to be productive in the workplace. The Charles McDowell Rehabilitation Center for the Blind provides comprehensive personal adjustment services, including training in life skills, orientation and mobility, Braille, assistive technology, and vocational services, including career assessment, vocational planning and work adjustment.

WORKFORCE DEVELOPMENT
Governor's Council on Vocational Education

	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
SOURCE OF FUNDS					
Federal Funds					
Balance Forward	8,000				
Current Receipts	144,500				
TOTAL FUNDS	152,500				
EXPENDITURES BY CLASS					
Personnel Costs	58,000				
Operating Expenses	90,500				
Capital Outlay	4,000				
TOTAL EXPENDITURES	152,500				

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

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

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

Policy

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

WORKFORCE DEVELOPMENT
State Board for Proprietary Education

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

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

**WORKFORCE DEVELOPMENT
Job Training Coordinating Council**

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
Federal Funds					
Revenue Redistribution	138,900	132,500	139,000	132,500	139,000
EXPENDITURES BY CLASS					
Personnel Costs	100,000	104,000	110,000	104,000	110,000
Operating Expenses	38,900	28,500	29,000	28,500	29,000
TOTAL EXPENDITURES	138,900	132,500	139,000	132,500	139,000

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

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

WORKFORCE DEVELOPMENT
Teachers' Retirement - Employer Contribution

SOURCE OF FUNDS	Revised FY 1998	Requested FY 1999	Requested FY 2000	Recommended FY 1999	Recommended FY 2000
General Fund					
Regular Appropriation	9,266,100	4,313,500	4,530,500	4,313,500	4,530,500
EXPENDITURES BY CLASS					
Personnel Costs	9,266,100	4,313,500	4,530,500	4,313,500	4,530,500

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

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

WORKFORCE DEVELOPMENT
Training and Reemployment

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

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

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

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

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

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

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

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

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

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

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

WORKFORCE DEVELOPMENT
Employment Services

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

The Department of Employment Services (DES) was created to administer federally-funded programs that provide employment related services to the citizens of Kentucky. The principal funding sources are the Unemployment Insurance (UI) program and the Wagner-Peyser funded Employment Services. The DES also receives funds to administer smaller programs that are related to UI and employment services.

These programs include Veterans' Employment and Training Services, Labor Market Information, Alien Labor Certification, Agricultural Wage Surveys, Alien Farmworker Housing inspections, Food Stamp Employment and Training and Temporary Assistance for Needy Families (TANF). The DES also administers training programs under the Trade Adjustment Assistance Program, Title III of the Job Training Partnership Act, and the North American Free Trade Agreement Program.

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

WORKFORCE DEVELOPMENT
Employment Services
Economic Dislocation Worker Adjustment Act

	<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	323,500				
Revenue Redistribution	6,658,500	7,433,500	7,429,000	7,417,000	7,408,500
TOTAL FUNDS	<u>6,982,000</u>	<u>7,433,500</u>	<u>7,429,000</u>	<u>7,417,000</u>	<u>7,408,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,470,500	1,542,500	1,625,000	1,526,000	1,604,500
Operating Expenses	265,500	273,500	282,000	273,500	282,000
Grants, Loans or Benefits	5,246,000	5,617,500	5,522,000	5,617,500	5,522,000
TOTAL EXPENDITURES	<u>6,982,000</u>	<u>7,433,500</u>	<u>7,429,000</u>	<u>7,417,000</u>	<u>7,408,500</u>

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

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

WORKFORCE DEVELOPMENT
Employment Services
Employer and Placement 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	582,800	582,500	600,000	582,500	600,000
Restricted Agency Funds					
Balance Forward	92,000				
Current Receipts	1,408,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Restricted Agency Funds	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Federal Funds					
Balance Forward	1,500				
Current Receipts	15,915,000	15,817,000	15,794,500	15,817,000	15,794,500
Revenue Redistribution	823,500	716,500	676,500	716,500	676,500
Total Federal Funds	<u>16,740,000</u>	<u>16,533,500</u>	<u>16,471,000</u>	<u>16,533,500</u>	<u>16,471,000</u>
TOTAL FUNDS	<u>18,822,800</u>	<u>18,616,000</u>	<u>18,571,000</u>	<u>18,616,000</u>	<u>18,571,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	13,677,300	13,660,000	13,723,000	13,660,000	13,723,000
Operating Expenses	2,799,500	2,775,500	2,860,000	2,775,500	2,860,000
Grants, Loans or Benefits	2,346,000	2,180,500	1,988,000	2,180,500	1,988,000
TOTAL EXPENDITURES	<u>18,822,800</u>	<u>18,616,000</u>	<u>18,571,000</u>	<u>18,616,000</u>	<u>18,571,000</u>
EXPENDITURES BY UNIT					
Job Placement Services	10,950,000	10,930,000	10,871,500	10,930,000	10,871,500
Employment Information Support	1,430,000	1,259,000	1,254,500	1,259,000	1,254,500
Special Employment Services	6,442,800	6,427,000	6,445,000	6,427,000	6,445,000
TOTAL EXPENDITURES	<u>18,822,800</u>	<u>18,616,000</u>	<u>18,571,000</u>	<u>18,616,000</u>	<u>18,571,000</u>

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

WORKFORCE DEVELOPMENT
Employment Services
Welfare Reform

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

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

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

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

Policy

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

WORKFORCE DEVELOPMENT
Employment Services
Unemployment Insurance - Benefits

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

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

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

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

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

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

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

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