



2004-2006
Executive Budget

Justice and Public Safety

Justice and Public Safety

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	485,025,200	588,496,800	642,851,600	479,911,400	488,043,500
Continuing Appropriation	2,728,328				
Budget Reduction	-10,385,800				
Salary Compensation Fund	2,503,400				
Base Deduction	-11,806,300				
Total General Fund	468,064,828	588,496,800	642,851,600	479,911,400	488,043,500
Tobacco Settlement-Phase I					
Tobacco Settlement - I	2,236,600	2,226,800	2,222,700	2,226,800	2,222,700
Continuing Appropriation	520,800				
Budget Reduction	-54,500				
Total Tobacco Settlement-Phase I	2,702,900	2,226,800	2,222,700	2,226,800	2,222,700
Restricted Funds					
Balance Forward	18,221,323	16,799,200	15,527,100	12,762,100	6,395,400
Current Receipts	39,608,981	40,093,700	42,085,900	38,342,600	39,124,500
Non-Revenue Receipts	44,305,925	47,814,400	50,489,200	50,380,300	54,128,800
Fund Transfers	-8,622,800			-15,500,000	-9,000,000
Total Restricted Funds	93,513,429	104,707,300	108,102,200	85,985,000	90,648,700
Federal Funds					
Balance Forward	4,630,544	50,700	69,400	50,700	18,700
Current Receipts	49,486,100	52,474,100	49,867,100	48,986,300	44,192,100
Non-Revenue Receipts	766,874	921,600	50,000	921,600	50,000
Total Federal Funds	54,883,518	53,446,400	49,986,500	49,958,600	44,260,800
Road Fund					
Regular Appropriation	47,260,900	47,795,300	48,575,700	52,215,700	52,518,100
Total Road Fund	47,260,900	47,795,300	48,575,700	52,215,700	52,518,100
TOTAL SOURCE OF FUNDS	666,425,575	796,672,600	851,738,700	670,297,500	677,693,800
EXPENDITURES BY CLASS					
Personnel Cost	366,387,618	456,228,900	495,823,800	374,921,600	375,364,300
Operating Expenses	85,629,830	96,234,100	95,871,700	81,261,300	81,995,100
Grants, Loans or Benefits	185,848,628	198,049,800	202,556,400	193,966,100	195,226,800
Debt Service	3,566,300	13,152,300	22,056,300	3,566,300	4,526,300
Capital Outlay	8,680,400	12,110,000	9,093,700	8,168,100	7,266,600
Construction	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL EXPENDITURES	652,112,776	777,775,100	827,401,900	663,883,400	666,379,100
EXPENDITURES BY FUND SOURCE					
General Fund	468,064,828	588,496,800	642,858,800	479,911,400	488,043,500
Tobacco Settlement-Phase I	1,202,900	2,226,800	2,222,700	2,226,800	2,222,700
Restricted Funds	80,751,330	89,180,200	89,488,000	79,589,600	79,391,700
Federal Funds	54,832,818	50,217,300	44,375,500	49,939,900	44,203,100
Road Fund	47,260,900	47,795,300	48,575,700	52,215,700	52,518,100
TOTAL EXPENDITURES	652,112,776	777,916,400	827,520,700	663,883,400	666,379,100
EXPENDITURES BY UNIT					
Justice Administration	21,316,100	22,537,400	20,447,900	19,617,900	17,294,400
State Police	139,131,700	159,183,800	168,535,900	133,386,900	133,467,200
Juvenile Justice	109,122,800	124,832,900	132,791,500	111,763,100	110,637,000
Criminal Justice Training	40,641,400	44,523,600	47,734,400	40,641,400	40,641,400

Corrections	324,319,076	406,510,900	436,734,600	339,975,900	345,370,300
Kentucky Agency for Substance Abuse Policy	2,350,300	3,588,500	3,584,400	2,338,500	2,334,400
Vehicle Enforcement	15,231,400	16,739,300	17,692,000	16,159,700	16,634,400
TOTAL EXPENDITURES	652,112,776	777,916,400	827,520,700	663,883,400	666,379,100

The Kentucky Justice Cabinet was created in 1974 pursuant to KRS 15A.010. The Cabinet is comprised of seven departments: Department of Justice Administration, Department of State Police, Department of Juvenile Justice, Department of Criminal Justice Training, Department of Corrections, Kentucky Agency for Substance Abuse Policy, and Vehicle Enforcement. Executive Order 2003-064, executed on December 23, 2003, transferred the Kentucky Agency for Substance Abuse Policy and Vehicle Enforcement and placed them under the Justice and Public Safety Cabinet.

**Justice and Public Safety
Justice Administration**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,826,000	9,869,600	10,679,500	7,153,500	7,690,600
Budget Reduction	-512,000				
Salary Compensation Fund	36,100				
Base Deduction	-196,600				
Total General Fund	7,153,500	9,869,600	10,679,500	7,153,500	7,690,600
Restricted Funds					
Balance Forward	1,114,500	759,400	729,000	124,700	5,800
Non-Revenue Receipts	1,138,600	925,700	941,500	872,600	872,600
Fund Transfers	-653,500				
Total Restricted Funds	1,599,600	1,685,100	1,670,500	997,300	878,400
Federal Funds					
Balance Forward	50,800	50,700	50,700	50,700	
Current Receipts	12,687,600	14,871,400	14,316,900	11,422,200	8,725,400
Total Federal Funds	12,738,400	14,922,100	14,367,600	11,472,900	8,725,400
TOTAL SOURCE OF FUNDS	21,491,500	26,476,800	26,717,600	19,623,700	17,294,400
EXPENDITURES BY CLASS					
Personnel Cost	5,520,600	6,708,700	7,231,400	5,208,100	5,225,600
Operating Expenses	2,190,400	3,050,800	2,803,400	2,139,200	2,140,500
Grants, Loans or Benefits	13,576,500	12,767,200	10,424,400	12,242,000	9,899,200
Capital Outlay	28,600	28,600	29,100	28,600	29,100
TOTAL EXPENDITURES	21,316,100	22,555,300	20,488,300	19,617,900	17,294,400
EXPENDITURES BY FUND SOURCE					
General Fund	7,153,500	9,869,600	10,686,700	7,153,500	7,690,600
Restricted Funds	1,474,900	956,100	946,800	991,500	878,400
Federal Funds	12,687,700	11,711,700	8,814,400	11,472,900	8,725,400
TOTAL EXPENDITURES	21,316,100	22,537,400	20,447,900	19,617,900	17,294,400
EXPENDITURES BY UNIT					
Secretary	2,661,500	3,252,100	3,371,400	2,371,400	2,371,400
Medical Examiner Program	3,786,700	4,590,500	4,697,700	3,661,400	3,582,800
Parole Board	1,542,500	2,050,000	2,293,400	1,447,400	1,630,500
Grants	12,961,700	12,072,900	9,497,900	11,768,200	9,340,200
Criminal Justice Council	363,700	571,900	587,500	369,500	369,500
TOTAL EXPENDITURES	21,316,100	22,537,400	20,447,900	19,617,900	17,294,400

Justice Administration is responsible for the overall administration of the Justice Cabinet, coordinating the activities of the various departments, boards, and branches. The Department of Justice Administration is comprised of the Office of the Secretary, Office of the Deputy Secretaries, Internal Investigations Branch, Office of Management and Administrative Services, Office of Legal Services, Office of Legislative and Intergovernmental Services, Kentucky State Parole Board, and Kentucky State Medical Examiner (Office of Forensic Technology).

The Office of the Secretary includes the Secretary, Deputy Secretaries, Internal Investigations Branch, Office of Legal Services, and Office of Management and Administrative Services for the Justice and Public Safety Cabinet. The Office is responsible for the overall administration of the Cabinet, provision of legal services, development of legislation, regulation, policy, and coordination of activities within and among the Cabinet departments and agencies.

The Office of Management and Administrative Services includes the Communications Division and the Office of Legislative and Intergovernmental Services that includes the Criminal Justice Council, Long Range Planning Branch, and the Grants Management Branch.

The Office of Legislative and Intergovernmental Services, Criminal Justice Council, established in KRS 15A.040, advises and recommends to the Governor and the General Assembly policies and direction for long-range planning regarding all elements of the criminal justice system. The Council is a 29-member board with representatives from: law enforcement, the judiciary, corrections, prosecution bar, defense bar, legislature, professional associations, crime victims, victim advocates, and universities. The Secretary of the Justice Cabinet serves ex-officio as Chair of the Council. Seven standing committees carry out statewide criminal justice planning for the executive, legislative, and judicial branches of government.

The Office of Legislative and Intergovernmental Services, Grants Management Branch, was created in conjunction with the establishment of the Criminal Justice Council. As stated in KRS 15A.040(1)(a), the Council is required to make recommendations to the Justice Secretary with respect to the award of state and federal grants, consistent with the priorities adopted by the Governor, the General Assembly, and the Council. Additional duties of the Grants Management Branch include the receipt and distribution of federal funds throughout the Cabinet, such as the Residential Substance Abuse Treatment (RSAT) program, the Full Faith and Credit Act program, and the Law Enforcement DUI Service Fee Program.

The Kentucky State Parole Board is an independent, autonomous agency attached to Justice Administration for administrative purposes. The seven-member Board reviews and applies release review authority to all convicted felons per KRS 439. The Board notifies crime victims of pending parole decisions and, upon request, meets with the victims.

The Kentucky State Medical Examiner (Office of Forensic Technology), in accordance with KRS 72.210-275, provides forensic specialists who assist the County Coroners' offices (120 counties) and law enforcement officials in conducting medico-legal investigations. The Medical Examiner provides professional support for physicians, a forensic anthropologist, chief and deputy medical examiners, regional medical examiners, and contractual services with the Universities of Kentucky and Louisville for facilities, equipment, histology services, radiology services, and medico-legal autopsy assistants. The staff also provides assistance to the Criminal Justice Training program with curriculum for coroners and law enforcement officers. Branch offices and autopsy facilities are operated in Frankfort, Louisville, Northern Kentucky, and Madisonville.

Policy

The Governor's recommended budget provides additional General Fund resources of \$537,100 in fiscal year 2006 to replace federal fund support for the Parole Board Risk Assessment Instrument.

**Justice and Public Safety
State Police**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	82,074,900	101,216,800	110,659,100	70,719,500	71,248,500
Budget Reduction	-5,117,700				
Salary Compensation Fund	835,000				
Base Deduction	-2,072,700				
Total General Fund	75,719,500	101,216,800	110,659,100	70,719,500	71,248,500
Restricted Funds					
Balance Forward	5,808,500	4,562,300	3,699,300	4,269,400	3,406,400
Current Receipts	6,083,400	6,200,700	7,293,300	5,939,700	6,718,600
Non-Revenue Receipts	2,960,200	2,050,000	2,050,000	2,050,000	2,050,000
Fund Transfers	-898,700				
Total Restricted Funds	13,953,400	12,813,000	13,042,600	12,259,100	12,175,000
Federal Funds					
Balance Forward			18,700		18,700
Current Receipts	18,728,200	13,872,000	13,567,200	13,833,400	13,483,700
Total Federal Funds	18,728,200	13,872,000	13,585,900	13,833,400	13,502,400
Road Fund					
Regular Appropriation	35,000,000	35,000,000	35,000,000	40,000,000	40,000,000
Total Road Fund	35,000,000	35,000,000	35,000,000	40,000,000	40,000,000
TOTAL SOURCE OF FUNDS	143,401,100	162,901,800	172,287,600	136,812,000	136,925,900
EXPENDITURES BY CLASS					
Personnel Cost	99,130,300	119,919,700	130,215,000	97,801,500	97,665,900
Operating Expenses	28,158,100	26,938,100	27,590,500	25,182,500	25,835,000
Grants, Loans or Benefits	3,444,500	2,516,400	2,452,800	2,516,400	2,452,800
Debt Service					529,000
Capital Outlay	8,398,800	9,809,600	8,277,600	7,886,500	6,984,500
TOTAL EXPENDITURES	139,131,700	159,183,800	168,535,900	133,386,900	133,467,200
EXPENDITURES BY FUND SOURCE					
General Fund	75,719,500	101,216,800	110,659,100	70,719,500	71,248,500
Restricted Funds	9,684,000	9,113,700	9,348,700	8,852,700	8,774,000
Federal Funds	18,728,200	13,853,300	13,528,100	13,814,700	13,444,700
Road Fund	35,000,000	35,000,000	35,000,000	40,000,000	40,000,000
TOTAL EXPENDITURES	139,131,700	159,183,800	168,535,900	133,386,900	133,467,200
EXPENDITURES BY UNIT					
Executive Services	8,920,700	18,477,800	19,845,200	8,920,700	8,920,700
Technical Services	26,342,000	29,247,100	30,221,500	25,216,100	25,891,900
State Police - Police Services	87,533,200	94,211,200	101,593,400	85,058,900	84,880,400
State Police - Forensic Services	16,335,800	17,247,700	16,875,800	14,191,200	13,774,200
TOTAL EXPENDITURES	139,131,700	159,183,800	168,535,900	133,386,900	133,467,200

The Kentucky State Police, the statewide law enforcement agency of the Commonwealth, has been a Department in the Justice Cabinet since 1974. State Troopers are assigned to 16 regional posts across the State. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, racketeering,

and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The Kentucky State Police is comprised of four divisions: Executive Services, Technical Services, Police Services, and Forensic Services.

The Division of Executive Services, which includes the Office of the Commissioner, provides professional support services for the Department. These services include organizational policy, personnel, payroll, employee assistance, fiscal, legal, internal investigations, and inspections. Public relations, training, analysis, research, strategic planning, and information coordination are other functions performed in this division. The State Police Academy is part of this division.

The Division of Police Services includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this division include aircraft, driver testing, highway safety, facilities security, headquarters communication, drug enforcement, intelligence, vehicle investigation, and special operations.

The Division of Technical Services is responsible for providing technical assistance to other Departmental areas, along with outside agencies, concerning records, communications, criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The division also includes Property Management and the Supply Branch.

The Division of Forensic Services has the responsibility for providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The division is comprised of the main Central Laboratory in Frankfort, as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville. This division also includes the Electronic Crimes Branch.

Policy

The Governor's recommended budget provides additional Road Fund resources of \$5,000,000 in fiscal year 2005 and \$5,000,000 in fiscal year 2006 for State Police highway enforcement activities, reducing General Fund resources previously provided for these activities by equal amounts in each fiscal year of the 2004-2006 biennium.

The Governor's recommended budget provides General Fund debt service of \$529,000 in fiscal year 2006 for a new Records and Secure Evidence Facility in Frankfort, Kentucky.

The Governor's recommended budget provides that the State Police sworn officer authorized strength is 1,070.

**Justice and Public Safety
Juvenile Justice**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	83,790,100	89,703,900	103,582,500	82,574,100	83,374,100
Budget Reduction	-1,791,700				
Salary Compensation Fund	687,700				
Base Deduction	-2,111,900				
Total General Fund	80,574,200	89,703,900	103,582,500	82,574,100	83,374,100
Restricted Funds					
Balance Forward	5,818,700	4,000,000			
Current Receipts	13,872,900	14,140,000	14,140,000	12,200,000	12,200,000
Non-Revenue Receipts	-4,000,000				
Fund Transfers	-4,393,000				
Total Restricted Funds	11,298,600	18,140,000	14,140,000	12,200,000	12,200,000
Federal Funds					
Balance Forward	4,150,100				
Current Receipts	13,099,900	16,989,000	15,069,000	16,989,000	15,069,000
Total Federal Funds	17,250,000	16,989,000	15,069,000	16,989,000	15,069,000
TOTAL SOURCE OF FUNDS	109,122,800	124,832,900	132,791,500	111,763,100	110,643,100
EXPENDITURES BY CLASS					
Personnel Cost	64,513,100	75,747,400	84,144,500	67,014,500	67,648,400
Operating Expenses	10,818,600	11,522,800	11,885,400	11,018,600	11,098,600
Grants, Loans or Benefits	31,791,100	34,121,700	33,320,600	31,730,000	29,890,000
Debt Service		1,441,000	1,441,000		
Construction	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL EXPENDITURES	109,122,800	124,832,900	132,791,500	111,763,100	110,637,000
EXPENDITURES BY FUND SOURCE					
General Fund	80,574,200	89,703,900	103,582,500	82,574,100	83,374,100
Restricted Funds	11,298,600	18,140,000	14,140,000	12,200,000	12,193,900
Federal Funds	17,250,000	16,989,000	15,069,000	16,989,000	15,069,000
TOTAL EXPENDITURES	109,122,800	124,832,900	132,791,500	111,763,100	110,637,000
EXPENDITURES BY UNIT					
Program Management	1,199,000	1,356,800	1,456,100	935,700	935,700
Program Operations	101,605,700	116,230,800	123,574,200	104,971,800	103,845,700
Support Services	6,318,100	7,245,300	7,761,200	5,855,600	5,855,600
TOTAL EXPENDITURES	109,122,800	124,832,900	132,791,500	111,763,100	110,637,000

The Department of Juvenile Justice, established as part of the Justice Cabinet in August 1996, operates programs for juvenile crime prevention, detention, and community services, as well as residential facilities for post-adjudicated offenders. All programs are designed primarily for "public" and "youthful" offenders. The Department consists of three programmatic areas: Program Management, Program Operations, and Support Services.

Program Management is comprised of three organizational units which provide management and policy direction for the Department: Office of the Commissioner, Office of General Counsel, and Office of Ombudsman. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services. The Office of General Counsel is responsible for providing legal services and advice to employees, presiding over all administrative hearings,

and promulgating administrative regulations. The Office of Ombudsman investigates and resolves grievances filed by those receiving services from the Department.

Program Operations consists of the direct services provided to both public and youthful offenders, through Day Treatment Services, Group Homes, Residential Facilities, Community Supervision, Private Child Care Facilities, Detention Facilities, and Alternatives to Detention. The programs are administered on a regional basis, divided into three separate regions.

Day Treatment Services is comprised of 6 state-owned and 20 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of 26 centers is 955 youths.

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

Day Treatment Slots = 955

Group Homes, comprised of 11 state-operated and two contract homes are community-based residential treatment facilities that generally serve eight youths per home, but may serve up to ten. These programs accept youths between 12-18 years of age, who have been committed to the Department as public or youthful offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of 11 group homes is 88 youths.

Group Home Facilities	County	Beds
Ashland	Boyd	8
Bowling Green	Warren	8
Burnside	Pulaski	8
Frenchburg	Menifee	8
Glasgow	Barren	8
Hopkinsville	Christian	8

London	Laurel	8
Mayfield	Graves	8
Middlesboro	Bell	8
Frankfort	Franklin	8
Westport	Jefferson	8

Group Home Beds = 88

The 13 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders, or sentenced as youthful offenders. These facilities serve youths who are in need of treatment that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the 13 facilities is 469 youths.

Residential Facilities	City	County	Beds
Northern Kentucky Youth Development Center	Crittenden	Grant	40
Morehead Youth Development Center	Morehead	Rowan	32
Green River Youth Development Center	Cromwell	Butler	36
Rice-Audubon Youth Development Center	Louisville	Jefferson	36
Mayfield Boy's Youth Development Center	Mayfield	Graves	36
Owensboro Treatment Center	Owensboro	Daviess	30
Cardinal Treatment Center	Louisville	Jefferson	33
Lincoln Village Youth Development Center	Elizabethtown	Hardin	40
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Boy's Youth Development Center	West Liberty	Morgan	40
Bluegrass Assessment Center	Lexington	Fayette	16
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	50

Residential Beds = 469

Community Services are community-based services provided to juvenile offenders. Juvenile workers in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. Juvenile workers supervise juvenile offenders and recommend any necessary out-of-home placements. Juvenile workers supervise over 3000 youths.

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 200 juveniles are in these programs on any given day.

Five state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, and Laurel Counties, and ten beds are available for detention at the youth development center in Adair County. The regional center in Boyd County is under construction and scheduled for completion in fiscal year 2004. Centers located in Hardin and Fayette Counties are under construction. The Hardin County facility will be completed in fiscal year 2005 and the Fayette County facility will be completed in fiscal year 2006. At that time the state will provide detention services to all counties in the state with the exception of Jefferson for which a contract is in place.

Currently, the state provides detention services to 102 counties. Jefferson, Fayette, Hardin, and Madison Counties continue to operate local detention programs, and counties approved to use these facilities receive a subsidy payment from the state of \$94 per day for all public and youthful offenders.

State-operated Detention Centers	County	Beds
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Development Center	Adair	10

Warren Regional Juvenile Detention Center	Warren	48
Laurel Regional Juvenile Detention Center	Laurel	48

Detention Beds = 254

Less restrictive placements than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. The Department operates an eight-bed cottage as an alternative to detention program at the Bluegrass Assessment Center in Lexington. Nine Departmental staff members are responsible for the assessment of juveniles in the facilities, and the determination of whether an alternative to detention is appropriate.

The Division of Placement Services, included in the Program Operations area, determines appropriate out of home placements for youths committed to the Department of Juvenile Justice.

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, and the Division of Medical Services. The Division of Administrative Services consists of four branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of five branches: Quality Assurance, Program Development, Education, In-Service Training, and Academy Training. The Medical branch oversees the medical delivery system throughout the Department.

Policy

The Governor's recommended budget provides additional General Fund resources of \$2,000,000 in fiscal year 2005 and \$2,800,000 in fiscal year 2006 to support the operation and maintenance of the new Boyd, Hardin, and Fayette Regional Juvenile Detention Centers.

**Justice and Public Safety
Criminal Justice Training**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	3,540,700	7,048,900	10,674,000	8,142,400	2,714,500
Current Receipts	555,800	610,000	635,300	555,800	555,800
Non-Revenue Receipts	43,812,100	44,838,700	47,497,700	47,457,700	51,206,200
Fund Transfers	-1,824,800			-15,500,000	-9,000,000
Total Restricted Funds	46,083,800	52,497,600	58,807,000	40,655,900	45,476,500
Federal Funds					
Balance Forward	176,900				
Current Receipts	2,523,100	2,700,000	2,700,000	2,700,000	2,700,000
Total Federal Funds	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
TOTAL SOURCE OF FUNDS	48,783,800	55,197,600	61,507,000	43,355,900	48,176,500
EXPENDITURES BY CLASS					
Personnel Cost	10,421,400	12,517,400	13,839,400	10,421,400	10,421,400
Operating Expenses	1,990,800	3,144,600	2,929,500	1,990,800	1,990,800
Grants, Loans or Benefits	24,616,000	23,729,600	24,410,300	24,616,000	24,616,000
Debt Service	3,360,200	3,360,200	5,768,200	3,360,200	3,360,200
Capital Outlay	253,000	1,771,800	787,000	253,000	253,000
TOTAL EXPENDITURES	40,641,400	44,523,600	47,734,400	40,641,400	40,641,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	37,941,400	41,823,600	45,034,400	37,941,400	37,941,400
Federal Funds	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
TOTAL EXPENDITURES	40,641,400	44,523,600	47,734,400	40,641,400	40,641,400
EXPENDITURES BY UNIT					
Kentucky Law Enforcement Program Fund	36,883,600	40,718,000	43,872,800	36,883,600	36,883,600
Peace Officer Professional Standards	602,000	630,600	661,300	602,000	602,000
Special Training Programs	3,155,800	3,175,000	3,200,300	3,155,800	3,155,800
TOTAL EXPENDITURES	40,641,400	44,523,600	47,734,400	40,641,400	40,641,400

The Department of Criminal Justice Training is responsible for the training of local law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 72, 95, and 403.785(2), along with 500 KAR 8:010. Basic and specialized training courses are offered to police officers, dispatchers, sheriffs, deputies, airport security personnel, university campus security personnel, and coroners. Course curriculum includes training in basic law enforcement, telecommunications, coroner training, AIDS, child sexual abuse, domestic violence, bias-related crimes, executive and staff training, leadership development, and breath testing. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The Department operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training Programs with the Peace Officers Professional Standards (POPS) office. The KLEFPF agency resources are derived from insurance premium surcharge proceeds, which accrue pursuant to KRS 42.190 and KRS 136.392.

Policy

Notwithstanding KRS 15.430, the Governor's recommended budget provides for a \$15,500,000 transfer in fiscal year 2005

and \$9,000,000 in fiscal year 2006 from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) to the General Fund.

Notwithstanding KRS 15.460(1), the Governor's recommended budget provides \$3,100 in fiscal year 2004-2005 and \$3,100 in fiscal year 2005-2006 for training incentive payments for each participant.

**Justice and Public Safety
Corrections**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	310,084,200	386,456,500	416,680,500	319,464,300	325,730,300
Continuing Appropriation	2,728,328				
Budget Reduction	-2,781,400				
Salary Compensation Fund	944,600				
Base Deduction	-7,393,800				
Total General Fund	303,581,928	386,456,500	416,680,500	319,464,300	325,730,300
Restricted Funds					
Balance Forward	1,486,723	373,700	326,800	200,000	200,000
Current Receipts	18,544,081	18,770,700	19,642,000	19,274,800	19,274,800
Non-Revenue Receipts	395,025				
Fund Transfers	-823,500				
Total Restricted Funds	19,602,329	19,144,400	19,968,800	19,474,800	19,474,800
Federal Funds					
Balance Forward	252,744				
Current Receipts	315,200	315,200	315,200	315,200	315,200
Non-Revenue Receipts	766,874	921,600	50,000	921,600	50,000
Total Federal Funds	1,334,818	1,236,800	365,200	1,236,800	365,200
TOTAL SOURCE OF FUNDS	324,519,075	406,837,700	437,014,500	340,175,900	345,570,300
EXPENDITURES BY CLASS					
Personnel Cost	175,370,618	226,996,400	245,066,900	181,433,800	180,886,000
Operating Expenses	37,939,030	47,900,100	46,985,200	37,252,500	37,252,500
Grants, Loans or Benefits	110,803,328	122,604,100	129,676,200	121,083,500	126,594,700
Debt Service	206,100	8,351,100	14,847,100	206,100	637,100
Capital Outlay		500,000			
TOTAL EXPENDITURES	324,319,076	406,351,700	436,575,400	339,975,900	345,370,300
EXPENDITURES BY FUND SOURCE					
General Fund	303,581,928	386,456,500	416,680,500	319,464,300	325,730,300
Restricted Funds	19,402,330	18,817,600	19,688,900	19,274,800	19,274,800
Federal Funds	1,334,818	1,236,800	365,200	1,236,800	365,200
TOTAL EXPENDITURES	324,319,076	406,510,900	436,734,600	339,975,900	345,370,300
EXPENDITURES BY UNIT					
Corrections Management	30,019,718	45,250,400	53,674,000	29,841,200	29,726,300
Adult Correctional Institutions	197,577,100	247,922,400	260,562,100	207,906,200	208,084,400
Community Services and Local Facilities	80,917,830	97,790,900	106,626,600	86,952,400	92,283,500
Local Jail Support	15,804,428	15,547,200	15,871,900	15,276,100	15,276,100
TOTAL EXPENDITURES	324,319,076	406,510,900	436,734,600	339,975,900	345,370,300

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest Department in the Justice Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The convicted felon population under the custody of the Department of Corrections is estimated to grow to approximately 18,832 by the end of fiscal year 2005 and 19,705 by the end of fiscal year 2006 based on the latest trends, current criminal laws, sentencing, and parole patterns. The current population as of January 23, 2004, is 17,618.

**Justice and Public Safety
Corrections
Corrections Management**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,823,800	31,623,900	40,084,500	15,624,800	16,381,500
Budget Reduction	-63,400				
Salary Compensation Fund	24,400				
Base Deduction	-160,000				
Total General Fund	15,624,800	31,623,900	40,084,500	15,624,800	16,381,500
Restricted Funds					
Balance Forward	797,995	200,000	200,000	200,000	200,000
Current Receipts	12,894,480	12,704,900	13,539,500	13,294,800	13,294,800
Non-Revenue Receipts	395,025				
Fund Transfers	-502,200				
Total Restricted Funds	13,585,300	12,904,900	13,739,500	13,494,800	13,494,800
Federal Funds					
Balance Forward	231,570				
Non-Revenue Receipts	778,048	921,600	50,000	921,600	50,000
Total Federal Funds	1,009,618	921,600	50,000	921,600	50,000
TOTAL SOURCE OF FUNDS	30,219,718	45,450,400	53,874,000	30,041,200	29,926,300
EXPENDITURES BY CLASS					
Personnel Cost	20,829,118	27,089,100	28,920,200	21,002,400	20,456,500
Operating Expenses	8,140,600	8,788,400	8,828,600	7,838,800	7,838,800
Grants, Loans or Benefits	1,050,000	1,068,700	1,125,000	1,000,000	1,000,000
Debt Service		8,145,000	14,641,000		431,000
TOTAL EXPENDITURES	30,019,718	45,091,200	53,514,800	29,841,200	29,726,300
EXPENDITURES BY FUND SOURCE					
General Fund	15,624,800	31,623,900	40,084,500	15,624,800	16,381,500
Restricted Funds	13,385,300	12,704,900	13,539,500	13,294,800	13,294,800
Federal Funds	1,009,618	921,600	50,000	921,600	50,000
TOTAL EXPENDITURES	30,019,718	45,250,400	53,674,000	29,841,200	29,726,300
EXPENDITURES BY UNIT					
Commissioner	952,300	1,344,000	1,420,700	952,300	952,300
Training	1,487,300	1,748,000	1,836,900	1,464,000	1,464,000
General Counsel	886,900	1,061,900	1,127,400	851,800	851,800
Administrative Services	3,893,200	4,705,400	4,932,100	4,044,100	4,180,000
Division of Personnel	440,800	566,700	599,800	437,500	437,500
Debt Service		8,145,000	14,641,000		431,000
Correctional Industries	11,670,300	12,339,900	13,174,500	11,429,800	11,429,800
Mental Health Programs	10,688,918	15,339,500	15,941,600	10,661,700	9,979,900
TOTAL EXPENDITURES	30,019,718	45,250,400	53,674,000	29,841,200	29,726,300

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through eight program areas: Office of the Commissioner, Division of Personnel, Division of Mental Health, Division of Corrections Training, Division of Administrative Services, Office of General Counsel, Debt Service, and Division of Correctional Industries.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties, pursuant to KRS 196 and 197. The Office conducts centralized personnel and budgeting functions. The Commission on Corrections/Community Services is administratively attached to the Office.

The Division of Mental Health is responsible for the provision of specialized mental health services to Kentucky's paroled, probated, and incarcerated population. The Division is comprised of four units: Alcohol and Other Drug programs, Sex Offender programs, Sex Offender Risk Assessment Unit, and Psychiatric and Psychological Outpatient Services.

The Division of Corrections Training, referenced in KRS 12.020, 16.090, 441.055, and 441.115, is responsible for developing curriculum and providing job training to Corrections employees including staff in the counties' jails. Instruction is provided through the Basic Academy program, the Common Core/Officer Inservice program, Jail Training programs, and various specialized programs.

The Division of Administrative Services, referenced in KRS 12.020, is comprised of three branches and three sections that provide support services to the entire Department in: accounting and purchasing, construction, building and equipment maintenance, environmental compliance, property inventory, planning, information technology, inmate information, and victim notification.

The Office of General Counsel, referenced in KRS 12.210-213 and 12.220, is responsible for providing oversight of Corrections policies and procedures, training on legal developments, legal advice and representation in all civil lawsuits, and representation of the Department in various administrative hearings. The General Counsel also handles appeals for current and former employees of the Parole Board, the Sex Offender Risk Assessment Advisory Board, and the Department of Corrections.

The Debt Service program reflects the current cost of bonded indebtedness attributable to capital construction projects in the Department of Corrections.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods or services employing inmate labor. Kentucky Correctional Industries is a self-supporting operation, receiving only restricted funds for operations in ten of the Department's twelve institutions. Twenty-three separate plants produce products and services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Policy

The Governor's recommended budget provides debt service in the amount of \$431,000 in fiscal year 2006 from General Fund resources to replace the electronic Offender Managements System, Phase I, as described in more detail in Volume II.

Justice and Public Safety
Corrections
Adult Correctional Institutions

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	197,583,900	241,912,400	254,515,400	201,982,000	202,160,200
Continuing Appropriation	2,200,000				
Budget Reduction	-2,591,100				
Salary Compensation Fund	841,200				
Base Deduction	-6,300,300				
Total General Fund	191,733,700	241,912,400	254,515,400	201,982,000	202,160,200
Restricted Funds					
Balance Forward	330,395				
Current Receipts	5,278,605	5,694,800	5,731,500	5,609,000	5,609,000
Fund Transfers	-80,800				
Total Restricted Funds	5,528,200	5,694,800	5,731,500	5,609,000	5,609,000
Federal Funds					
Current Receipts	315,200	315,200	315,200	315,200	315,200
Total Federal Funds	315,200	315,200	315,200	315,200	315,200
TOTAL SOURCE OF FUNDS	197,577,100	247,922,400	260,562,100	207,906,200	208,084,400
EXPENDITURES BY CLASS					
Personnel Cost	122,732,000	160,422,800	172,412,300	126,517,400	126,517,400
Operating Expenses	26,384,900	33,420,100	32,707,500	26,005,700	26,005,700
Grants, Loans or Benefits	48,254,100	53,873,400	55,236,200	55,177,000	55,355,200
Debt Service	206,100	206,100	206,100	206,100	206,100
TOTAL EXPENDITURES	197,577,100	247,922,400	260,562,100	207,906,200	208,084,400
EXPENDITURES BY FUND SOURCE					
General Fund	191,733,700	241,912,400	254,515,400	201,982,000	202,160,200
Restricted Funds	5,528,200	5,694,800	5,731,500	5,609,000	5,609,000
Federal Funds	315,200	315,200	315,200	315,200	315,200
TOTAL EXPENDITURES	197,577,100	247,922,400	260,562,100	207,906,200	208,084,400
EXPENDITURES BY UNIT					
Institutions Operations	1,688,800	1,800,700	1,898,500	1,688,800	1,688,800
Medical Services	35,018,300	40,313,500	41,617,400	35,018,300	35,018,300
Education	6,081,600	6,374,000	6,681,200	6,254,600	6,432,800
Private Prisons	15,293,600	15,638,500	16,014,000	15,293,400	15,293,400
Blackburn Correctional Complex	6,080,300	7,255,600	7,659,300	6,246,500	6,246,500
Bell County Forestry Camp	2,648,000	3,164,200	3,326,800	2,720,400	2,720,400
Kentucky Correctional Institution for Women	10,010,600	12,213,600	12,880,400	10,284,200	10,284,200
Frankfort Career Development Center	2,706,000	3,187,100	3,362,500	2,780,000	2,780,000
Eastern Kentucky Correctional Complex	18,476,600	21,936,700	23,293,200	18,981,600	18,981,600
Northpoint Training Center	13,468,200	16,093,100	17,111,100	13,836,300	13,836,300
Kentucky State Reformatory	24,411,600	29,924,000	31,631,400	25,079,400	25,079,400
Kentucky State Penitentiary	15,522,200	19,363,500	20,642,900	15,946,500	15,946,500
Western Kentucky Correctional Complex	9,747,700	11,976,500	12,718,600	10,014,100	10,014,100
Roederer Correctional Complex	12,097,800	14,664,900	15,528,700	12,428,500	12,428,500
Luther Luckett Correctional Complex	11,776,100	14,410,500	15,331,200	12,098,000	12,098,000
Green River Correctional Complex	11,161,100	13,836,400	14,693,400	11,466,200	11,466,200
Institutional Farms	1,203,000	1,283,800	1,283,800	1,283,800	1,283,800

Elliott County Correctional Complex	185,600	14,485,800	14,887,700	6,485,600	6,485,600
TOTAL EXPENDITURES	197,577,100	247,922,400	260,562,100	207,906,200	208,084,400

Adult Correctional Institutions is comprised of 12 state correctional facilities and two privately contracted facilities for adult felon offenders. Three additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, Education Programs, Medical Services, and Institutional Farms.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following activities: classification and placement of inmates, coordination of academic and technical programs, coordination of dietary and health programs for state owned facilities, contract compliance at the two privately contracted prisons, and coordination of security threat group information.

Education Programs consist of the educational programs and related services provided at the 12 state prison facilities, which provide offenders with opportunities to acquire various skills. The Department contracts with the Kentucky Community and Technical College System (KCTCS) to operate correctional education programs.

Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director.

The Institutional Farm program operations include 6,200 acres of productive agricultural land at the following institutions: Roederer Correctional Complex, Western Kentucky Correctional Complex, Northpoint Training Center, Blackburn Correctional Complex, and the Kentucky Correctional Institution for Women. Farm products produced at the various locations include cattle, swine, grain, vegetables, and fruit. The operations are non-General Fund supported, and provide inmate labor opportunities, institutional wet garbage disposal, grain for sale and animal consumption, and vegetables for prison use.

The Private Prison program area, authorized and governed by KRS 197.500-525, contains the two private prisons contracted by the Commonwealth: Marion Adjustment Center (contracted capacity - 700 inmates) in Marion County and Lee Adjustment Center (contracted capacity - 600 inmates) in Lee County. Both facilities were originally contracted as minimum security, however, Lee Adjustment Center was converted to medium security during 1999. Private prison usage is projected to be approximately 80 percent of contracted capacity at these two facilities.

Kentucky State Reformatory (KSR) is a medium security institution with an operational capacity of 1,855 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

Kentucky State Penitentiary (KSP) is a maximum security institution with an operational capacity of 816 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

Blackburn Correctional Complex (BCC) is a minimum security institution with an operational capacity of 557 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

Bell County Forestry Camp (BCFC) is a minimum security institution with an operational capacity of 250 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season, along with road, highway garage, and community service details.

Kentucky Correctional Institution for Women (KCIW), the only institutional facility for women in the Commonwealth, houses 718 inmates in PeeWee Valley in Shelby County. All levels of security and all levels of medical services must be provided since all female prisoners must be housed at KCIW.

Frankfort Career Development Center (FCDC) is a minimum security institution with an operational capacity of 205 inmates located in Frankfort in Franklin County. The institution primarily provides inmate labor to state government

agencies in Frankfort at 30 governmental work locations. Eastern Kentucky Correctional Complex (EKCC) is a medium security institution with an operational capacity of 1,674 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

Western Kentucky Correctional Complex (WKCC) is a medium security institution with an operational capacity of 650 inmates located near Eddyville in Lyon County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties.

Roederer Correctional Complex (RCC) is a medium security institution with an operational capacity of 1002 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification Center, serving all incoming male inmates with the exception of inmates sentenced to death. The institution also operates a full farm operation on approximately 2,800 acres.

Luther Luckett Correctional Complex (LLCC) is a medium security institution with an operational capacity of 1,075 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Health and Family Services Cabinet, Kentucky Correctional Psychiatric Center (KCPC). Due to the proximity of KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available. The Luther Luckett Correctional Complex Pharmacy serves as the central pharmacy for the Oldham County area institutions.

Green River Correctional Complex (GRCC) is a medium security institution with an operational capacity of 947 inmates located near Central City in Muhlenberg County. The institution is the newest facility in the system, utilizing the latest security technology.

Northpoint Training Center (NTC) is a medium security institution with an operational capacity of 1,226 inmates located near Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

Policy

The Governor's recommended budget provides additional General Fund resources of \$6,387,500 in both fiscal year 2005 and fiscal year 2006 to open and operate the Elliott County Prison in the most cost effective manner possible which may include contracting and outsourcing the management and operation of the facility.

The Governor's recommended budget provides additional General Fund resources of \$3,860,800 in fiscal year 2005 and \$4,039,000 in fiscal year 2006 to fund the continuation of the Inmate Education Program at current service levels.

**Justice and Public Safety
Corrections
Community Services and Local Facilities**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	81,400,400	97,373,000	106,208,700	86,581,400	91,912,500
Budget Reduction	-126,900				
Salary Compensation Fund	79,000				
Base Deduction	-933,500				
Total General Fund	80,419,000	97,373,000	106,208,700	86,581,400	91,912,500
Restricted Funds					
Balance Forward	358,334	173,700	126,800		
Current Receipts	370,996	371,000	371,000	371,000	371,000
Fund Transfers	-240,500				
Total Restricted Funds	488,830	544,700	497,800	371,000	371,000
Federal Funds					
Balance Forward	21,174				
Non-Revenue Receipts	-11,174				
Total Federal Funds	10,000				
TOTAL SOURCE OF FUNDS	80,917,830	97,917,700	106,706,500	86,952,400	92,283,500
EXPENDITURES BY CLASS					
Personnel Cost	31,774,800	39,449,800	43,699,700	33,879,300	33,877,400
Operating Expenses	2,966,530	5,244,600	5,002,100	2,961,000	2,961,000
Grants, Loans or Benefits	46,176,500	52,596,500	57,924,800	50,112,100	55,445,100
Capital Outlay		500,000			
TOTAL EXPENDITURES	80,917,830	97,790,900	106,626,600	86,952,400	92,283,500
EXPENDITURES BY FUND SOURCE					
General Fund	80,419,000	97,373,000	106,208,700	86,581,400	91,912,500
Restricted Funds	488,830	417,900	417,900	371,000	371,000
Federal Funds	10,000				
TOTAL EXPENDITURES	80,917,830	97,790,900	106,626,600	86,952,400	92,283,500
EXPENDITURES BY UNIT					
Probation and Parole Program	25,110,330	34,909,100	38,160,900	25,462,900	25,462,900
Local Facilities Operations	992,900	1,059,300	1,135,000	990,800	1,015,600
Halfway House Program	8,623,300	9,269,600	9,449,500	10,477,100	10,450,400
Local Facilities - Jail Program	45,138,400	50,135,000	55,463,300	49,065,600	54,398,600
Jefferson County Misdemeanant	286,000	332,900	332,900	286,000	286,000
Community Corrections Commission	731,900	2,050,000	2,050,000	635,000	635,000
Drug Testing Fees	35,000	35,000	35,000	35,000	35,000
TOTAL EXPENDITURES	80,917,830	97,790,900	106,626,600	86,952,400	92,283,500

The Community Services and Local Facilities program provides an effective and efficient system of community based correctional programs to protect the Commonwealth. Two organizational units comprise this area: the Division of Probation and Parole, and the Division for Local Facilities.

The Division of Probation and Parole, pursuant to KRS 439.370 and 439.480, through the probation and parole officers in the 13 districts, provides supervision of approximately 24,700 probationers and parolees in the community, investigations of offenders for the courts and parole board, rehabilitative services to offenders, and assistance in employment and home placement.

The Division for Local Facilities, as mandated by KRS Chapter 441, is responsible for jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The Division administers the Controlled Intake, Class D Felony, and Halfway House programs.

Policy

The Governor's recommended budget provides additional General Fund resources in the amount of \$3,927,200 in fiscal year 2005 and \$9,260,200 in fiscal year 2006 to support payments to local jails for inmate bed placement in anticipation of housing an additional estimated 394 and 929 inmates, respectively.

**Justice and Public Safety
Corrections
Local Jail and Support**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,276,100	15,547,200	15,871,900	15,276,100	15,276,100
Continuing Appropriation	528,328				
Total General Fund	15,804,428	15,547,200	15,871,900	15,276,100	15,276,100
TOTAL SOURCE OF FUNDS	15,804,428	15,547,200	15,871,900	15,276,100	15,276,100
EXPENDITURES BY CLASS					
Personnel Cost	34,700	34,700	34,700	34,700	34,700
Operating Expenses	447,000	447,000	447,000	447,000	447,000
Grants, Loans or Benefits	15,322,728	15,065,500	15,390,200	14,794,400	14,794,400
TOTAL EXPENDITURES	15,804,428	15,547,200	15,871,900	15,276,100	15,276,100
EXPENDITURES BY FUND SOURCE					
General Fund	15,804,428	15,547,200	15,871,900	15,276,100	15,276,100
TOTAL EXPENDITURES	15,804,428	15,547,200	15,871,900	15,276,100	15,276,100
EXPENDITURES BY UNIT					
Local Jail Allotment	13,567,400	13,784,500	14,046,400	13,567,400	13,567,400
Restricted Medical	931,100	972,100	1,019,700	931,100	931,100
Jailers' Allowance	481,700	481,700	481,700	481,700	481,700
Catastrophic Medical	824,228	308,900	324,100	295,900	295,900
TOTAL EXPENDITURES	15,804,428	15,547,200	15,871,900	15,276,100	15,276,100

The Local Jail Support Program consists of four funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment program are distributed to each county based upon a statutory formula.

The Restricted Medical Fund program is used to pay for indigent inmate medical costs, pursuant to a distribution formula in KRS 441.206.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$2,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

Justice and Public Safety
Kentucky Agency for Substance Abuse Policy

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,250,000	1,250,000	1,250,000		
Budget Reduction	-183,000				
Base Deduction	-31,300				
Total General Fund	1,035,700	1,250,000	1,250,000		
Tobacco Settlement-Phase I					
Tobacco Settlement - I	2,236,600	2,226,800	2,222,700	2,226,800	2,222,700
Continuing Appropriation	520,800				
Budget Reduction	-54,500				
Total Tobacco Settlement-Phase I	2,702,900	2,226,800	2,222,700	2,226,800	2,222,700
Restricted Funds					
Balance Forward	29,300	29,300	29,300		
Fund Transfers	-29,300				
Total Restricted Funds		29,300	29,300		
Federal Funds					
Current Receipts	111,700	111,700	111,700	111,700	111,700
Total Federal Funds	111,700	111,700	111,700	111,700	111,700
TOTAL SOURCE OF FUNDS	3,850,300	3,617,800	3,613,700	2,338,500	2,334,400
EXPENDITURES BY CLASS					
Personnel Cost	574,300	1,118,900	1,153,500	401,500	401,500
Operating Expenses	158,800	158,800	158,800	158,800	158,800
Grants, Loans or Benefits	1,617,200	2,310,800	2,272,100	1,778,200	1,774,100
TOTAL EXPENDITURES	2,350,300	3,588,500	3,584,400	2,338,500	2,334,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,035,700	1,250,000	1,250,000		
Tobacco Settlement-Phase I	1,202,900	2,226,800	2,222,700	2,226,800	2,222,700
Federal Funds	111,700	111,700	111,700	111,700	111,700
TOTAL EXPENDITURES	2,350,300	3,588,500	3,584,400	2,338,500	2,334,400

The Kentucky Agency for Substance Abuse Policy (KRS 12.330) was established by the 2000 General Assembly to reduce the prevalence of smoking, drug, and alcohol abuse in both the youth and adult populations of Kentucky. An 18-member board was created to oversee the actions of the Kentucky Agency for Substance Abuse Policy. This board is comprised of members of the Executive Branch, representatives from of non-profit health-related organizations, and the Administrative Office of the Courts.

The Champions for a Drug Free Kentucky program operates in partnership with KY-ASAP. Its primary role is to mobilize local community anti-drug coalitions, by working with the professional staffs in the Regional Prevention Centers, in partnership with the administrative arm of the Division of Substance Abuse in the Cabinet for Health Services.

Policy

The Kentucky Agency for Substance Abuse Policy (KY ASAP) will be funded with Tobacco Settlement Phase I funds in the amounts of \$2,226,800 in fiscal year 2005 and \$2,222,700 in fiscal year 2006 and \$111,700 federal funds in each fiscal year. This level of funding is consistent with last FB 2002-2004 spending authority. Although more funds were appropriated to the agency by the 2003 General Assembly in FB 2002-2004, budget language in HB 269 requires General Fund and Tobacco

fund transfers totaling \$1,725,000. Those transfers were to the Department for Public Health (\$225,000 - Tobacco) for the Kentucky All Schedule Prescription Enforcement Program (KASPER) and \$1,500,000 to the credit of the General Fund. The funds for KASPER have been placed in the Department for Public Health base revenues and expenditures. Therefore, transfers from KY ASAP are no longer necessary.

**Justice and Public Safety
Vehicle Enforcement**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	422,900	25,600	68,700	25,600	68,700
Current Receipts	552,800	372,300	375,300	372,300	375,300
Total Restricted Funds	975,700	397,900	444,000	397,900	444,000
Federal Funds					
Current Receipts	2,020,400	3,614,800	3,787,100	3,614,800	3,787,100
Total Federal Funds	2,020,400	3,614,800	3,787,100	3,614,800	3,787,100
Road Fund					
Regular Appropriation	12,260,900	12,795,300	13,575,700	12,215,700	12,518,100
Total Road Fund	12,260,900	12,795,300	13,575,700	12,215,700	12,518,100
TOTAL SOURCE OF FUNDS	15,257,000	16,808,000	17,806,800	16,228,400	16,749,200
EXPENDITURES BY CLASS					
Personnel Cost	10,857,300	13,220,400	14,173,100	12,640,800	13,115,500
Operating Expenses	4,374,100	3,518,900	3,518,900	3,518,900	3,518,900
TOTAL EXPENDITURES	15,231,400	16,739,300	17,692,000	16,159,700	16,634,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	950,100	329,200	329,200	329,200	329,200
Federal Funds	2,020,400	3,614,800	3,787,100	3,614,800	3,787,100
Road Fund	12,260,900	12,795,300	13,575,700	12,215,700	12,518,100
TOTAL EXPENDITURES	15,231,400	16,739,300	17,692,000	16,159,700	16,634,400

Vehicle Enforcement is responsible for enforcing state and federal laws and regulations pertaining to the operation of commercial vehicles within the Commonwealth. In accordance with KRS 189.227, Vehicle Enforcement operates the 17 weigh / inspection stations and provides enforcement coverage on related bypass routes.

Policy

Executive Order 2003-064, dated December 23, 2003, transferred Vehicle Enforcement from the Transportation Cabinet and placed it under the Justice and Public Safety Cabinet.



2004-2006
Executive Budget

Postsecondary Education

Postsecondary Education

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,167,077,500	1,310,321,800	1,506,776,800	1,146,115,900	1,202,629,400
Current Year Appropriation	4,000,000				
Continuing Appropriation	4,115,800			1,500,000	
Budget Reduction	-24,813,400				
Salary Compensation Fund	67,600				
Base Deduction	-21,524,700				
Reorganization Adjustments	140,000				
Other	1,320,000				
Total General Fund	1,130,382,800	1,310,321,800	1,506,776,800	1,147,615,900	1,202,629,400
Tobacco Settlement-Phase I					
Tobacco Settlement - I	6,205,000	6,681,200	6,736,200	6,331,300	6,321,300
Continuing Appropriation	84,900				
Total Tobacco Settlement-Phase I	6,289,900	6,681,200	6,736,200	6,331,300	6,321,300
Restricted Funds					
Balance Forward	15,090,900	4,673,200	18,400	955,200	57,900
Current Receipts	1,854,835,100	1,995,104,600	2,115,978,800	1,992,256,400	2,112,314,500
Non-Revenue Receipts	74,712,400	81,389,600	86,251,500	81,684,700	84,397,500
Fund Transfers	-24,554,100			-9,000,000	-3,500,000
Total Restricted Funds	1,920,084,300	2,081,167,400	2,202,248,700	2,065,896,300	2,193,269,900
Federal Funds					
Current Receipts	518,068,200	541,825,800	575,623,100	541,825,800	575,623,100
Total Federal Funds	518,068,200	541,825,800	575,623,100	541,825,800	575,623,100
TOTAL SOURCE OF FUNDS	3,574,825,200	3,939,996,200	4,291,384,800	3,761,669,300	3,977,843,700
EXPENDITURES BY CLASS					
Personnel Cost	1,853,855,500	2,013,182,000	2,142,546,200	1,965,406,500	2,060,711,600
Operating Expenses	885,647,100	980,845,000	1,033,315,500	939,449,000	992,962,900
Grants, Loans or Benefits	651,753,800	750,315,700	880,910,600	669,106,600	708,880,800
Debt Service	78,625,500	87,425,000	122,022,000	82,896,000	108,140,300
Capital Outlay	102,168,000	108,070,100	112,590,500	104,613,300	107,108,600
Construction	320,100	140,000		140,000	
TOTAL EXPENDITURES	3,572,370,000	3,939,977,800	4,291,384,800	3,761,611,400	3,977,804,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,128,882,800	1,310,321,800	1,506,776,800	1,147,615,900	1,202,629,400
Tobacco Settlement-Phase I	6,289,900	6,681,200	6,736,200	6,331,300	6,321,300
Restricted Funds	1,919,129,100	2,081,149,000	2,202,248,700	2,065,838,400	2,193,230,400
Federal Funds	518,068,200	541,825,800	575,623,100	541,825,800	575,623,100
TOTAL EXPENDITURES	3,572,370,000	3,939,977,800	4,291,384,800	3,761,611,400	3,977,804,200
EXPENDITURES BY UNIT					
Postsecondary Education	155,762,600	148,578,400	264,528,800	138,725,100	167,990,700
Postsecondary Education Institutions	3,249,374,500	3,535,302,700	3,742,042,800	3,441,971,300	3,613,393,600
Kentucky Higher Education Assistance Authority	167,232,900	256,096,700	284,813,200	180,915,000	196,419,900
TOTAL EXPENDITURES	3,572,370,000	3,939,977,800	4,291,384,800	3,761,611,400	3,977,804,200

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	113,191,000	117,688,600	238,618,200	111,516,600	142,001,100
Current Year Appropriation	4,000,000				
Continuing Appropriation	3,621,900				
Budget Reduction	-407,400				
Salary Compensation Fund	67,600				
Base Deduction	-1,260,000				
Reorganization Adjustments	140,000				
Other	1,320,000				
Total General Fund	120,673,100	117,688,600	238,618,200	111,516,600	142,001,100
Tobacco Settlement-Phase I					
Tobacco Settlement - I	5,455,000	5,681,200	5,736,200	5,431,300	5,421,300
Total Tobacco Settlement-Phase I	5,455,000	5,681,200	5,736,200	5,431,300	5,421,300
Restricted Funds					
Balance Forward	11,894,200	4,500,300		782,300	39,500
Current Receipts	1,468,800	1,115,000	1,075,000	1,115,000	1,075,000
Non-Revenue Receipts	1,773,200	493,900		820,000	393,900
Fund Transfers	-3,818,800				
Total Restricted Funds	11,317,400	6,109,200	1,075,000	2,717,300	1,508,400
Federal Funds					
Current Receipts	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
Total Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
TOTAL SOURCE OF FUNDS	156,544,900	148,578,400	264,528,800	138,764,600	168,030,200
EXPENDITURES BY CLASS					
Personnel Cost	16,715,100	17,875,100	18,400,900	16,411,600	16,380,800
Operating Expenses	7,297,100	7,972,700	7,067,600	7,558,800	6,837,800
Grants, Loans or Benefits	131,640,400	122,046,500	202,291,200	114,649,700	118,463,100
Debt Service		569,100	36,654,100		26,204,000
Capital Outlay	110,000	115,000	115,000	105,000	105,000
TOTAL EXPENDITURES	155,762,600	148,578,400	264,528,800	138,725,100	167,990,700
EXPENDITURES BY FUND SOURCE					
General Fund	120,673,100	117,688,600	238,618,200	111,516,600	142,001,100
Tobacco Settlement-Phase I	5,455,000	5,681,200	5,736,200	5,431,300	5,421,300
Restricted Funds	10,535,100	6,109,200	1,075,000	2,677,800	1,468,900
Federal Funds	19,099,400	19,099,400	19,099,400	19,099,400	19,099,400
TOTAL EXPENDITURES	155,762,600	148,578,400	264,528,800	138,725,100	167,990,700
EXPENDITURES BY UNIT					
Agency Operations	5,367,800	6,004,600	6,331,900	5,172,800	5,202,200
Adult Education & Literacy Operations	2,786,300	3,106,300	3,239,300	2,880,400	2,880,400
Pass Through Programs	9,488,800	5,579,200	5,906,800	5,182,900	10,182,900
Federal Programs	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000
Kentucky Virtual University	4,795,100	5,663,400	4,787,600	5,152,900	4,410,100
Strategic Invest & Incentive Funding Program	129,374,600	124,274,900	240,313,200	116,386,100	141,365,100
TOTAL EXPENDITURES	155,762,600	148,578,400	264,528,800	138,725,100	167,990,700

The Council on Postsecondary Education serves as the representative agency in matters of postsecondary education and in this role brings a statewide perspective to postsecondary education issues and planning. The council has the responsibility both for guiding the system and serving as an advocate for postsecondary education as a part of the total education enterprise. The primary focus of the council is the coordination of an effective system of postsecondary education meeting the current and future educational needs of the Commonwealth. In July 2003 the Governor issued an executive order giving the Council authority to operate Kentucky's adult education system, bringing all of Kentucky's public postsecondary and adult education providers under a single authority.

The six goals for the postsecondary education system, codified in KRS 164.003(2), are summarized below:

- A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- A major comprehensive research institution ranked nationally in the top 20 public universities at the University of Kentucky.
- A premier, nationally-recognized metropolitan research university at the University of Louisville.
- Regional universities, with at least one nationally-recognized program of distinction or one nationally-recognized applied research program, working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.
- A comprehensive community and technical college system with a mission that assures, in conjunction with other postsecondary institutions, access throughout the Commonwealth to a two year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.
- An efficient, responsive, and coordinated system of providers that delivers educational services to all adult citizens in quantities and of a quality that is comparable to the national average or above and significantly elevates the level of education of the adults of the Commonwealth.

The Council is the liaison between postsecondary education and other segments of the education community. This role is particularly important in relation to other state agencies relating to elementary and secondary education and those directly impacting postsecondary education. The creation of the P-16 council, a joint effort of the council and the Kentucky Board of Education, is a concerted effort to identify common issues between the two systems and to further identify solutions.

The statutory responsibilities set forth in KRS Chapter 164 primarily involve: determining the needs of postsecondary education in the Commonwealth; developing and implementing a strategic agenda and strategic implementation plan (the Action Agenda) designed to achieve the legislatively mandated goals for postsecondary education; setting tuition rates or overseeing the setting of tuition rates by the public postsecondary education institutions; provide the Governor and the General Assembly reports on the performance of the postsecondary education system and the individual institutions in achieving the goals of postsecondary education reform; operating the Kentucky Virtual University and the Kentucky Virtual Library; supporting P-16 reform initiatives; administering a comprehensive program for adult students; establishing technology standards for distance education; deregulating, where possible, the policies and procedures of the Council; establishing minimum standards for admissions; reviewing, modifying, approving and eliminating academic programs; reviewing and recommending funding for the public institutions; administering the strategic investment and incentive funding program; approving and recommending capital projects; maintaining a statewide system of accountability; and, licensing private degree-granting and proprietary baccalaureate degree-granting institutions. The Council also is the representative agency of the Commonwealth in postsecondary education matters not specifically delegated by statute to any of the public institutions and for interstate compacts and agreements.

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

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,382,400	5,765,100	6,256,900	5,057,800	5,127,200
Budget Reduction	-254,400				
Salary Compensation Fund	39,800				
Total General Fund	5,167,800	5,765,100	6,256,900	5,057,800	5,127,200
Restricted Funds					
Balance Forward	305,300	124,500		39,500	39,500
Current Receipts	120,000	115,000	75,000	115,000	75,000
Fund Transfers	-185,800				
Total Restricted Funds	239,500	239,500	75,000	154,500	114,500
TOTAL SOURCE OF FUNDS	5,407,300	6,004,600	6,331,900	5,212,300	5,241,700
EXPENDITURES BY CLASS					
Personnel Cost	4,591,500	5,201,300	5,514,600	4,379,500	4,394,900
Operating Expenses	731,300	753,300	767,300	753,300	767,300
Capital Outlay	45,000	50,000	50,000	40,000	40,000
TOTAL EXPENDITURES	5,367,800	6,004,600	6,331,900	5,172,800	5,202,200
EXPENDITURES BY FUND SOURCE					
General Fund	5,167,800	5,765,100	6,256,900	5,057,800	5,127,200
Restricted Funds	200,000	239,500	75,000	115,000	75,000
TOTAL EXPENDITURES	5,367,800	6,004,600	6,331,900	5,172,800	5,202,200

The Agency Operations program is the support unit of the Council. The Agency Operations budget includes funding for operating activities in support of development and implementation of the strategic agenda and action plan, academic program review, capital and operating finances, and implementation of the Strategic Investment and Incentive Funding Program.

Authority for the council is found in KRS 164.013, 164.0203, and 164.020. The agency operations program is the support unit of the council. As such, employees included in the agency operations program provided limited direct services to students and faculty at public and private postsecondary education institutions, legislators, members of the governor's staff, and other state agencies. The council does license private postsecondary education institutions, a regulatory function.

Agency operations include staff and operating expenses necessary to manage the agency and programs of the council with the exception of those employees involved in the direct delivery of services for adult education and the Kentucky Virtual University/Virtual Library. The staff is organized into seven primary units with agency operations providing support services to all units:

- The Executive unit consists of the CPE president, executive vice president, general counsel, and support staff. The executive unit provides leadership and direction to the other units, coordinates the postsecondary education equal opportunity efforts, directs strategic planning, accountability, and assessment efforts, and, provides legal services to the agency.
- The Public Affairs, Communications, and Human Resources unit, headed by the agency's Chief of Staff, includes support staff providing governmental and legislative services, media relations, and communications planning for the entire agency as well as human resources services.

- Academic Affairs includes activities related to approval, modification, disapproval, or discontinuance of academic programs, extended campus activities, academic course inventory, admissions standards, accountability, statewide strategic planning, early childhood literacy, baccalaureate degree transfer, academic common market, the Kentucky Educational Excellence Scholarship (KEES) program, and licensure of independent colleges and universities. Testing and Local P-16 Council initiatives are funded through the council's pass-through programs. New economy responsibilities of this unit include oversight of the Science and Technology funding program and coordination of the state's economic development initiatives in conjunction with the Economic Development Cabinet.
- Adult Education was transferred to the council in 2003. The agency operations unit provides governmental relations, communications, information, technology, and business office support to the direct program activities of the adult education program unit.
- The Kentucky Virtual University/Virtual Library operates a comprehensive set of university programs that include over 16,000 learners. The virtual library is a consortium of public and private postsecondary education libraries, the Kentucky Department for Libraries and Archives, the Kentucky Department of Education, the county and city public libraries, and special libraries. The agency operations unit provides governmental relations, communications, information, technology, and business office support to the program activities of the Kentucky Virtual University/Virtual Library program unit.
- The Finance unit is responsible for developing funding approaches for the institutions, the analysis of postsecondary education financial information, the review and recommendation of capital construction projects, tuition setting, reciprocity agreements, and the administration of the strategic investment and incentive trust funds. In addition to these institutionally focused activities, the Finance unit also is responsible for the administrative and business operations of the agency; budgeting, accounting, purchasing, printing/copying, telecommunications services, and inventory control.
- Information Technology includes those activities related to the collection and analysis of student data collected through the agency's comprehensive data base, support and maintenance of the agency's computing needs including the local area network and coordination of statewide technology efforts. The information technology unit provides services to all of the program units of the council. The agency's general counsel also serves as Associate Vice President for Information Technology.

**Postsecondary Education
Council on Postsecondary Education
Adult Education & Literacy Operations**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,815,600	2,154,300	2,287,300	1,928,400	1,928,400
Budget Reduction	-32,500				
Salary Compensation Fund	27,800				
Base Deduction	-117,500				
Reorganization Adjustments	140,000				
Total General Fund	1,833,400	2,154,300	2,287,300	1,928,400	1,928,400
Restricted Funds					
Balance Forward	900				
Current Receipts	75,000	75,000	75,000	75,000	75,000
Total Restricted Funds	75,900	75,000	75,000	75,000	75,000
Federal Funds					
Current Receipts	877,000	877,000	877,000	877,000	877,000
Total Federal Funds	877,000	877,000	877,000	877,000	877,000
TOTAL SOURCE OF FUNDS	2,786,300	3,106,300	3,239,300	2,880,400	2,880,400
EXPENDITURES BY CLASS					
Personnel Cost	2,156,900	2,481,200	2,603,100	2,255,300	2,244,200
Operating Expenses	629,400	625,100	636,200	625,100	636,200
TOTAL EXPENDITURES	2,786,300	3,106,300	3,239,300	2,880,400	2,880,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,833,400	2,154,300	2,287,300	1,928,400	1,928,400
Restricted Funds	75,900	75,000	75,000	75,000	75,000
Federal Funds	877,000	877,000	877,000	877,000	877,000
TOTAL EXPENDITURES	2,786,300	3,106,300	3,239,300	2,880,400	2,880,400

Adult Education was transferred to the council from the Workforce Development Cabinet in the summer of 2003. The operations portion of the adult education budget is located in the Adult Education and Literacy Operations program; grant activity is located in the Adult Education and Literacy Funding Program.

The Adult Education and Literacy Operations program administers a statewide, comprehensive adult education system using both federal and state funds. A portion of the state funds are devoted to matching the federal funds and providing the required maintenance-of-effort. Federal and state adult education funds and grants funds are awarded through a competitive grant process open to eligible entities identified by statute. Contracts are made with various agencies selected through this process to provide adult education and literacy services in all 120 counties. Among these agencies are local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations, and correctional institutions. Instruction is funded to improve educational skills through several program types: literacy/Adult Basic Education (ABE)/GED; family literacy; workplace education; corrections education; and English as a second language (ESL).

This program is also the administering agency for the General Educational Development (GED) diploma program, overseeing the GED Testing Program jointly with the GED Testing Service of the American Council on Education. The GED Testing Program provides statewide testing in the areas of: language arts, writing; social studies; science; language arts, reading; and mathematics. These tests measure the educational achievement of adults who have not graduated from high school and compare their competency with that of high school seniors.

**Postsecondary Education
Council on Postsecondary Education
Pass Through Programs**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,980,000	5,085,300	5,906,800	4,689,000	9,789,000
Base Deduction	-287,500				
Total General Fund	8,692,500	5,085,300	5,906,800	4,689,000	9,789,000
Restricted Funds					
Non-Revenue Receipts	796,300	493,900		493,900	393,900
Total Restricted Funds	796,300	493,900		493,900	393,900
TOTAL SOURCE OF FUNDS	9,488,800	5,579,200	5,906,800	5,182,900	10,182,900
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	9,488,800	5,579,200	5,906,800	5,182,900	10,182,900
TOTAL EXPENDITURES	9,488,800	5,579,200	5,906,800	5,182,900	10,182,900
EXPENDITURES BY FUND SOURCE					
General Fund	8,692,500	5,085,300	5,906,800	4,689,000	9,789,000
Restricted Funds	796,300	493,900		493,900	393,900
TOTAL EXPENDITURES	9,488,800	5,579,200	5,906,800	5,182,900	10,182,900
EXPENDITURES BY UNIT					
Contract Spaces	2,712,500	3,133,800	3,461,400	2,912,500	2,912,500
Metroversity	58,800	60,600	60,600	58,800	58,800
Professional Education Preparation Program	416,700	438,600	438,600	416,700	416,700
Telecommunications Consortia	182,700	188,300	188,300	182,700	182,700
Minority Student College Prep Program	330,200	337,200	337,200	330,200	330,200
State Autism Training Center	217,800	229,300	229,300	217,800	217,800
Kentucky Rural Development Center	698,200	735,000	735,000	698,200	698,200
Early Reading Incentive Grant	4,013,100				
SREB Doctoral Scholars Program	256,400	256,400	256,400	256,400	256,400
Pass-Through-Other	602,400	200,000	200,000	100,000	5,100,000
M.L. King Scholarship at Kentucky State Univ.				9,600	9,600
TOTAL EXPENDITURES	9,488,800	5,579,200	5,906,800	5,182,900	10,182,900

The Council on Postsecondary Education has been designated as the receiving agency for several programs. Funds are appropriated to the Council and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations. For purposes of display, these programs have been grouped together under the heading of Pass Through Programs. A brief description of each program is provided below.

The **Contract Spaces Program** provides students with access to veterinary medicine and optometry programs through contracts administered by the Southern Regional Education Board (SREB) and Indiana University. In veterinary medicine, Kentucky contracts for 36 entering spaces at Auburn University (34) and Tuskegee Institute (2). In optometry, Kentucky contracts for 14 entering spaces at the Southern College of Optometry (8), the University of Alabama (3), and Indiana University (3). Contract fees guarantee a fixed number of spaces in these academic programs for qualified Kentucky residents. Enrolled students are required to pay only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution. These contracts are the primary sources of enrollment opportunities for Kentucky students and for trained individuals to meet workforce needs in these professional areas.

Since the late 1970s, the Council has supported cooperative activities among and services to postsecondary education institutions in the Greater Louisville area through the interstate **Metroversity Consortium**. On behalf of the participating institutions, Metroversity operates the Educational Opportunity Center, a cross-registration program, student and faculty competitions and activities, and interlibrary courier service. The Consortia also maintains a cable TV channel for institutional use. State funds represent less than 10 percent of Metroversity's total budget.

The **Professional Education Preparation Program (PEPP)** was established in 1980 pursuant to KRS 164.028 through 164.0282. The program prepares students and prospective students from rural and inner-city areas medically underserved to gain admission to and graduate from medical or dental school. The students are encouraged to establish a medical practice in underserved areas of the state. All funds appropriated to the Council for the primary PEPP program are allocated to the University of Kentucky and the University of Louisville to conduct: pre-freshman workshops, undergraduate workshops; student assessment conferences, and MCAT/DAT test assistance with tutors, tutoring, and summer job placement. The PEPP Program includes the Pikeville College of Osteopathic Medicine, the University of Kentucky, and the University of Louisville.

The **Telecommunications Consortium (ETV)** was established in 1978 with funding provided through the budget of the Council. Programming and any needed staff services are provided by Kentucky Educational Television (KET) through a Memorandum of Agreement with the Council. The Consortium provides college credit course via KET's open broadcast television capability. Generally, 25 courses are broadcast each academic year. Both undergraduate and graduate courses are offered. Students may enroll by mail and view courses at home.

The **Governor's Minority Student College Preparation Program** was established in 1986 to: provide academic enrichment activities for middle and junior high school students; encourage them to stay in school and to enter college; make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option; and to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,000 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals involved in delivering services to those diagnosed with autism or autistic related disorders.

The **Kentucky Rural Development Center** operates in Somerset, Kentucky. The Center provides technical assistance to business and governmental entities in networking and video conferencing.

The **Southern Regional Education Board (SREB) Doctoral Scholars Program** is part of a national effort to support and encourage minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty by increasing the pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and the Midwest.

Upon selection to the program, the scholar is expected to devote full-time attention to the completion of the academic requirements. The scholar is also expected to attend and participate in the annual Doctoral Scholars Program/Compact for Faculty Diversity Institute.

According to the SREB, as of July 2003, the program has served 507 individuals, with 250 currently matriculating scholars enrolled throughout the south. By July 2003 190 scholars had completed their Ph.D. and 12 had withdrawn. The retention rate for the program is 95 percent over the last six years of operation. Kentucky has 27 students currently enrolled with the state and is providing continuing funding for the four of the 15 graduates pursuing higher degrees. National data show that only 50 percent of all Ph.D. students complete the degree and only 37 percent of minorities finish. Of the 25 Kentucky scholars who enrolled over the ten-year period, one had withdrawn, two have transferred to programs in other states, and the rest are on schedule to complete. This is a retention rate of 96 percent. By August 2001, ten Kentucky scholars had completed all requirements for the Ph.D. Currently Kentucky enrolls 15 in the program.

Policy

Notwithstanding KRS 164.7911, interest income in the amount of \$493,900 in fiscal year 2005 and \$393,900 in fiscal year 2006 is authorized to be used for the Contract Spaces, Governor's Minority Student College Preparation, SREB Doctoral Scholars, P-16 Council, and Early Math Testing programs to maintain these programs at current levels of funding.

The Governor's budget recommendation includes \$5,000,000 in General Funds in fiscal year 2006 to be allocated by the Council on Postsecondary Education to address funding disparities among the institutions.

The Governor's budget recommendation provides \$9,600 each year of the biennium for a new Martin Luther King Scholarship Program at Kentucky State University.

**Postsecondary Education
Council on Postsecondary Education
Federal Programs**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000
Total Federal Funds	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000
TOTAL SOURCE OF FUNDS	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000
EXPENDITURES BY CLASS					
Personnel Cost	747,000	564,700	548,000	559,900	533,600
Operating Expenses	240,500	147,600	145,500	147,600	145,500
Grants, Loans or Benefits	2,962,500	3,237,700	3,256,500	3,242,500	3,270,900
TOTAL EXPENDITURES	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000
EXPENDITURES BY FUND SOURCE					
Federal Funds	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000
TOTAL EXPENDITURES	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000

The Council on Postsecondary Education administers three federal grant programs: the Improving Educator Quality State Grant program, the GEAR UP program, and the Fund for the Improvement of Postsecondary Education (FIPSE).

The Improving Educator Quality State Grant Program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

GEAR UP is a federal initiative that encourages young people to stay in school, study hard and take the right courses to go to college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. In Kentucky, there are seven GEAR UP partnerships. GEAR UP state grants stress early intervention and provide scholarships.

The Council received its first FIPSE grant in 2002 to develop a statewide advising outreach network for high school students and adult learners who want to go on to college and for students who wish to transfer from two-year to four-year institutions. The grant funds a coordinated advising network.

**Postsecondary Education
Council on Postsecondary Education
Kentucky Virtual University**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,612,600	3,862,600	3,862,600	3,485,100	3,485,100
Budget Reduction	-120,500				
Base Deduction	-22,000				
Total General Fund	3,470,100	3,862,600	3,862,600	3,485,100	3,485,100
Restricted Funds					
Balance Forward	1,275,800	875,800		742,800	
Current Receipts	925,000	925,000	925,000	925,000	925,000
Fund Transfers	-133,000				
Total Restricted Funds	2,067,800	1,800,800	925,000	1,667,800	925,000
TOTAL SOURCE OF FUNDS	5,537,900	5,663,400	4,787,600	5,152,900	4,410,100
EXPENDITURES BY CLASS					
Personnel Cost	763,700	945,700	998,000	784,600	785,800
Operating Expenses	3,616,400	4,302,700	3,374,600	3,953,300	3,209,300
Grants, Loans or Benefits	350,000	350,000	350,000	350,000	350,000
Capital Outlay	65,000	65,000	65,000	65,000	65,000
TOTAL EXPENDITURES	4,795,100	5,663,400	4,787,600	5,152,900	4,410,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,470,100	3,862,600	3,862,600	3,485,100	3,485,100
Restricted Funds	1,325,000	1,800,800	925,000	1,667,800	925,000
TOTAL EXPENDITURES	4,795,100	5,663,400	4,787,600	5,152,900	4,410,100

The Kentucky Revised Statute (KRS) 164.800 provides that the council will coordinate the Kentucky Virtual University. A Distance Learning Advisory Committee was established by statute to provide institutional input into the development and policy aspects of the KYVU and KYVL. The mission of the KYVU is to be a student-centered, technology-based utility for the support of lifelong learning. The KYVU simplifies access to quality college credit, professional development, and supplemental studies. The KYVU provides a single access port to statewide learning support services, including the KYVL.

Consistent with the council's statewide strategic agenda, the goals of the KYVU are to:

- Enhance and expand educational access and increase educational attainment across Kentucky.
- Upgrade workforce skills and expand professional development through basic and continuing education.
- Increase collaboration and foster efficiency and effectiveness in delivering courses and program.
- Increase global competitiveness of Kentucky's educational resources.

The KYVU targets the following primary audiences, recognizing that the nature of electronic delivery systems is such that the potential pool of learners is essentially unlimited:

- Adult students;
- Place-bound and time-bound students;

- Employers and employees in business, industry, and government;
- P-12 students, teachers, and administrators;
- Traditional Residential Students; and
- Students living in other states and countries.

The KYVU is a value-added provider of learning services including: on-line registration for students, single undergraduate application and fee, single sign on (multiple passwords are needed), course management systems for the development and delivery of instructional programs, searchable course catalog, toll-free call center, 24X7 technical support, library resources, and e-commerce functionality for on-line payment of professional development courses for K-12 teachers.

The KYVL is an integral part of the KYVU. The mission of the KYVL is to provide all Kentuckians with equitable access to quality library and information resources to support the KYVU and meet the broader needs for learning, working, and living in the Commonwealth. The KYVL includes the nine public postsecondary education institutions, the 19 independent postsecondary education institutions, all K-12 school libraries, and the 111 public libraries in the Commonwealth. The KYVL has negotiated statewide licenses for searchable electronic databases, full-text journals, and other materials. It is estimated that the combined purchasing power of the KYVL saved the Commonwealth over \$5.0 million in acquisition costs. The KYVL also provides a statewide courier service for interlibrary loan activities. The KYVL provides training in the use of these resources and responds to usage questions through a toll-free number.

Both the KYVU and KYVL provide direct services to learners - including postsecondary education students, faculty and administrators, the Kentucky Department of Education, Department for Libraries and Archives, school districts, the Education Professions Standards (EPSB), all 120 adult education learning centers - both instructors and students, the Kentucky Virtual High School, local public libraries, and special libraries. Neither the KYVU nor the KYVL engage in direct law enforcement or regulatory activity.

**Postsecondary Education
Council on Postsecondary Education
Strategic Invest & Incentive Funding Program**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	93,400,400	100,821,300	220,304,600	96,356,300	121,671,400
Current Year Appropriation	4,000,000				
Continuing Appropriation	3,621,900				
Base Deduction	-833,000				
Other	1,320,000				
Total General Fund	101,509,300	100,821,300	220,304,600	96,356,300	121,671,400
Tobacco Settlement-Phase I					
Tobacco Settlement - I	5,455,000	5,681,200	5,736,200	5,431,300	5,421,300
Total Tobacco Settlement-Phase I	5,455,000	5,681,200	5,736,200	5,431,300	5,421,300
Restricted Funds					
Balance Forward	10,312,200	3,500,000			
Current Receipts	348,800				
Non-Revenue Receipts	976,900			326,100	
Fund Transfers	-3,500,000				
Total Restricted Funds	8,137,900	3,500,000		326,100	
Federal Funds					
Current Receipts	14,272,400	14,272,400	14,272,400	14,272,400	14,272,400
Total Federal Funds	14,272,400	14,272,400	14,272,400	14,272,400	14,272,400
TOTAL SOURCE OF FUNDS	129,374,600	124,274,900	240,313,200	116,386,100	141,365,100
EXPENDITURES BY CLASS					
Personnel Cost	8,456,000	8,682,200	8,737,200	8,432,300	8,422,300
Operating Expenses	2,079,500	2,144,000	2,144,000	2,079,500	2,079,500
Grants, Loans or Benefits	118,839,100	112,879,600	192,777,900	105,874,300	104,659,300
Debt Service		569,100	36,654,100		26,204,000
TOTAL EXPENDITURES	129,374,600	124,274,900	240,313,200	116,386,100	141,365,100
EXPENDITURES BY FUND SOURCE					
General Fund	101,509,300	100,821,300	220,304,600	96,356,300	121,671,400
Tobacco Settlement-Phase I	5,455,000	5,681,200	5,736,200	5,431,300	5,421,300
Restricted Funds	8,137,900	3,500,000		326,100	
Federal Funds	14,272,400	14,272,400	14,272,400	14,272,400	14,272,400
TOTAL EXPENDITURES	129,374,600	124,274,900	240,313,200	116,386,100	141,365,100
EXPENDITURES BY UNIT					
Research Challenge Trust Fund	5,455,000	5,681,200	61,736,200	5,431,300	5,421,300
Regional University Excellence Trust Fund			16,000,000		3,815,000
Technology Initiative Trust Fund	2,050,500	2,115,000	3,515,000	2,050,500	2,050,500
Physical Facilities Trust Fund		569,100	36,654,100		22,389,000
Postsecondary Workforce Development Trust Fund			1,000,000		
Student Financial Aid and Advancement Trust Fund	68,320,000	66,600,000	65,385,000	66,600,000	65,385,000
Adult Education and Literacy Funding Program	38,759,600	38,324,700	34,824,700	33,298,400	33,298,400
Science and Technology Funding Program	14,789,500	10,771,600	10,771,600	9,005,900	9,005,900

Enrollment Growth & Productivity Funding Program			10,000,000		
Special Initiatives Funding Program		213,300	426,600		
TOTAL EXPENDITURES	129,374,600	124,274,900	240,313,200	116,386,100	141,365,100

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for six Strategic Investment and Incentive Trust Funds (a Research Challenge Trust Fund; a Regional University Excellence Trust Fund; a Technology Initiative Trust Fund; a Physical Facilities Trust Fund; a Postsecondary Workforce Development Trust Fund; and a Student Financial Aid and Advancement Trust Fund) and appropriations for two Strategic Investment and Incentive Funding Programs (the Adult Education and Literacy Funding Program; the Science and Technology Funding Program). These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to reach the six goals established in KRS 164.003(2).

Funding for the Strategic Investment and Incentive Funding Program is detailed in the table below. Funding for debt service in the amount of \$3,815,000 in fiscal year 2006 is included in the Research Challenge Trust Fund to support \$40 million in General Fund supported bonds for initial phases of Research facility projects at the University of Kentucky and the University of Louisville. Funding for debt service in the amount of \$22,389,000 in fiscal year 2006 is included in the Physical Facilities Trust Fund to support \$234.5 million in bonds for university and KCTCS capital projects..

	<u>FY 2005</u>	<u>FY 2006</u>
Research Challenge Trust Fund		
Research Buildings	40,000,000	
Lung Cancer Research - Phase I Tobacco Settlement Funding	5,431,300	5,421,300
Total Research Challenge Trust Fund	45,431,300	5,421,300
Technology Initiative Trust Fund	2,050,000	2,050,000
Student Financial Aid and Advancement Trust Fund - KEES Merit Scholarships	66,600,000	65,385,000
Adult Education and Literacy Funding Program	33,298,400	33,298,400
Science and Technology Funding Program	9,005,900	9,005,900
TOTAL FUNDING PROGRAM APPROPRIATIONS	156,385,600	115,160,600

Research Challenge Trust Fund

This Trust Fund includes \$40 million in Capital Projects Budget appropriations from Bond funds in fiscal year 2005 with the associated General Fund debt service of \$3,815,000 in the Operating Budget appropriation for the Research Challenge Trust Fund in fiscal year 2006. The two research buildings funded are:

University of Kentucky Biological/Pharmaceutical Complex

A \$42 million capital appropriation is recommended to begin the first phase of a research facility at the University of Kentucky, The Biological Sciences/Pharmaceutical Complex project. This project will provide over 100,000 square feet of wet, dry and research laboratory space for both the Pharmacy and Biology departments, and more than 60,000 square feet of additional classroom and conference facilities. Expenditures for the complex in the 2004-06 biennium will provide for the architectural design and plans of the structure to prepare for bid; road and site preparation, which includes the relocation of five green houses and their associated head houses; and the installation of underground utilities and expansion of steam and chiller facilities required to support the new complex.

The project Funding is as follows:	
General Fund Supported Bonds	\$21,000,000
University Agency Bonds	<u>\$21,000,000</u>
Total	\$50,000,000

Technology Initiatives Trust Fund

Funding in the amount of \$2,050,000 in each year of the biennium is provided for the following subsidiary programs of the Technology Initiatives Trust Fund:

1. Network Infrastructure for the communications network infrastructure used by the Kentucky Commonwealth Virtual University, the Kentucky Commonwealth Virtual Library, and the institutions. This network infrastructure provides bandwidth for all postsecondary education institutions for data transmission, telecommunications and Internet access, and provides connectivity to every public university and community or technical college in the Kentucky postsecondary education system. The Governor's Office for Technology coordinates and manages the network infrastructure, while the Council on Postsecondary Education serves as the fiscal agent for the network. The funding appropriated for this purpose pays for line charges and management of the network.
2. Faculty Development in collaboration with one or more institutions, to sponsor statewide initiatives. These initiatives serve an agenda setting function, drawing attention to important dimensions of faculty development linked to system goals.

Physical Facilities Trust Fund

Debt service in the amount of \$22,389,000 is provided in fiscal year 2006 for 17 bond funded capital projects (\$234.5 million) at the various public postsecondary institutions.

Student Financial Aid and Advancement Trust Fund

Funding in the amount of \$66,600,000 in fiscal year 2005 and \$65,385,000 in fiscal year 2006 is provided to expand and fund the Kentucky Excellence in Education Scholarship (KEES) Program based on the forecasted needs of the program. An additional \$9,500,000 each year is provided for the KEES program within the KEES Program Reserve Account financed with unclaimed lottery prize money.

Adult Education and Literacy Funding Program

General Funds in the amount of \$19,026,000 in fiscal year 2005 and \$19,026,000 in fiscal year 2006 are provided for Adult Education and Literacy Funding Program. Notwithstanding the provisions of KRS 45.229, any unexpended balance of funds appropriated for the Adult Education and Literacy Funding Program shall not lapse and shall be carried forward into the next fiscal year. Over \$14 million per year in federal funds combine with the state General Funds to finance adult education and literacy programs.

The Adult Education Reform Act of 2000 stated, "Adult illiteracy is a fundamental barrier to every major challenge facing Kentucky, including early childhood education, education reform, economic development and improving the health and well being of Kentucky's families and communities."

One in four Kentuckians age 25 or older do not have a high school diploma or GED, compared to 19.6 percent nationally. Of 2.4 million working-age Kentuckians, 40 percent (nearly one million) function at the two lowest levels of literacy.

The Adult Education Reform Act provided the foundation for improving the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language. Kentucky Adult Education increased enrollment in adult education and literacy programs 115 percent from 51,177 in 1999-2000 to a record high enrollment of 109,880 in 2002-03. This enrollment exceeded the fiscal year 2003 goal of 90,000 and even the fiscal year 2004 goal of 100,000. Of the fiscal year 2003 enrollment, 43,050 adults participated in workplace programs, and 5,459 were enrolled in English as a Second Language.

The Act also created a partnership between the Council on Postsecondary Education and the Department for Adult Education and Literacy. The partnership was strengthened in July 2003 by the organizational transition of the newly renamed "Kentucky Adult Education" from the Cabinet for Workforce Development to the Council on Postsecondary Education. This reorganization positions Kentucky Adult Education at the forefront of education in the Commonwealth and facilitates the program's momentum toward the next level of achievement by creating new avenues for reaching adult learners and helping them transition to postsecondary education and employment.

Base funding is distributed to local organizations through grants for adult basic education and literacy services, the cornerstone of Kentucky Adult Education. The Kentucky Adult Education Reform Act requires services to be targeted to communities with the greatest need, so funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Through this funding, every Kentucky county is served by a comprehensive adult education provider that offers all levels of adult education instruction, family literacy and employability and life skills instruction. Many providers also offer English as

a Second Language classes and workplace education. Every provider operates one or more sites throughout the county to meet the unique learning needs of its target population. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations.

Science and Technology Funding Program

The funding for the Science and Technology Funding Program supports the programs established by the Kentucky Innovation Act, enacted by the 2000 General Assembly, and codified as KRS 164.6011 through 164.6043. Funding in the amount of \$2,904,000 is provided each year of the biennium for the **Research and Development Voucher** program to provide vouchers to small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth. Funding in the amount of \$726,000 is provided each year of the biennium for the **Commercialization Fund** to provide development funds for promising technologies developed through the research and development work undertaken at the universities in the Commonwealth.

The Science and Technology Funding Program includes funding for the **Experimental Program to Stimulate Competitive Research (EPSCoR)**. EPSCoR is a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978. It leverages state matching funds to bring additional federal research dollars to Kentucky. EPSCoR has been responsible for bringing over \$36 million in federal research dollars to Kentucky since 1985. The return on the state's investment in this program equals \$2.50 of federal funding for every dollar of state funds invested in EPSCoR.

The Science and Technology Funding Program includes funding for the **Science and Engineering Foundation** administered by the Kentucky Science and Technology Corporation. The Science and Engineering Foundation, expanding on the existing EPSCoR program and funding, is modeled in part after the National Science Foundation and makes investments in peer-reviewed science and engineering research, to accelerate the rate of research and development funds and work to increase the amount of federal and private sector funds for this work in Kentucky.

The EPSCoR/Science and Engineering Foundation programs are funded in the amount of \$4,375,900 in each year of the biennium.

A total of \$1,000,000 each year is provided for the **Knowledge-Based Economy Academic Programs** in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

**Postsecondary Education
Kentucky Higher Education Assistance Authority**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	71,828,300	149,605,900	173,162,700	74,903,400	89,781,600
Continuing Appropriation	493,900			1,500,000	
Total General Fund	72,322,200	149,605,900	173,162,700	76,403,400	89,781,600
Tobacco Settlement-Phase I					
Tobacco Settlement - I	750,000	1,000,000	1,000,000	900,000	900,000
Continuing Appropriation	84,900				
Total Tobacco Settlement-Phase I	834,900	1,000,000	1,000,000	900,000	900,000
Restricted Funds					
Balance Forward	3,196,700	172,900	18,400	172,900	18,400
Current Receipts	18,454,800	22,725,700	22,654,600	20,877,500	19,990,300
Non-Revenue Receipts	72,939,200	80,895,700	86,251,500	80,864,700	84,003,600
Total Restricted Funds	94,590,700	103,794,300	108,924,500	101,915,100	104,012,300
Federal Funds					
Current Receipts	1,158,000	1,714,900	1,726,000	1,714,900	1,726,000
Total Federal Funds	1,158,000	1,714,900	1,726,000	1,714,900	1,726,000
TOTAL SOURCE OF FUNDS	168,905,800	256,115,100	284,813,200	180,933,400	196,419,900
EXPENDITURES BY CLASS					
Personnel Cost	11,259,400	12,683,900	13,645,600	10,837,600	10,981,300
Operating Expenses	4,758,000	5,062,100	5,192,600	5,060,200	5,192,600
Grants, Loans or Benefits	149,546,200	237,091,100	264,977,000	163,757,600	179,248,000
Debt Service	742,700	748,600	746,600	748,600	746,600
Capital Outlay	606,500	371,000	251,400	371,000	251,400
Construction	320,100	140,000		140,000	
TOTAL EXPENDITURES	167,232,900	256,096,700	284,813,200	180,915,000	196,419,900
EXPENDITURES BY FUND SOURCE					
General Fund	70,822,200	149,605,900	173,162,700	76,403,400	89,781,600
Tobacco Settlement-Phase I	834,900	1,000,000	1,000,000	900,000	900,000
Restricted Funds	94,417,800	103,775,900	108,924,500	101,896,700	104,012,300
Federal Funds	1,158,000	1,714,900	1,726,000	1,714,900	1,726,000
TOTAL EXPENDITURES	167,232,900	256,096,700	284,813,200	180,915,000	196,419,900
EXPENDITURES BY UNIT					
General Administration and Support	16,904,700	17,408,000	18,230,200	16,364,700	16,280,500
College Access Program	45,160,700	111,583,900	130,158,300	47,530,900	56,851,400
Work Study Program	1,000,000	1,000,000	1,000,000	900,000	900,000
Kentucky Tuition Grant	23,856,200	39,687,600	44,621,900	26,275,500	30,270,000
Teacher Scholarships	2,290,700	2,290,700	2,290,700	2,290,700	2,290,700
Ky National Guard Tuition	2,600,300	10,000	10,000	3,558,100	3,558,100
Osteopathic Medicine Scholarship	1,480,200	1,255,300	1,318,500	1,255,300	1,318,500
Ky Educational Excellence Scholarships	72,358,300	79,749,700	84,031,200	80,533,200	82,612,900
Early Childhood Development Scholarships	834,900	1,007,000	1,028,400	907,000	928,400
Kentucky's Affordable Prepaid Tuition (KAPT)	746,900	1,547,600	1,556,000	742,700	841,400
Robert C Byrd Honors Scholarship		556,900	568,000	556,900	568,000
TOTAL EXPENDITURES	167,232,900	256,096,700	284,813,200	180,915,000	196,419,900

The Kentucky Higher Education Assistance Authority's (KHEAA) mission is to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions. The Kentucky Higher Education Assistance Authority provides student financial aid, allowing each student to choose institutions appropriate to each person's education and career objectives as provided under KRS 164.740-164.785.

The KHEAA administers state grants, work study, scholarships, and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information. The agency provides administrative services at no cost to the Kentucky Department of Education for its Occupational/Physical Therapy Incentive program and to the Kentucky National Guard for its Tuition Assistance Program.

The Kentucky Higher Education Assistance Authority Program (KHEAA) administers the following student aid programs:

The College Access Program (CAP) awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant (KTG) program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 24 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Work-Study program allows students to work and earn funds to apply toward college expenses while gaining valuable career-related work experience.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who choose to attend a Kentucky school of osteopathic medicine rather than a state medical school. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Kentucky Educational Excellence Scholarship (KEES) program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score attained by their high school graduation date. The scholarships can be used to pay the expenses of each year of college or technical training.

Policy

Included in the General Fund for CAP is \$45,442,900 in fiscal year 2005 and an additional \$9,320,500 in fiscal year 2006 for a total of \$54,763,400, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for CAP is \$930,000 for fiscal years 2005-06. Included in the federal funds for CAP is \$1,158,000 for fiscal years 2004-06.

Included in the General Fund for KTG is \$22,975,500 in fiscal year 2005 and an additional \$5,494,500 in fiscal year 2006 for a total of \$28,470,000, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for KTG is an additional \$1,800,000 in fiscal years 2004-06.

Included in the General Fund for the Teacher Scholarship Program is \$1,681,600 in fiscal years 2004-06, notwithstanding the provisions of KRS 154A.130(4). Included in the restricted funds for the Teacher Scholarship Program is \$609,100 in fiscal years 2004-06.

Included in the General Fund for the Kentucky National Guard Tuition Award Program is \$3,558,100 in fiscal years 2004-06. Included in the restricted funds for the Kentucky National Guard Tuition Award Program is \$10,000 in fiscal years 2004-06.

Included in the General Fund for the Osteopathic Medicine Scholarships is \$1,255,300 in fiscal year 2005 and an additional \$63,200 in fiscal year 2006 totaling \$1,318,500.

Included in the restricted funds appropriation for KEES is \$80,533,200 for fiscal year 2005 and an additional \$2,079,700 in fiscal year 2006 totaling \$82,612,900. If the appropriated funding and any unanticipated lottery proceeds are insufficient to support the eligible students projected through fiscal year 2006, the Council on Postsecondary Education (CPE) shall implement measures prior to July 1, 2005 to balance the program. These measures may include, but are not limited to, reducing eligible students and reducing award amounts. The Kentucky Higher Education Assistance Authority is authorized to use KEES restricted funds in the amount of \$765,100 in fiscal years 2004-06 to administer the program.

The Governor's recommendation for fiscal years 2004-06, provides for all unclaimed lottery prize money under KRS 154A.130 to be credited to the Kentucky Educational Excellence Scholarship (KEES) Program Reserve Account to be used solely for the purposes of KRS 164.7871 to 164.7885. Moneys in this account shall not lapse and shall be carried forward into the next fiscal year.

Included in the General Fund appropriation is \$900,000 from Tobacco Settlement Funds in each year of the biennium for Early Childhood Development Scholarships.

Effective July 1, 2004, the Robert C. Byrd Honors Scholarship program will be transferred from the Kentucky Department of Education to KHEAA. This is a federally-funded merit-based program that awards scholarships to qualified high school seniors and GED recipients who demonstrate outstanding academic achievement.

Programs Funded By Lottery Receipts

	Recommended FY 2005	Recommended FY 2006
Gross Lottery Estimate (Consensus Forecasting Group)	160,500,000	157,800,000
KEES Reserve Program Account	(9,500,000)	(9,500,000)
Net Lottery Revenues	151,000,000	148,300,000
Less: Collaborative Center for Literacy Development	1,200,000	1,200,000
Less: Early Reading Incentive Fund	1,800,000	1,800,000
Total Literacy Development Programs	3,000,000	3,000,000
Net Lottery Revenues Remaining	148,000,000	145,300,000
Kentucky Educational Excellence Scholarship (KEES)	66,600,000	65,385,000
Need-Based Student Financial Aid:		
College Access Program	45,442,900	54,763,400
Kentucky Tuition Grant Program	19,475,500	23,470,000
Teacher Scholarships Program	1,681,600	1,681,600
Need-Based Student Financial Aid - Total	66,600,000	79,915,000
KEES Total Funding:		
Lottery Dedicated Funds	66,600,000	65,385,000
Other Funds	97,900	97,900
KEES Reserve Account (Unclaimed Lottery Prize funds)	13,835,300	17,130,000
Total - KEES	80,533,200	82,612,900
Need-Based Student Financial Aid Funding:		
Lottery Dedicated Funds	66,600,000	79,915,000
Other General Funds / Continuing	5,000,000	5,000,000
Federal Funds	1,158,000	1,158,000
Other Funds	3,181,600	3,339,100
Carry Forward Funds	157,500	
Total Need-Based Student Financial Aid	76,097,100	89,412,100

KRS 154A.130(3) and (4) direct that in fiscal years 2004-2005, 45 percent of Net Lottery Revenues is dedicated to the Kentucky Educational Excellence Scholarship program, and 45 percent of Net Lottery Revenues is dedicated to Need-Based Student Financial Aid programs. In fiscal year 2005-2006, 45 percent of Net Lottery Revenues is dedicated to the Kentucky Educational Excellence Scholarship program, and 55 percent of Net Lottery Revenues is dedicated to Need-Based Student Financial Aid programs.

Postsecondary Education
Postsecondary Education Institutions

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	982,058,200	1,043,027,300	1,094,995,900	959,695,900	970,846,700
Budget Reduction	-24,406,000				
Base Deduction	-20,264,700				
Total General Fund	937,387,500	1,043,027,300	1,094,995,900	959,695,900	970,846,700
Restricted Funds					
Current Receipts	1,834,911,500	1,971,263,900	2,092,249,200	1,970,263,900	2,091,249,200
Fund Transfers	-20,735,300			-9,000,000	-3,500,000
Total Restricted Funds	1,814,176,200	1,971,263,900	2,092,249,200	1,961,263,900	2,087,749,200
Federal Funds					
Current Receipts	497,810,800	521,011,500	554,797,700	521,011,500	554,797,700
Total Federal Funds	497,810,800	521,011,500	554,797,700	521,011,500	554,797,700
TOTAL SOURCE OF FUNDS	3,249,374,500	3,535,302,700	3,742,042,800	3,441,971,300	3,613,393,600
EXPENDITURES BY CLASS					
Personnel Cost	1,825,881,000	1,982,623,000	2,110,499,700	1,938,157,300	2,033,349,500
Operating Expenses	873,592,000	967,810,200	1,021,055,300	926,830,000	980,932,500
Grants, Loans or Benefits	370,567,200	391,178,100	413,642,400	390,699,300	411,169,700
Debt Service	77,882,800	86,107,300	84,621,300	82,147,400	81,189,700
Capital Outlay	101,451,500	107,584,100	112,224,100	104,137,300	106,752,200
TOTAL EXPENDITURES	3,249,374,500	3,535,302,700	3,742,042,800	3,441,971,300	3,613,393,600
EXPENDITURES BY FUND SOURCE					
General Fund	937,387,500	1,043,027,300	1,094,995,900	959,695,900	970,846,700
Restricted Funds	1,814,176,200	1,971,263,900	2,092,249,200	1,961,263,900	2,087,749,200
Federal Funds	497,810,800	521,011,500	554,797,700	521,011,500	554,797,700
TOTAL EXPENDITURES	3,249,374,500	3,535,302,700	3,742,042,800	3,441,971,300	3,613,393,600
EXPENDITURES BY UNIT					
Eastern Kentucky University	202,934,600	222,476,500	239,285,800	215,719,100	229,675,700
Kentucky State University	48,928,000	52,136,800	51,026,200	50,850,400	49,953,300
Morehead State University	135,320,500	141,032,400	143,885,000	136,729,900	137,094,600
Murray State University	116,049,500	128,672,900	135,435,600	123,988,900	128,978,200
Northern Kentucky University	139,020,000	155,893,400	168,332,600	148,724,200	157,955,300
University of Kentucky	1,368,533,700	1,449,658,500	1,502,990,300	1,431,788,700	1,477,743,100
University of Louisville	562,199,000	624,136,700	673,871,400	610,271,200	652,015,700
Western Kentucky University	206,010,000	242,281,500	264,942,600	231,064,400	247,428,900
Kentucky Community and Technical College System	470,379,200	519,014,000	562,273,300	492,834,500	532,548,800
TOTAL EXPENDITURES	3,249,374,500	3,535,302,700	3,742,042,800	3,441,971,300	3,613,393,600

**Postsecondary Education
Eastern Kentucky University**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	73,515,900	77,804,600	82,498,400	71,047,200	72,888,300
Budget Reduction	-2,067,800				
Total General Fund	71,448,100	77,804,600	82,498,400	71,047,200	72,888,300
Restricted Funds					
Current Receipts	90,413,000	99,016,500	108,857,500	99,016,500	108,857,500
Fund Transfers	-2,415,700				
Total Restricted Funds	87,997,300	99,016,500	108,857,500	99,016,500	108,857,500
Federal Funds					
Current Receipts	43,489,200	45,655,400	47,929,900	45,655,400	47,929,900
Total Federal Funds	43,489,200	45,655,400	47,929,900	45,655,400	47,929,900
TOTAL SOURCE OF FUNDS	202,934,600	222,476,500	239,285,800	215,719,100	229,675,700
EXPENDITURES BY CLASS					
Personnel Cost	113,840,000	118,369,200	124,411,200	116,041,500	120,222,800
Operating Expenses	50,499,000	63,341,700	70,846,300	59,566,000	66,686,600
Grants, Loans or Benefits	32,006,100	33,923,000	35,540,900	33,923,000	35,540,900
Debt Service	5,167,300	4,766,400	5,303,200	4,766,400	5,303,200
Capital Outlay	1,422,200	2,076,200	3,184,200	1,422,200	1,922,200
TOTAL EXPENDITURES	202,934,600	222,476,500	239,285,800	215,719,100	229,675,700
EXPENDITURES BY FUND SOURCE					
General Fund	71,448,100	77,804,600	82,498,400	71,047,200	72,888,300
Restricted Funds	87,997,300	99,016,500	108,857,500	99,016,500	108,857,500
Federal Funds	43,489,200	45,655,400	47,929,900	45,655,400	47,929,900
TOTAL EXPENDITURES	202,934,600	222,476,500	239,285,800	215,719,100	229,675,700
EXPENDITURES BY UNIT					
Instruction	58,604,300	64,168,700	68,111,200	61,516,800	63,722,100
Research	129,800	137,100	142,400	129,800	129,800
Public Service	40,182,600	44,945,800	50,209,700	44,876,400	50,075,000
Libraries	3,966,600	4,110,900	4,216,500	4,017,900	4,058,000
Academic Support	9,818,800	10,320,600	10,699,800	10,012,700	10,144,800
Student Services	9,969,600	10,682,100	11,084,700	10,236,300	10,369,000
Institutional Support	24,025,500	25,811,300	27,082,600	24,675,000	25,149,700
Operation and Maintenance of Plant	10,145,900	13,941,900	16,439,900	11,896,100	13,424,000
Scholarships and Fellowships	32,819,300	34,756,800	36,390,900	34,756,800	36,390,900
Mandatory Transfers	3,529,600	3,128,700	3,665,500	3,128,700	3,665,500
Auxilliary Enterprises	9,742,600	10,472,600	11,242,600	10,472,600	11,242,600
TOTAL EXPENDITURES	202,934,600	222,476,500	239,285,800	215,719,100	228,371,400

Eastern Kentucky University, located in Richmond, Madison County, Kentucky, was established by the General Assembly in 1906 when there was authorized the establishment of two schools in the state for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College, and passed an enabling act permitting the University to confer academic degrees. In 1930, the name was changed to Eastern Kentucky State Teachers College, and in 1948 to Eastern

Kentucky State College. Effective July 1, 1966, pursuant to enabling legislation enacted in the 1966 General Assembly, the name was changed to Eastern Kentucky University. The governing body of the University is the Board of Regents of Eastern Kentucky University, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the Faculty, one student member elected by students and one staff member elected by the staff. The Board has general supervision of lands, buildings, and other properties of the University and, subject to the statutes of the Commonwealth of Kentucky, control of all expenses therefore.

Eastern Kentucky University is organized into five Colleges: College of Arts and Sciences, College of Business and Technology, College of Education, College of Health Sciences, College of Justice and Safety, and Office of Graduate Studies. The University offers a variety of undergraduate programs leading to the Associate of Arts and Bachelor's Degrees and several pre-professional programs. It offers Master of Arts and Master of Science degrees in a number of fields: Music, Music Education, Public Administration, Business Administration; Specialist Degrees in Technology and in Education, Fifth and Sixth Year Certification Program for Teachers and School Personnel; and a joint doctoral program with the University of Kentucky. The academic year of the University is divided into two semesters of approximately eighteen weeks each and a summer session of twelve weeks.

Eastern Kentucky University is accredited by the commission of Colleges of the Southern Association of Colleges and Schools to award associate, baccalaureate, master, and specialist degrees, and by the following organizations: Accreditation Council for Occupational Therapy Education, American Council for Construction Education, American Speech-Language-Hearing Association, Commission on Accreditation of Allied Health Education Programs, Computer Science Accreditation, Commission of Computer Science Education Board, Council on Social Work Education, International Council for Exceptional Children, International Society of Fire Services Instructors Emergency Management Accreditation and Certification System, National Accrediting Agency for Clinical Laboratory Sciences, National Association for the Education of Young Children, National Association of Industrial Technology, National Association of Schools of Music, National Association of Schools of Public Affairs and Administration, National Athletic Trainers Association, National Council for Accreditation of Teachers Nursing Accrediting Commission, and Natural Recreation and Park Association/American Association for Leisure and Recreation Joint Council on Accreditation.

Policy

Additional General Funds in the amount of \$1,304,300 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of three new facilities.

**Postsecondary Education
Kentucky State University**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	22,631,500	24,701,300	23,590,700	23,414,900	22,517,800
Budget Reduction	-552,400				
Total General Fund	22,079,100	24,701,300	23,590,700	23,414,900	22,517,800
Restricted Funds					
Current Receipts	14,176,500	14,176,500	14,176,500	14,176,500	14,176,500
Fund Transfers	-586,600				
Total Restricted Funds	13,589,900	14,176,500	14,176,500	14,176,500	14,176,500
Federal Funds					
Current Receipts	13,259,000	13,259,000	13,259,000	13,259,000	13,259,000
Total Federal Funds	13,259,000	13,259,000	13,259,000	13,259,000	13,259,000
TOTAL SOURCE OF FUNDS	48,928,000	52,136,800	51,026,200	50,850,400	49,953,300
EXPENDITURES BY CLASS					
Personnel Cost	31,784,100	33,287,700	33,632,100	32,907,700	32,986,800
Operating Expenses	13,097,900	14,781,100	15,106,700	14,248,500	14,831,000
Debt Service	2,044,500	2,029,100	229,100	1,664,900	95,300
Capital Outlay	2,001,500	2,038,900	2,058,300	2,029,300	2,040,200
TOTAL EXPENDITURES	48,928,000	52,136,800	51,026,200	50,850,400	49,953,300
EXPENDITURES BY FUND SOURCE					
General Fund	22,079,100	24,701,300	23,590,700	23,414,900	22,517,800
Restricted Funds	13,589,900	14,176,500	14,176,500	14,176,500	14,176,500
Federal Funds	13,259,000	13,259,000	13,259,000	13,259,000	13,259,000
TOTAL EXPENDITURES	48,928,000	52,136,800	51,026,200	50,850,400	49,953,300
EXPENDITURES BY UNIT					
Instruction	19,005,700	19,143,500	19,154,300	19,014,600	18,894,100
Research	4,635,100	5,545,600	5,785,000	5,516,200	5,725,600
Public Service	3,036,600	3,910,300	4,154,300	3,877,100	4,087,200
Academic Support	1,080,200	1,097,900	1,098,500	1,090,500	1,083,600
Student Services	6,357,500	6,569,700	6,592,300	6,506,800	6,465,300
Institutional Support	3,912,100	4,224,300	4,266,400	3,912,100	3,885,300
Operation and Maintenance of Plant	2,060,400	2,372,000	2,410,200	2,064,100	2,239,400
Scholarships and Fellowships	3,628,700	3,880,900	3,883,200	3,854,800	3,830,400
Mandatory Transfers	1,688,600	1,687,400		1,309,000	60,400
Auxilliary Enterprises	3,523,100	3,705,200	3,682,000	3,705,200	3,682,000
TOTAL EXPENDITURES	48,928,000	52,136,800	51,026,200	50,850,400	49,953,300

Kentucky State College was established in 1886 by an Act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land-grant institution. A tripartite mission was instituted: teaching, research, and public service. The 1972 General Assembly elevated the college to university status, effective July 1, 1973. Since that time, the General Assembly has amended Kentucky Revised Statute 164.290 to further read . . . "It is the intent of the General Assembly that Kentucky State University shall serve as a four-year residential institution emphasizing a program of liberal studies appropriate to its size and resources." The University is authorized to provide both undergraduate and graduate programs of instruction and is accredited by regional and national accreditation agencies.

Student enrollment has stabilized at approximately 2,300. The student body is racially integrated, serving both white and black residential students and a significant number of commuting students representing the ethnic and geographic diversity of the Commonwealth.

Kentucky State University is the Commonwealth's designated, small public liberal studies university providing a common liberal studies core curriculum for all students and baccalaureate programs in the traditional arts and sciences. Kentucky State University offers a variety of baccalaureate and associate degrees in career and vocational-oriented courses of instruction such as business, computer sciences, medical technology, office administration, and nursing. Pre-professional programs in law, dentistry, medicine, veterinary medicine, optometry, allied health, and engineering are also offered. The university's liberal studies focus is further enhanced by the Whitney M. Young, Jr. College of Leadership Studies, an honors college established in 1983 which offers a baccalaureate degree earned through an innovative program of seminars and tutorials based on the Great Books Program of St. John's College (Annapolis, Maryland). Kentucky State University's Community Programs serve non-traditional learners within the framework of the general mission of the university.

Since 1973, Kentucky State University has offered a master's degree in Public Affairs (M.P.A). This multidisciplinary curriculum trains prospective and current state government employees for challenging careers in Frankfort and elsewhere in the Commonwealth. The M.P.A. also provides internship training for its students.

At Kentucky State University, both faculty and staff are engaged in the shared work of advancing the purposes of quality education at the undergraduate and graduate levels. At the same time, the university continues its traditional land-grant research and public service functions, providing a range of community services for citizens throughout the Commonwealth. A particular objective of the university is to address the needs of state government employees in Frankfort and citizens in adjacent counties.

Policy

General Funds in the amount of \$1,715,400 in fiscal year 2005 and \$2,197,400 in fiscal year 2006 are provided to Kentucky State University so that the University is able to sufficiently match federal cooperative agricultural research and extension service funds. The 2002 federal Agricultural Research, Extension and Education Reform Act increased the required state match for the federal funds provided to 1890 land-grant colleges and universities to 80 percent in fiscal year 2005 and 90 percent in fiscal year 2006.

Additional General Funds in the amount of \$190,500 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of one new facility and one expanded facility.

**Postsecondary Education
Morehead State University**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	42,738,200	45,882,200	48,625,300	41,579,700	41,834,900
Budget Reduction	-1,138,900				
Total General Fund	41,599,300	45,882,200	48,625,300	41,579,700	41,834,900
Restricted Funds					
Current Receipts	53,548,600	58,397,300	58,585,200	58,397,300	58,585,200
Fund Transfers	-1,501,300				
Total Restricted Funds	52,047,300	58,397,300	58,585,200	58,397,300	58,585,200
Federal Funds					
Current Receipts	41,673,900	36,752,900	36,674,500	36,752,900	36,674,500
Total Federal Funds	41,673,900	36,752,900	36,674,500	36,752,900	36,674,500
TOTAL SOURCE OF FUNDS	135,320,500	141,032,400	143,885,000	136,729,900	137,094,600
EXPENDITURES BY CLASS					
Personnel Cost	64,076,700	68,215,900	71,040,900	64,385,500	64,380,100
Operating Expenses	21,270,600	21,911,400	21,745,900	21,525,600	21,616,300
Grants, Loans or Benefits	38,356,300	38,658,700	38,966,600	38,658,700	38,966,600
Debt Service	5,142,600	5,370,800	5,281,500	5,284,500	5,281,500
Capital Outlay	6,474,300	6,875,600	6,850,100	6,875,600	6,850,100
TOTAL EXPENDITURES	135,320,500	141,032,400	143,885,000	136,729,900	137,094,600
EXPENDITURES BY FUND SOURCE					
General Fund	41,599,300	45,882,200	48,625,300	41,579,700	41,834,900
Restricted Funds	52,047,300	58,397,300	58,585,200	58,397,300	58,585,200
Federal Funds	41,673,900	36,752,900	36,674,500	36,752,900	36,674,500
TOTAL EXPENDITURES	135,320,500	141,032,400	143,885,000	136,729,900	137,094,600
EXPENDITURES BY UNIT					
Instruction	34,235,900	37,712,900	39,193,600	36,028,800	36,416,400
Research	1,055,200	849,900	669,100	846,000	665,200
Public Service	7,760,700	4,345,900	4,380,900	4,273,800	4,252,200
Libraries	2,701,100	3,001,400	3,083,100	2,883,700	2,880,500
Academic Support	7,807,400	7,845,500	8,100,200	7,514,100	7,514,100
Student Services	6,381,700	7,359,400	7,585,800	6,954,100	6,954,100
Institutional Support	10,097,500	11,631,100	11,999,100	10,992,300	10,992,300
Operation and Maintenance of Plant	6,532,700	7,527,000	7,755,400	6,974,300	7,223,100
Scholarships and Fellowships	38,189,600	38,658,700	38,966,600	38,586,800	38,894,700
Mandatory Transfers	2,871,800	3,261,000	3,071,700	3,261,000	3,071,700
Non-Mandatory Transfers	5,519,600	5,637,500	5,796,400	5,637,500	5,796,400
Auxilliary Enterprises	12,167,300	13,202,100	13,283,100	12,777,500	12,433,900
TOTAL EXPENDITURES	135,320,500	141,032,400	143,885,000	136,729,900	137,094,600

The University, located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly. The University's current name was adopted in 1966 pursuant to an act of the General Assembly. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth, consisting of eight citizen members appointed by the Governor of Kentucky. A student, faculty and staff representative also serve on the Board

and are elected by their respective peers. The government of the University is vested in the Board and the Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but has over the years expanded its facilities and curriculum to serve as a general regional institution of higher learning. Academically, the University is organized into four colleges: the College of Science and Technology; the College of Education and Behavioral Sciences; the College of Humanities and the College of Business.

The University offers 76 undergraduate degree programs and 12 pre-professional programs of study. The University offers the Associate Degree in Arts, Applied Business, Applied Sciences, and Nursing. The University offers the Bachelor Degree in Business Administration and in Arts, Music, Music Education, Sciences, Social Work, University Studies, and Nursing. The Master of Arts Degree is offered in Adult and Higher Education, Art, Communications, Education, English, Health, Physical Education and Sport Sciences, Psychology, School Administration, Sociology, and Teaching.

The Master of Science Degree is offered in Biology, Industrial Education, and Career/Technical Education. Other Master's degrees include the Master of Business Administration, and Master of Music. The Post-Master's Degree of Ed.S. is offered, as well as programs leading to an Ed.D or Ph.D. offered cooperatively with the University of Kentucky. The University also offers eleven non-degree and certification programs at the graduate level.

The University's accreditation was reaffirmed in 1990 by the Southern Association of Colleges and School. Programs in veterinary technology, social work, radiologic technology, teacher education, nursing, and music are accredited through individual professional agencies.

The Morehead State University campus is located in the Appalachian foothills with main campus facilities in the city of Morehead and an agricultural center in Rowan County. Art and music facilities provide cultural programs and activities for the campus, community, and surrounding area. A modern student athletic center provides health, physical education, and recreation opportunities for students, employees, and members of the community. Over 47 percent of the university's students live in 13 residence halls and the university provides extensive student development programs.

Policy

Additional General Funds in the amount of \$248,900 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of three new expanded facilities.

**Postsecondary Education
Murray State University**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,472,900	54,887,000	57,891,600	50,203,000	51,434,200
Budget Reduction	-1,331,100				
Total General Fund	50,141,800	54,887,000	57,891,600	50,203,000	51,434,200
Restricted Funds					
Current Receipts	52,743,700	60,392,600	64,150,700	60,392,600	64,150,700
Fund Transfers	-1,632,900				
Total Restricted Funds	51,110,800	60,392,600	64,150,700	60,392,600	64,150,700
Federal Funds					
Current Receipts	14,796,900	13,393,300	13,393,300	13,393,300	13,393,300
Total Federal Funds	14,796,900	13,393,300	13,393,300	13,393,300	13,393,300
TOTAL SOURCE OF FUNDS	116,049,500	128,672,900	135,435,600	123,988,900	128,978,200
EXPENDITURES BY CLASS					
Personnel Cost	76,436,800	83,005,200	88,924,200	80,932,700	84,766,100
Operating Expenses	28,139,400	32,597,300	33,632,100	30,605,800	31,832,800
Grants, Loans or Benefits	6,091,800	6,091,800	6,091,800	6,091,800	6,091,800
Debt Service	3,157,700	3,784,800	3,713,700	3,784,800	3,713,700
Capital Outlay	2,223,800	3,193,800	3,073,800	2,573,800	2,573,800
TOTAL EXPENDITURES	116,049,500	128,672,900	135,435,600	123,988,900	128,978,200
EXPENDITURES BY FUND SOURCE					
General Fund	50,141,800	54,887,000	57,891,600	50,203,000	51,434,200
Restricted Funds	51,110,800	60,392,600	64,150,700	60,392,600	64,150,700
Federal Funds	14,796,900	13,393,300	13,393,300	13,393,300	13,393,300
TOTAL EXPENDITURES	116,049,500	128,672,900	135,435,600	123,988,900	128,978,200
EXPENDITURES BY UNIT					
Instruction	44,569,500	48,594,900	52,499,900	46,907,100	48,485,600
Research	2,132,500	2,247,900	2,224,200	2,246,800	2,223,100
Public Service	5,122,500	5,413,600	5,538,000	5,292,400	5,416,800
Libraries	2,626,300	2,848,300	2,968,600	2,795,500	2,915,800
Academic Support	4,952,300	5,587,800	6,311,600	5,126,200	5,317,600
Student Services	8,878,900	9,946,200	10,302,500	9,340,900	9,654,300
Institutional Support	11,305,100	14,845,500	15,045,900	14,024,100	14,544,500
Operation and Maintenance of Plant	9,999,700	11,525,900	12,413,200	10,593,100	12,288,800
Scholarships and Fellowships	6,097,000	6,249,000	6,024,300	6,249,000	6,024,300
Mandatory Transfers	3,388,100	3,986,600	3,915,500	3,986,600	3,915,500
Non-Mandatory Transfers	2,026,900	2,026,900	2,026,900	2,026,900	2,026,900
Auxilliary Enterprises	14,950,700	15,400,300	16,165,000	15,400,300	16,165,000
TOTAL EXPENDITURES	116,049,500	128,672,900	135,435,600	123,988,900	128,978,200

The University, which is located in Murray, Calloway County, Kentucky, was established in 1922 as Murray Normal School by the act of the General Assembly of Kentucky. In 1966, the General Assembly established its present name, Murray State University. The University's main campus is a 232-acre site in Murray. Two agricultural farms totaling 351 acres are within one

mile of the campus. The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member, one staff member, and one student member. Pursuant to KRS 164.350, the Board of Regents is a body corporate with the powers usually vested in corporations and, as such, subject to the statutes of the Commonwealth, has control and management of the University.

From an enrollment of 87 students in 1923, the University has grown to more than 9,920 students with a full-time teaching faculty of 390. The University is a comprehensive institution comprised of five colleges and one school: College of Business and Public Affairs; College of Education; College of Health Sciences and Human Services; College of Humanities and Fine Arts; College of Science, Engineering and Technology; and School of Agriculture.

Pre-professional curricula are provided in medicine, dentistry, veterinary medicine, engineering, pharmacy, law, architecture, and physical therapy. Additionally, the University offers interactive television and web distance learning, extended campus, correspondence and evening classes.

The University confers 24 different degrees. These include four Associate Degrees, 11 Baccalaureate Degrees, 9 Masters Degrees and one Specialist Degree. Degrees offered are the Associate of Arts, Associate of Science, Associate of Applied Science, and Associate of Science in Vocational-Technical Education; Bachelor of Arts in Business, Bachelor of Fine Arts, Bachelor of Independent Studies, Bachelor of Music, Bachelor of Science, Bachelor of Science in Agriculture, Bachelor of Science in Business, Bachelor of Science in Vocational-Technical Education, Bachelor of Science in Nursing, and Bachelor of Social Work; Master of Arts, Master of Arts in Education, Master of Arts in Teaching, Master of Business Administration, Master of Music Education, Master of Public Administration, Master of Science, Master of Professional Accountancy, and Master of Science in Nursing; and Specialist in Education.

Murray State University was designated by the Kentucky Council on Postsecondary Education for a Center of Excellence in Reservoir Research and an Endowed Chair for Applied Ecosystem Ecology, as well as funding for a Program of Distinction in telecommunications systems management. The University is the official transfer agency for NASA Landsat technology in Kentucky.

Policy

Additional General Funds in the amount of \$1,230,000 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of four new facilities and several University farm buildings.

**Postsecondary Education
Northern Kentucky University**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	47,092,700	52,237,700	56,200,900	45,068,500	45,823,600
Budget Reduction	-1,965,400				
Total General Fund	45,127,300	52,237,700	56,200,900	45,068,500	45,823,600
Restricted Funds					
Current Receipts	84,713,600	92,525,000	101,001,000	92,525,000	101,001,000
Fund Transfers	-1,951,600				
Total Restricted Funds	82,762,000	92,525,000	101,001,000	92,525,000	101,001,000
Federal Funds					
Current Receipts	11,130,700	11,130,700	11,130,700	11,130,700	11,130,700
Total Federal Funds	11,130,700	11,130,700	11,130,700	11,130,700	11,130,700
TOTAL SOURCE OF FUNDS	139,020,000	155,893,400	168,332,600	148,724,200	157,955,300
EXPENDITURES BY CLASS					
Personnel Cost	80,381,300	87,898,900	93,735,600	85,775,400	90,471,300
Operating Expenses	27,315,100	33,345,400	36,472,600	29,838,300	32,495,700
Grants, Loans or Benefits	21,508,500	24,052,900	26,507,200	23,354,200	25,109,800
Debt Service	5,033,300	4,974,500	4,731,700	4,974,500	4,731,700
Capital Outlay	4,781,800	5,621,700	6,885,500	4,781,800	5,146,800
TOTAL EXPENDITURES	139,020,000	155,893,400	168,332,600	148,724,200	157,955,300
EXPENDITURES BY FUND SOURCE					
General Fund	45,127,300	52,237,700	56,200,900	45,068,500	45,823,600
Restricted Funds	82,762,000	92,525,000	101,001,000	92,525,000	101,001,000
Federal Funds	11,130,700	11,130,700	11,130,700	11,130,700	11,130,700
TOTAL EXPENDITURES	139,020,000	155,893,400	168,332,600	148,724,200	157,955,300
EXPENDITURES BY UNIT					
Instruction	49,502,800	54,313,600	58,670,200	52,619,300	55,753,100
Research	405,500	408,800	413,100	408,800	413,100
Public Service	5,806,700	7,162,100	8,556,800	6,150,900	6,584,400
Libraries	4,663,300	5,134,800	5,562,300	4,934,800	5,212,300
Academic Support	11,156,200	12,671,000	13,702,900	11,733,500	12,303,000
Student Services	9,526,300	10,043,600	10,477,600	9,993,600	10,377,600
Institutional Support	15,152,300	16,935,700	18,129,100	16,333,000	17,196,400
Operation and Maintenance of Plant	8,791,500	11,985,800	13,333,300	10,061,000	12,075,500
Scholarships and Fellowships	20,630,500	23,362,400	25,816,700	22,613,700	24,369,300
Mandatory Transfers	4,843,900	5,285,900	5,043,100	5,285,900	5,043,100
Non-Mandatory Transfers	2,805,000	2,805,700	2,805,700	2,805,700	2,805,700
Auxilliary Enterprises	5,736,000	5,784,000	5,821,800	5,784,000	5,821,800
TOTAL EXPENDITURES	139,020,000	155,893,400	168,332,600	148,724,200	157,955,300

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. To meet the needs of the eight-county northern Kentucky region, NKU provides programs at the associate, bachelor's, master's, and first professional degree levels. The university started in 1948 as an extension center of the University of Kentucky (UK) and later as part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous senior institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was

appointed, and subsequently, the Board of Trustees of the University of Kentucky turned over the Covington facilities and assets of Northern Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of Northern.

Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973.

In 1976, Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290. The programs of study offered by the university are those of a multipurpose state institution. There are 62 undergraduate degree programs offered in the arts and sciences, in business, and in professional studies areas. The Master's degrees offered are in accountancy, computer science, teaching, education, business administration, science, information systems, public administration, nursing, technology as well as a juris doctor degree. The NKU Graduate Center, created in response to NKU's special mission of exploring experimental methods of delivering education, offers degree programs in community nutrition (with Eastern Kentucky University), library science (with UK), nursing (with UK), and social work (with UK).

Northern Kentucky University works with vocational schools in the area on joint programs in industrial education, nursing, and data processing to avoid duplication and to facilitate student movement between the vocational school and the university.

In 1981, the Commonwealth of Kentucky and the state of Ohio entered into a reciprocal tuition agreement at the graduate and first-professional degree levels. The agreement permits citizens of northern Kentucky and Cincinnati to attend either NKU or the University of Cincinnati at resident tuition rates. In 1991, a reciprocity agreement was developed to include selected undergraduate programs at the University of Cincinnati, Cincinnati Technical College, and NKU.

Policy

Additional General Funds in the amount of \$997,900 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of two new facilities.

**Postsecondary Education
University of Kentucky**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	308,519,200	321,886,100	332,233,600	304,016,300	306,986,400
Budget Reduction	-5,971,600				
Base Deduction	-17,102,300				
Total General Fund	285,445,300	321,886,100	332,233,600	304,016,300	306,986,400
Restricted Funds					
Current Receipts	917,060,400	957,076,400	995,223,100	957,076,400	995,223,100
Total Restricted Funds	917,060,400	957,076,400	995,223,100	957,076,400	995,223,100
Federal Funds					
Current Receipts	166,028,000	170,696,000	175,533,600	170,696,000	175,533,600
Total Federal Funds	166,028,000	170,696,000	175,533,600	170,696,000	175,533,600
TOTAL SOURCE OF FUNDS	1,368,533,700	1,449,658,500	1,502,990,300	1,431,788,700	1,477,743,100
EXPENDITURES BY CLASS					
Personnel Cost	780,644,600	826,092,500	862,462,600	815,776,400	844,361,500
Operating Expenses	440,347,700	467,977,700	482,375,500	460,575,400	475,535,400
Grants, Loans or Benefits	72,786,300	75,378,700	77,668,400	75,378,700	77,668,300
Debt Service	28,022,600	33,325,700	33,445,400	33,325,700	33,445,400
Capital Outlay	46,732,500	46,883,900	47,038,400	46,732,500	46,732,500
TOTAL EXPENDITURES	1,368,533,700	1,449,658,500	1,502,990,300	1,431,788,700	1,477,743,100
EXPENDITURES BY FUND SOURCE					
General Fund	285,445,300	321,886,100	332,233,600	304,016,300	306,986,400
Restricted Funds	917,060,400	957,076,400	995,223,100	957,076,400	995,223,100
Federal Funds	166,028,000	170,696,000	175,533,600	170,696,000	175,533,600
TOTAL EXPENDITURES	1,368,533,700	1,449,658,500	1,502,990,300	1,431,788,700	1,477,743,100
EXPENDITURES BY UNIT					
Instruction	273,387,900	285,137,500	294,734,900	280,652,300	286,722,200
Research	227,359,900	238,609,200	247,342,900	237,100,400	244,658,300
Public Service	167,771,800	178,541,400	185,208,200	175,777,400	180,794,000
Libraries	20,957,600	22,922,900	23,823,300	22,226,100	22,704,600
Academic Support	52,188,000	56,075,400	57,763,600	54,873,600	55,954,600
Student Services	21,144,200	24,239,900	25,054,500	23,306,400	23,800,600
Institutional Support	53,940,700	62,285,600	65,014,400	59,973,700	61,894,200
Operation and Maintenance of Plant	44,704,000	50,248,500	52,820,800	46,280,700	49,987,000
Scholarships and Fellowships	72,786,300	75,378,700	77,668,400	75,378,700	77,668,300
Mandatory Transfers	16,728,600	19,791,900	19,998,600	19,791,900	19,998,600
Auxilliary Enterprises	95,582,600	101,523,300	105,613,500	101,523,300	105,613,500
Hospitals	321,982,100	334,904,200	347,947,200	334,904,200	347,947,200
TOTAL EXPENDITURES	1,368,533,700	1,449,658,500	1,502,990,300	1,431,788,700	1,477,743,100

The University is a comprehensive, land-grant institution located in Lexington, (Fayette County), Kentucky. Founded in 1865 under the provisions of the Morrill Land-Grant Act, the University began as part of Kentucky University. In 1878, the Agricultural and Mechanical College was separated from Kentucky University and reestablished on land given by Lexington and Fayette County. To provide a separate campus for the new institution, Lexington donated its 50-acre fairground and park, and along with Fayette County, contributed construction of the buildings. Thirty years later the name was changed to State University, Lexington, Kentucky, and in 1916 it became the University of Kentucky.

The University is organized into 17 colleges and graduate schools plus extension programs, and operates a Community College located in Lexington, Kentucky. From an enrollment of 273 students in 1876, the University has more than 30,000 students and approximately 10,000 faculty and staff. The campus today has more than 100 major buildings including not only modern teaching and research facilities, but also renovated history-laden structures dating back to the 1800's. The University has produced two Nobel Laureates and seven governors of the state including the first female governor. Scientific advances in medicine, energy, equine, and other fields of research have caused the University to be ranked among the top 100 research universities in the nation, the only one in Kentucky to be so recognized.

The University of Kentucky serves as the principal research and graduate degree granting institution in the Commonwealth. KRS 164.125 authorizes the University to offer baccalaureate, professional, master's, specialist, doctoral, and postdoctoral programs and to conduct joint doctoral programs in cooperation with other institutions. The University was challenged by the Kentucky Postsecondary Education Improvement Act of 1997 to become a major comprehensive research institution, ranked nationally in the top twenty public universities.

Research and service functions are further defined by state and federal statutes as necessary and appropriate for the Commonwealth's land-grant institution in accordance with the Morrill Act of 1862. KRS 164.100 is Kentucky's Land-Grant Act; the Hatch Act of 1887 and KRS 164.110 support research and agricultural extension; KRS 164.120 supports instruction; and the Smith-Lever Act, KRS 164.605, and KRS 164.675 support cooperative extension.

The Lexington Community College is a part of the University of Kentucky. Funding for the Lexington Community College included in the recommended budget is as follows:

	<u>2004-2005</u>	<u>2005-2006</u>
General Fund	9,060,600	9,060,600
Restricted Funds	17,871,800	18,971,600
Federal Funds	8,877,300	8,937,600
Total Funds	<u>35,809,700</u>	<u>36,969,800</u>

Policy

Additional General Funds in the amount of \$2,887,900 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of five new facilities and one expanded facility.

**Postsecondary Education
University of Louisville**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	174,950,000	186,128,700	196,044,500	172,263,200	174,188,800
Budget Reduction	-3,377,700				
Base Deduction	-3,162,400				
Total General Fund	168,409,900	186,128,700	196,044,500	172,263,200	174,188,800
Restricted Funds					
Current Receipts	325,006,800	357,507,500	390,008,200	357,507,500	390,008,200
Fund Transfers	-4,400,000				
Total Restricted Funds	320,606,800	357,507,500	390,008,200	357,507,500	390,008,200
Federal Funds					
Current Receipts	73,182,300	80,500,500	87,818,700	80,500,500	87,818,700
Total Federal Funds	73,182,300	80,500,500	87,818,700	80,500,500	87,818,700
TOTAL SOURCE OF FUNDS	562,199,000	624,136,700	673,871,400	610,271,200	652,015,700
EXPENDITURES BY CLASS					
Personnel Cost	363,101,500	398,950,600	429,972,600	392,070,500	417,257,700
Operating Expenses	107,396,600	125,940,700	139,451,300	120,518,300	131,870,100
Grants, Loans or Benefits	55,244,600	60,439,900	65,635,200	60,439,900	65,635,200
Debt Service	15,001,100	17,350,300	17,357,100	15,787,300	15,797,500
Capital Outlay	21,455,200	21,455,200	21,455,200	21,455,200	21,455,200
TOTAL EXPENDITURES	562,199,000	624,136,700	673,871,400	610,271,200	652,015,700
EXPENDITURES BY FUND SOURCE					
General Fund	168,409,900	186,128,700	196,044,500	172,263,200	174,188,800
Restricted Funds	320,606,800	357,507,500	390,008,200	357,507,500	390,008,200
Federal Funds	73,182,300	80,500,500	87,818,700	80,500,500	87,818,700
TOTAL EXPENDITURES	562,199,000	624,136,700	673,871,400	610,271,200	652,015,700
EXPENDITURES BY UNIT					
Instruction	135,978,200	157,833,600	176,253,300	148,408,000	158,394,100
Research	67,799,700	74,726,400	80,371,700	74,231,900	79,377,200
Public Service	45,390,200	49,847,700	53,225,800	49,517,000	52,895,100
Libraries	15,122,000	16,611,100	17,736,800	16,499,800	17,625,500
Academic Support	78,688,200	86,410,100	92,266,000	85,838,300	91,694,300
Student Services	11,946,100	13,117,400	14,006,200	13,030,900	13,919,700
Institutional Support	46,051,300	50,567,300	53,994,100	50,233,500	53,660,300
Operation and Maintenance of Plant	23,445,200	26,520,300	28,997,600	25,574,500	28,827,600
Scholarships and Fellowships	58,457,900	62,626,000	66,870,000	62,626,000	66,870,000
Mandatory Transfers	15,001,100	18,360,800	19,378,200	15,784,800	15,582,400
Non-Mandatory Transfers				1,010,500	2,021,000
Auxilliary Enterprises	39,652,800	42,480,100	45,359,100	42,480,100	45,359,100
Hospitals	24,666,300	25,035,900	25,412,600	25,035,900	25,789,400
TOTAL EXPENDITURES	562,199,000	624,136,700	673,871,400	610,271,200	652,015,700

The University of Louisville (the "University") is an urban university that has had close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and 1846

became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution, subject to the administration and control of the Board of Trustees of the University which was constituted a public body corporate, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

The University has established or designated independent components for the following divisions: the College of Arts & Sciences, Graduate School, School of Dentistry, Speed Scientific School, School of Music, School of Medicine, School of Law, College of Education & Human Development, School of Public Health, School of Nursing, College of Business & Public Administration, Kent School, and Undergraduate Studies. The University as a whole is a member of, or is accredited by, the following agencies: The American Council on Education, the Association of American Colleges, the Association of Urban Universities, the American Association of University Women, the Southern University Conference, the Southern Association of Colleges and Secondary Schools, the University of the State of New York and the Kentucky State Department of Education.

The University of Louisville's mission continues the institution's historical emphasis on undergraduate and graduate education while placing a new emphasis on research. The benefits of becoming a premier research university cannot be overstated. Top research universities attract millions of dollars in federal funding and private grants, which in turn drives economic growth throughout the economy. By focusing on this goal, the University can help enhance Kentucky's economic potential and prepare its citizens.

The University of Louisville also fulfills a unique role as a metropolitan university. The University has three campuses. The 169 acre Belknap Campus is three miles from downtown Louisville and houses ten of the University's 13 colleges, schools, and divisions. The Health Sciences Center is situated in downtown Louisville's medical complex and houses the University's health-related programs and the University of Louisville Hospital. The 243 acre Shelby Campus located in eastern Jefferson County contains the National Crime Prevention Institute and the University Center for Continuing and Professional Education.

Policy

Included in the budget for the University of Louisville is \$17,693,200 in fiscal year 2004 and \$18,070,100 in fiscal year 2006 to fulfill the Commonwealth's contractual obligation relating to indigent care furnished through the Quality and Charity Care Trust Agreement. Additional General Funds in the amount of \$1,508,400 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of four new facilities and two expanded facilities.

**Postsecondary Education
Western Kentucky University**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,040,100	80,095,500	87,862,600	68,878,400	70,348,900
Budget Reduction	-3,396,400				
Total General Fund	68,643,700	80,095,500	87,862,600	68,878,400	70,348,900
Restricted Funds					
Current Receipts	107,303,900	126,586,000	138,009,000	126,586,000	138,009,000
Fund Transfers	-2,381,600				
Total Restricted Funds	104,922,300	126,586,000	138,009,000	126,586,000	138,009,000
Federal Funds					
Current Receipts	32,444,000	35,600,000	39,071,000	35,600,000	39,071,000
Total Federal Funds	32,444,000	35,600,000	39,071,000	35,600,000	39,071,000
TOTAL SOURCE OF FUNDS	206,010,000	242,281,500	264,942,600	231,064,400	247,428,900
EXPENDITURES BY CLASS					
Personnel Cost	110,092,800	130,945,800	143,256,000	122,179,500	128,895,000
Operating Expenses	55,466,400	67,392,200	74,848,300	64,941,400	71,710,600
Grants, Loans or Benefits	30,548,600	32,901,600	35,309,600	32,901,600	35,294,600
Debt Service	3,213,600	3,316,400	3,326,200	3,316,400	3,326,200
Capital Outlay	6,688,600	7,725,500	8,202,500	7,725,500	8,202,500
TOTAL EXPENDITURES	206,010,000	242,281,500	264,942,600	231,064,400	247,428,900
EXPENDITURES BY FUND SOURCE					
General Fund	68,643,700	80,095,500	87,862,600	68,878,400	70,348,900
Restricted Funds	104,922,300	126,586,000	138,009,000	126,586,000	138,009,000
Federal Funds	32,444,000	35,600,000	39,071,000	35,600,000	39,071,000
TOTAL EXPENDITURES	206,010,000	242,281,500	264,942,600	231,064,400	247,428,900
EXPENDITURES BY UNIT					
Instruction	69,520,400	83,853,400	92,736,500	78,817,300	84,442,900
Research	7,815,400	10,450,300	10,999,500	10,243,800	10,586,500
Public Service	16,166,000	18,805,200	20,802,200	17,909,200	19,010,200
Libraries	5,801,000	6,308,800	6,653,400	5,964,200	5,964,200
Academic Support	6,591,000	8,335,900	10,286,000	7,791,300	9,396,800
Student Services	18,612,000	21,119,600	22,584,800	20,568,200	21,482,000
Institutional Support	17,343,600	19,931,600	21,312,600	18,635,600	19,120,600
Operation and Maintenance of Plant	17,618,000	21,392,700	24,127,400	19,050,800	21,985,500
Scholarships and Fellowships	28,019,000	31,541,500	33,165,900	31,541,500	33,165,900
Mandatory Transfers	3,213,600	3,316,400	3,326,200	3,316,400	3,326,200
Auxilliary Enterprises	15,310,000	17,226,100	18,948,100	17,226,100	18,948,100
TOTAL EXPENDITURES	206,010,000	242,281,500	264,942,600	231,064,400	247,428,900

The University, located at Bowling Green, Warren County, Kentucky, was established by the General Assembly in 1906 when there was authorized the establishment of two schools in the state for the training of teachers. On January 1, 1907, the Southern Normal School was transferred to the state of Kentucky. The President of that Institution became President of the Western Kentucky State Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and Teachers College, and passed an enabling act permitting the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College and in 1948 to the Western Kentucky State College. Pursuant to a 1966 Act of the General Assembly, the name has been officially changed to Western Kentucky University.

The University is authorized to offer the following programs as set forth in KRS 164.295: associate and baccalaureate programs of instruction; graduate programs of instruction at the master's degree level in education, business, and the arts and sciences; educational requirements for teachers, school leaders, and other certified personnel; research and service programs directly related to the needs of its primary geographical area; and programs of a community college nature in its own community.

The University has been divided into colleges and other units to facilitate the offering of these programs and services. The colleges are: Gordon Ford College of Business; College of Education and Behavioral Sciences; Ogden College of Science and Engineering; Potter College of Arts, Humanities and Social Sciences; the Graduate College; the Community College, and College of Health and Human Services.

The undergraduate offerings include degrees, associate degrees, and certificate programs. The University offers the Bachelor of Arts, Bachelor of Science, Bachelor of Music, Bachelor of Science in Nursing, and Bachelor of Fine Arts with more than 80 areas of study. Preprofessional programs are also available in the following areas: chiropractic, dental, engineering, forestry, law, medicine, optometry, pharmacy, physical therapy, pediatric medicine, theology, and veterinary. Associate degree programs are also offered leading to Associate of Arts, Associate of Science, and Associate of Liberal Studies degrees in 19 areas. One-year certificate programs are available in Real Estate and Agricultural Equipment Technology.

Graduate instruction is offered through the Graduate College at the master's and specialist's levels. At the master's level, the following degrees are offered: Master of Business Administration; Master of Music; Master of Public Services - (Option In) Counseling, City and Regional Planning, and Master of Public Administration; Master of Arts - Child Development and Family Living, English, Folk Studies, Humanities, History, Sociology, Psychology, and Communications; Master of Science - Agriculture, Biology, Chemistry, Computer Science, Geography, Health, Library Science, Mathematics, Physical Education, Recreation, Institutional and Home Environment - (Option In) Interior Design and Housing, Textiles and Clothing, Foods and Nutrition, and Master of Communication Disorders. The Specialist Degree is offered in education.

Two non-degree programs at the graduate level are the fifth-year program and the Rank I and Rank II Teacher Certificate program in the College of Education and Behavioral Sciences. Instruction is provided for the students in joint doctoral programs in education with the University of Kentucky, in cooperative doctoral programs in aquatic biology and fossil fuel chemistry with University of Louisville and a cooperative master's degree in nursing at the University of Kentucky.

The academic year of the University is divided into two semesters of approximately 18 weeks each, and a summer session of eight weeks.

The main campus of the University is located on a site containing 180 acres and an additional 53 acres, located in Bowling Green and Warren County, are used for recreational, instructional, and research purposes. The University also operates a farm of 789 acres and has a 454 acre biological reserve for instructional and research purposes.

Policy

Additional General Funds in the amount of \$1,449,700 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of three new facilities and one expanded facility.

**Postsecondary Education
Kentucky Community and Technical College System**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	189,097,700	199,404,200	210,048,300	183,224,700	184,823,800
Budget Reduction	-4,604,700				
Total General Fund	184,493,000	199,404,200	210,048,300	183,224,700	184,823,800
Restricted Funds					
Current Receipts	189,945,000	205,586,100	222,238,000	204,586,100	221,238,000
Fund Transfers	-5,865,600			-9,000,000	-3,500,000
Total Restricted Funds	184,079,400	205,586,100	222,238,000	195,586,100	217,738,000
Federal Funds					
Current Receipts	101,806,800	114,023,700	129,987,000	114,023,700	129,987,000
Total Federal Funds	101,806,800	114,023,700	129,987,000	114,023,700	129,987,000
TOTAL SOURCE OF FUNDS	470,379,200	519,014,000	562,273,300	492,834,500	532,548,800
EXPENDITURES BY CLASS					
Personnel Cost	205,523,200	235,857,200	263,064,500	228,088,100	250,008,200
Operating Expenses	130,059,300	140,522,700	146,576,600	125,010,700	134,354,000
Grants, Loans or Benefits	114,025,000	119,731,500	127,922,700	119,951,400	126,862,500
Debt Service	11,100,100	11,189,300	11,233,400	9,242,900	9,495,200
Capital Outlay	9,671,600	11,713,300	13,476,100	10,541,400	11,828,900
TOTAL EXPENDITURES	470,379,200	519,014,000	562,273,300	492,834,500	532,548,800
EXPENDITURES BY FUND SOURCE					
General Fund	184,493,000	199,404,200	210,048,300	183,224,700	184,823,800
Restricted Funds	184,079,400	205,586,100	222,238,000	195,586,100	217,738,000
Federal Funds	101,806,800	114,023,700	129,987,000	114,023,700	129,987,000
TOTAL EXPENDITURES	470,379,200	519,014,000	562,273,300	492,834,500	532,548,800
EXPENDITURES BY UNIT					
Instruction	139,010,000	160,114,100	179,460,200	152,893,300	166,653,700
Public Service	50,586,500	51,394,600	52,191,500	40,967,500	46,037,300
Libraries	911,600	1,555,900	1,860,200	1,177,500	1,388,500
Academic Support	23,280,000	26,023,100	29,233,900	25,456,200	28,100,200
Student Services	28,278,600	31,085,100	33,657,000	30,394,900	32,306,500
Institutional Support	58,895,700	62,654,800	65,816,100	62,002,900	64,597,400
Operation and Maintenance of Plant	55,474,700	61,165,100	63,208,200	55,201,000	57,179,200
Scholarships and Fellowships	85,971,200	94,782,300	104,841,800	94,502,200	104,281,600
Mandatory Transfers	11,100,100	11,189,300	11,233,400	11,189,300	11,233,400
Auxilliary Enterprises	16,870,800	19,049,700	20,771,000	19,049,700	20,771,000
TOTAL EXPENDITURES	470,379,200	519,014,000	562,273,300	492,834,500	532,548,800

The Postsecondary Education Improvement Act of 1997 created the Kentucky Community and Technical College System (KCTCS) with a mission "to be the primary provider of two-year transfer and technical programs, workforce training for existing and new businesses and industries, and remedial and continuing education to improve the quality of life and employability of the citizens of the Commonwealth of Kentucky." One of the goals of KCTCS is to develop a "seamless, integrated system of postsecondary education that is strategically planned and adequately funded to enhance economic development and quality of life."

KCTCS is composed of 16 community and technical college districts comprising 28 community and technical colleges plus several branch campuses and distance learning centers strategically located across the Commonwealth. The Kentucky Community and Technical College System's enrollment in credit courses has increased from 45,529 in the fall of 1999 to 72,000 in the fall of 2003. Thirteen community colleges formerly under the jurisdiction of the University of Kentucky are part of KCTCS. All of the postsecondary technical institutions formerly a part of Kentucky Tech in the Workforce Development Cabinet are part of KCTCS. The Kentucky Community and Technical College System has been streamlining and improving service delivery including consolidation of programs and services at many of the colleges. The Kentucky Community and Technical College System is developing state-of-the-art technology infrastructure to improve the quality of instruction, enhance and expand professional development opportunities, increase access through distance learning, and streamline administrative functions.

Policy

Additional General Funds in the amount of \$1,346,800 are provided in fiscal year 2006 for the costs associated with the maintenance and operations of seven new facilities.

Notwithstanding KRS 95A.262(14), an additional \$1,000,000 each year from the Firefighter's Foundation Program Fund is authorized to be expended on firefighter training, equipment, and support activities.

Notwithstanding KRS Chapter 95A, \$9,000,000 in fiscal year 2005 and \$3,500,000 in fiscal year 2006 shall be transferred to the General Fund.



2004-2006
Executive Budget

Transportation

Transportation

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,875,300	6,859,900	6,896,500	4,753,400	4,753,400
Continuing Appropriation	711,300				
Base Deduction	-121,900				
Total General Fund	5,464,700	6,859,900	6,896,500	4,753,400	4,753,400
Restricted Funds					
Balance Forward	70,137,143	4,046,100	4,090,800	4,046,100	4,090,800
Current Receipts	105,476,857	99,186,400	100,247,000	121,078,700	191,747,800
Fund Transfers	-9,374,100				
Total Restricted Funds	166,239,900	103,232,500	104,337,800	125,124,800	195,838,600
Federal Funds					
Balance Forward	121,461				
Current Receipts	524,342,300	571,060,000	571,714,300	570,778,000	571,112,000
Non-Revenue Receipts	-17,161				
Total Federal Funds	524,446,600	571,060,000	571,714,300	570,778,000	571,112,000
Road Fund					
Regular Appropriation	1,078,175,600	1,094,053,800	1,117,025,000	1,071,988,400	1,101,159,600
Surplus Expenditure Plan	23,619,400				
Budget Reduction	-15,167,000				
Total Road Fund	1,086,628,000	1,094,053,800	1,117,025,000	1,071,988,400	1,101,159,600
TOTAL SOURCE OF FUNDS	1,782,779,200	1,775,206,200	1,799,973,600	1,772,644,600	1,872,863,600
EXPENDITURES BY CLASS					
Personnel Cost	387,126,900	416,403,900	440,010,100	395,358,400	403,109,400
Operating Expenses	243,210,600	244,770,900	244,121,700	235,138,100	236,269,900
Grants, Loans or Benefits	152,903,500	159,998,100	161,892,300	158,695,900	160,638,200
Debt Service	170,299,800	123,784,900	132,586,700	139,273,300	148,336,400
Capital Outlay	11,423,900	11,488,600	11,260,300	11,586,400	11,486,600
Construction	813,768,400	814,669,000	806,077,300	828,501,700	908,997,900
TOTAL EXPENDITURES	1,778,733,100	1,771,115,400	1,795,948,400	1,768,553,800	1,868,838,400
EXPENDITURES BY FUND SOURCE					
General Fund	5,464,700	6,859,900	6,896,500	4,753,400	4,753,400
Restricted Funds	162,193,800	99,141,700	100,312,600	121,034,000	191,813,400
Federal Funds	524,446,600	571,060,000	571,714,300	570,778,000	571,112,000
Road Fund	1,086,628,000	1,094,053,800	1,117,025,000	1,071,988,400	1,101,159,600
TOTAL EXPENDITURES	1,778,733,100	1,771,115,400	1,795,948,400	1,768,553,800	1,868,838,400
EXPENDITURES BY UNIT					
General Administration and Support	95,669,900	96,458,800	98,418,900	90,963,100	91,782,200
Air Transportation	6,807,000	5,515,000	5,509,700	5,515,000	5,509,700
Public Transportation	33,481,700	34,587,500	34,652,400	32,481,000	32,493,200
Revenue Sharing	221,530,700	227,623,500	231,301,300	228,298,300	231,976,100
Highways	1,240,449,100	1,254,613,500	1,273,319,500	1,274,388,200	1,360,824,100
Vehicle Regulation	19,947,600	22,804,600	23,828,600	20,794,700	21,083,100
Debt Service	160,847,100	116,113,500	125,170,000	116,113,500	125,170,000
Transfer to Capital Projects		13,399,000	3,748,000		
TOTAL EXPENDITURES	1,778,733,100	1,771,115,400	1,795,948,400	1,768,553,800	1,868,838,400

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, and ratified by the 1974 General Assembly. The 1974 legislation consolidated the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. Subsequently, the 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation and assumed all of the duties formerly associated with the department. In 1998, KRS 12.250 codified the Transportation Cabinet as a program cabinet.

The Transportation Cabinet, under KRS 12.250, is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from 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 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.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Air Transportation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service. Organizationally, the agency is divided into six departments and fourteen offices. The departments, each headed by a commissioner directly responsible to the Secretary, are Administrative Services, Fiscal Management, Human Resources Management, Vehicle Regulation, Rural and Municipal Aid, and Highways. The remaining units are the Office of Public Affairs, the Office of Transportation Operations Center, the Office of Policy and Budget, the Office of Transportation Delivery, Office of Legal Services, the Office of Minority Affairs, the Office of Quality, the Office of Technology, and the Office of Transportation Accountability. Executive Order 2004 - 027, effective January 1, 2004, created the Office of Legislative and Intergovernmental Affairs. These units are responsible to the Office of Secretary. The Office of Program Planning and Management, the Office of Project Development, the Office of Construction and Operations, and the Office of Intermodal Programs report to the State Highway Engineer in the Department of Highways.

Policy

On December 23, 2003, the Consensus Forecasting Group revised the fiscal year 2004 Road Fund revenue estimate downward by \$16,608,900. The revised Road Fund estimate totaled \$1,122,601,600. On January 5, 2004, the Road Fund Budget Reduction Order 04-01 was entered reducing appropriations by \$15,308,900 and effectuating fund transfers to the Road Fund totaling \$1,300,000. These reductions were largely accommodated by using vacancy credits and other administrative freezes and savings measures.

On January 12, 2004, the Consensus Forecasting Group established the Road Fund revenue estimate for the fiscal biennium 2004-2006. For fiscal year 2005 the estimate is \$1,141,409,100 and it is \$1,162,506,700 for fiscal year 2006.

Policy initiatives contained in the Governor's budget recommendation include the issuance of GARVEE bonds to support reconstruction and major widening of interstate I-64, I-65, and I-75, the usage of Toll Credits for matching federal highway funds, and the continuation of the Cash Management program authorized by the 2000 Session of the General Assembly.

The Executive Budget provides expenditure authority from the following sources:

	Fiscal Year 2005	Fiscal Year 2006
	<hr/>	<hr/>
Beginning Balance	0	0
Official Revenue Estimate	1,141,409,100	1,162,506,700
Non-Revenue Receipts	0	0
Fund Transfers	0	0
	<hr/>	<hr/>
Total Available Road Fund	1,141,409,100	1,162,506,700
 Road Fund Appropriations		
Operating Budget		
Transportation Cabinet	1,071,988,400	1,101,159,600
Justice and Public Safety Cabinet	52,215,700	52,518,100
Finance and Administration Cabinet	4,756,000	4,331,000
Kentucky State Treasury	250,000	250,000
 Capital Budget		
Transportation Cabinet	12,199,000	4,248,000
	<hr/>	<hr/>
Total Road Fund Appropriations	1,141,409,100	1,162,506,700

**Transportation
General Administration and Support**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	6,608,900	1,309,400	604,800	1,309,400	604,800
Current Receipts	26,006,000	23,886,000	23,886,000	23,602,600	23,937,200
Fund Transfers	-7,374,100				
Total Restricted Funds	25,240,800	25,195,400	24,490,800	24,912,000	24,542,000
Road Fund					
Regular Appropriation	75,914,900	71,868,200	73,928,100	66,655,900	67,240,200
Budget Reduction	-4,176,400				
Total Road Fund	71,738,500	71,868,200	73,928,100	66,655,900	67,240,200
TOTAL SOURCE OF FUNDS	96,979,300	97,063,600	98,418,900	91,567,900	91,782,200
EXPENDITURES BY CLASS					
Personnel Cost	31,392,900	33,853,100	36,016,000	30,839,400	31,740,800
Operating Expenses	45,415,600	43,698,200	43,712,900	41,118,400	41,125,100
Grants, Loans or Benefits	29,000	29,000	29,000	29,000	29,000
Debt Service	7,335,500	7,317,300	7,328,100	7,317,300	7,328,100
Capital Outlay	11,423,900	11,488,600	11,260,300	11,586,400	11,486,600
Construction	73,000	72,600	72,600	72,600	72,600
TOTAL EXPENDITURES	95,669,900	96,458,800	98,418,900	90,963,100	91,782,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	23,931,400	24,590,600	24,490,800	24,307,200	24,542,000
Road Fund	71,738,500	71,868,200	73,928,100	66,655,900	67,240,200
TOTAL EXPENDITURES	95,669,900	96,458,800	98,418,900	90,963,100	91,782,200
EXPENDITURES BY UNIT					
Secretary	33,853,200	35,000,800	35,750,800	31,984,800	32,188,400
Administrative Services	47,012,900	46,914,700	47,390,300	45,275,900	45,682,400
Fiscal Management	6,102,000	6,253,900	6,725,100	5,638,500	5,773,300
Human Resource Management	8,701,800	8,289,400	8,552,700	8,063,900	8,138,100
TOTAL EXPENDITURES	95,669,900	96,458,800	98,418,900	90,963,100	91,782,200

The General Administration and Support appropriation unit provides management and administrative capabilities, policymaking, and efficient day-to-day operations. This unit includes four departments: the Office of Secretary, Administrative Services, Fiscal Management, and Human Resources Management.

The Office of Secretary encompasses the Office of the Secretary of Transportation, the Office of Policy and Budget, the Office of Minority Affairs, the Office of General Counsel and Legislative Affairs, the Office of Public Affairs, the Office of Technology, the Office of Quality, the Office of Transportation Delivery, the Office of Transportation Operations Center, and the Office of Transportation Accountability. 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 the Secretary is the central point of contact with the general public and external organizations. The Office of Policy and Budget manages the planning and use of the Cabinet's financial resources. The Office of Minority Affairs conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of General Counsel and Legislative Affairs provides the agency with the required legal representation before administrative boards and all levels of the court system. This office is also responsible for drafting legislation and regulations for the Cabinet. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Technology is responsible for all information technology functions within the Cabinet and serves as the Cabinet's liaison with the Governor's Office of Technology. The Office of Quality facilitates the Cabinet's strategic planning and

performance measurement activities. The Office of Transportation Delivery facilitates transportation services for the Non-Emergency Medical Transportation program, the Vocational Rehabilitation program, and the Department for the Blind Transportation Services program. The Office of Transportation Operations Center serves as the clearinghouse for transportation operations including traffic and travel information, vehicle enforcement communications, and emergency response coordination. The Office of Transportation Accountability is to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service.

The Department of Administrative Services includes Administration, Toll Facilities, Property and Supply Services, and Fleet Management. The Administration program area is directed by the Commissioner of Administrative Services to perform the administrative functions of the Cabinet and implement policies and programs as set forth by the Secretary. The Toll Facilities Division operates the collection facilities on toll roads. The Division of Property and Supply Services provide the supplies and equipment needed to operate the Cabinet's offices, laboratories, and garages. This Division maintains the Cabinet's real property, which totals some 1,100 buildings located throughout the state. Debt service on the new transportation office building and parking garage in Frankfort is included in the Division's budget. The Division of Fleet Management operates the statewide Motor Pool, the passenger vehicles used by 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 Road Fund Audits, and the Division of Purchases. The Office of the Commissioner is responsible for the direction and oversight of the three divisions. It includes the Internal Audit Branch and External Audit Branch. The Internal Audit Branch audits the Cabinet's compliance with regulations, policies, and procedures and reports directly to the Secretary. The External Audit Branch performs financial and compliance audits of contractors doing business with the Cabinet and reports directly to the Division of Professional Services in the Department of Highways. These protocols assure maximum organizational independence for the auditors. The Division of Accounts is a service program providing general accounting, payroll, accounts receivable and payable processing, and financial reporting for the Cabinet. The Division of Road Fund Audits is responsible for auditing Kentucky Road Fund revenues. The Division of Purchases procures commodities and services for the Cabinet. This Division shares responsibility with other divisions in the Department for supporting MARS and the administrative processes relating to procurement.

The Department of Human Resources Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Department of Human Resources Management is composed of the Office of the Commissioner, the Division of Personnel Services, the Division of Employee Recruitment and Development, the Division of Employee Safety and Health, and the Division of Worker's Compensation. The Office of the Commissioner provides direction and oversight of the Divisions. The Division of Personnel Services provides personnel services for all the Cabinet's employees, as well as applicants seeking employment with the Cabinet. The Division of Employee Recruitment and Development provides computer and general employee training. The Division of Employee Safety and Health formulates safety programs, policies, practices, and procedures for all Cabinet employees. The Division of Worker's Compensation administers laws, policies, and procedures pursuant to KRS Chapter 342. The Transportation Cabinet is self-insured with regard to worker's compensation.

Policy

The Department of Administrative Services, Division of Property and Supply, is the unit responsible for the debt service on the new Transportation Cabinet Office Building and Parking Structure. The Governor's recommended budget provides debt service for the new building and parking structure totaling \$7,317,300 in fiscal year 2005 and \$7,328,100 in fiscal year 2006.

**Transportation
Air Transportation**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	2,779,700	100,000	100,000	100,000	100,000
Current Receipts	4,817,900	5,500,000	5,500,000	5,500,000	5,500,000
Fund Transfers	-700,000				
Total Restricted Funds	6,897,600	5,600,000	5,600,000	5,600,000	5,600,000
Federal Funds					
Current Receipts	9,400	15,000	9,700	15,000	9,700
Total Federal Funds	9,400	15,000	9,700	15,000	9,700
TOTAL SOURCE OF FUNDS	6,907,000	5,615,000	5,609,700	5,615,000	5,609,700
EXPENDITURES BY CLASS					
Personnel Cost	651,500	656,200	702,400	652,700	682,600
Operating Expenses	353,000	270,400	277,700	264,700	264,700
Grants, Loans or Benefits	5,802,500	4,588,400	4,529,600	4,597,600	4,562,400
TOTAL EXPENDITURES	6,807,000	5,515,000	5,509,700	5,515,000	5,509,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	6,797,600	5,500,000	5,500,000	5,500,000	5,500,000
Federal Funds	9,400	15,000	9,700	15,000	9,700
TOTAL EXPENDITURES	6,807,000	5,515,000	5,509,700	5,515,000	5,509,700
EXPENDITURES BY UNIT					
Air Regulatory	111,600	85,500	84,200	85,500	84,200
Air Development	6,695,400	5,429,500	5,425,500	5,429,500	5,425,500
TOTAL EXPENDITURES	6,807,000	5,515,000	5,509,700	5,515,000	5,509,700

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Air Transportation program. There are two programs within Air Transportation, the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of approximately 150 airport and heliport facilities in the state. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory Program for administrative purposes.

The Airport Development Program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 57 publicly owned airports, including updating and distributing the state aeronautical charts and airport directories.

KRS 183.525 provides the funding authority to operate the Air Transportation program. Since July 2000, the Sales and Use tax collected from the sale of aviation jet fuel funds the operation.

Policy

The 2004-2006 Executive Budget suspends the provisions of KRS 183.525(5) during the 2004 - 2006 biennium. Funds accruing to the Kentucky Aviation Economic Development Fund may support the operating costs of the Air Transportation program.

Transportation
Public Transportation

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,875,300	6,859,900	6,896,500	4,753,400	4,753,400
Continuing Appropriation	711,300				
Base Deduction	-121,900				
Total General Fund	5,464,700	6,859,900	6,896,500	4,753,400	4,753,400
Restricted Funds					
Current Receipts	500,000	500,000	525,000	500,000	508,900
Total Restricted Funds	500,000	500,000	525,000	500,000	508,900
Federal Funds					
Current Receipts	27,517,000	27,227,600	27,230,900	27,227,600	27,230,900
Total Federal Funds	27,517,000	27,227,600	27,230,900	27,227,600	27,230,900
TOTAL SOURCE OF FUNDS	33,481,700	34,587,500	34,652,400	32,481,000	32,493,200
EXPENDITURES BY CLASS					
Personnel Cost	5,596,100	1,776,300	1,882,300	1,339,200	1,359,100
Operating Expenses	275,400	121,000	112,100	127,000	127,000
Grants, Loans or Benefits	27,610,200	32,690,200	32,658,000	31,014,800	31,007,100
TOTAL EXPENDITURES	33,481,700	34,587,500	34,652,400	32,481,000	32,493,200
EXPENDITURES BY FUND SOURCE					
General Fund	5,464,700	6,859,900	6,896,500	4,753,400	4,753,400
Restricted Funds	500,000	500,000	525,000	500,000	508,900
Federal Funds	27,517,000	27,227,600	27,230,900	27,227,600	27,230,900
TOTAL EXPENDITURES	33,481,700	34,587,500	34,652,400	32,481,000	32,493,200
EXPENDITURES BY UNIT					
Public Transportation	28,077,600	33,126,400	33,129,700	31,398,200	31,401,500
Multi-Modal Transportation	4,904,100	961,100	997,700	582,800	582,800
Human Services Delivery	500,000	500,000	525,000	500,000	508,900
TOTAL EXPENDITURES	33,481,700	34,587,500	34,652,400	32,481,000	32,493,200

The three programs operating within Public Transportation are Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the Metropolitan Planning Organizations throughout the state through the federal programs: Sections 5303, 5309, 5310, and 5311. Federal funds, combined with General Fund, restricted funds, and local matching funds, allow public transit authorities to acquire buses and vans.

The Multi-Modal program assures that environmental, energy, safety, and economic impacts are considered in transportation decisions. Multi-Modal responsibilities include statewide rail planning, ferry operations, park and ride planning, bicycle and pedestrian planning and implementation. The Multi-Modal program acquired the additional responsibility of statewide rail activities when Kentucky voters abolished the Railroad Commission by a constitutional amendment in 2000. These responsibilities include regulating rail carriers operating on 2,800 miles of track.

The Human Service Transportation Delivery program is a partnership of the Transportation Cabinet, the Medicaid program, Department of Vocational Rehabilitation, and Department for the Blind. This partnership is the result of an Empower Kentucky project that provides non-emergency medical transportation; jobs access transportation, and transportation to day care facilities.

Policy

The Governor's recommended budget provides continued General Fund support in each year of the 2004-2006 biennium for the non-public school transportation program.

The Governor's budget recommendation provides up to \$3 million in Toll Credits to match federal funds for transit system's capital grants. Toll Credits are credits earned by states that construct state roads with state dollars to interstate specifications. Kentucky's toll roads are built to interstate specifications. Toll Credits substitute for actual cash required to match federal funds.

**Transportation
Revenue Sharing**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	224,762,500	227,623,500	231,301,300	228,298,300	231,976,100
Budget Reduction	-3,231,800				
Total Road Fund	221,530,700	227,623,500	231,301,300	228,298,300	231,976,100
TOTAL SOURCE OF FUNDS	221,530,700	227,623,500	231,301,300	228,298,300	231,976,100
EXPENDITURES BY CLASS					
Personnel Cost	16,593,900	18,242,100	19,703,300	17,037,500	17,058,200
Operating Expenses	30,673,800	29,774,800	29,099,900	29,774,800	29,099,900
Grants, Loans or Benefits	119,461,800	122,690,500	124,675,700	123,054,500	125,039,700
Construction	54,801,200	56,916,100	57,822,400	58,431,500	60,778,300
TOTAL EXPENDITURES	221,530,700	227,623,500	231,301,300	228,298,300	231,976,100
EXPENDITURES BY FUND SOURCE					
Road Fund	221,530,700	227,623,500	231,301,300	228,298,300	231,976,100
TOTAL EXPENDITURES	221,530,700	227,623,500	231,301,300	228,298,300	231,976,100
EXPENDITURES BY UNIT					
County Road Aid	83,850,500	86,165,600	87,565,600	86,421,800	87,821,800
Rural Secondary	101,720,400	104,528,900	106,227,200	104,839,700	106,538,000
Municipal Aid	35,281,300	36,255,500	36,844,500	36,363,300	36,952,300
Energy Recovery	678,500	673,500	664,000	673,500	664,000
TOTAL EXPENDITURES	221,530,700	227,623,500	231,301,300	228,298,300	231,976,100

There are four components of the Revenue Sharing program: County Road Aid program, authorized by KRS 179.410-179.415; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365; and the Energy Recovery Road Fund program, authorized by KRS 177.977-177.990. Funding for each program is based on the amount of certain taxes or fees collected.

The County Road Aid program and Rural Secondary Aid program receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels taxes. The County Road Aid program includes all of Kentucky's counties, municipalities, and qualified unincorporated urban areas. The Rural Secondary Aid program receives 22.2 percent of motor fuels taxes. These funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one-fifth is divided evenly among all counties, one-fifth is divided proportionately based on the amount of rural population in each county, one-fifth is distributed on the basis of rural road mileage in each county, and two-fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

Policy

The Governor's recommended budget provides for funding to the Kentucky Transportation Center to be increased \$100,000 above that provided in KRS 177.320(4). This funding is drawn from the Revenue Sharing programs in the same proportions as the Motor Fuel Tax receipts are statutorily dedicated to those programs. The appropriation to the Kentucky Transportation Center is contained in the Department of Highways Research program.

**Transportation
Highways**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	59,164,043	102,900	102,900	102,900	102,900
Current Receipts	69,129,457	64,618,000	65,657,300	86,858,800	157,222,100
Total Restricted Funds	128,293,500	64,720,900	65,760,200	86,961,700	157,325,000
Federal Funds					
Balance Forward	17,161				
Current Receipts	496,114,400	542,974,700	543,579,000	542,692,700	542,976,700
Non-Revenue Receipts	-17,161				
Total Federal Funds	496,114,400	542,974,700	543,579,000	542,692,700	542,976,700
Road Fund					
Regular Appropriation	597,113,200	647,020,800	664,083,200	644,836,700	660,625,300
Surplus Expenditure Plan	23,619,400				
Budget Reduction	-4,588,500				
Total Road Fund	616,144,100	647,020,800	664,083,200	644,836,700	660,625,300
TOTAL SOURCE OF FUNDS	1,240,552,000	1,254,716,400	1,273,422,400	1,274,491,100	1,360,927,000
EXPENDITURES BY CLASS					
Personnel Cost	320,118,900	346,865,300	365,668,800	331,709,100	338,222,400
Operating Expenses	159,318,800	163,112,800	163,127,800	156,839,000	158,616,400
Debt Service	2,117,200	354,100	88,600	15,842,500	15,838,300
Construction	758,894,200	744,281,300	744,434,300	769,997,600	848,147,000
TOTAL EXPENDITURES	1,240,449,100	1,254,613,500	1,273,319,500	1,274,388,200	1,360,824,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	128,190,600	64,618,000	65,657,300	86,858,800	157,222,100
Federal Funds	496,114,400	542,974,700	543,579,000	542,692,700	542,976,700
Road Fund	616,144,100	647,020,800	664,083,200	644,836,700	660,625,300
TOTAL EXPENDITURES	1,240,449,100	1,254,613,500	1,273,319,500	1,274,388,200	1,360,824,100
EXPENDITURES BY UNIT					
Research	3,588,700	3,803,900	4,029,500	3,803,900	4,029,500
Construction	917,142,200	908,627,100	914,487,200	944,853,600	1,023,048,300
Maintenance	233,978,500	257,559,200	265,955,500	243,747,000	248,679,000
Engineering Administration	10,644,900	10,040,800	10,939,200	9,937,500	11,802,100
Planning	10,296,000	13,568,100	14,114,300	13,030,000	13,236,300
Highway Operations	22,648,800	23,751,400	25,556,600	22,512,400	23,226,900
Equipment Services	42,150,000	37,263,000	38,237,200	36,503,800	36,802,000
TOTAL EXPENDITURES	1,240,449,100	1,254,613,500	1,273,319,500	1,274,388,200	1,360,824,100

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are seven programs in the Department of Highways: 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 within the Highways appropriation unit.

Motor vehicles travel 46.4 billion miles per year on Kentucky's 79,000 miles of roads and streets. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of 762 miles, carries 25 percent of all travel.

**Transportation
Highways
Research**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	2,507,400	2,677,900	2,860,000	2,677,900	2,860,000
Total Federal Funds	2,507,400	2,677,900	2,860,000	2,677,900	2,860,000
Road Fund					
Regular Appropriation	1,081,300	1,126,000	1,169,500	1,126,000	1,169,500
Total Road Fund	1,081,300	1,126,000	1,169,500	1,126,000	1,169,500
TOTAL SOURCE OF FUNDS	3,588,700	3,803,900	4,029,500	3,803,900	4,029,500
EXPENDITURES BY CLASS					
Personnel Cost	3,298,700	3,513,900	3,739,500	3,513,900	3,739,500
Operating Expenses	290,000	290,000	290,000	290,000	290,000
TOTAL EXPENDITURES	3,588,700	3,803,900	4,029,500	3,803,900	4,029,500
EXPENDITURES BY FUND SOURCE					
Federal Funds	2,507,400	2,677,900	2,860,000	2,677,900	2,860,000
Road Fund	1,081,300	1,126,000	1,169,500	1,126,000	1,169,500
TOTAL EXPENDITURES	3,588,700	3,803,900	4,029,500	3,803,900	4,029,500

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; publishes newsletters; provides technical assistance; and maintains a lending library, including both written and audio-visual materials.

The Research program funds the Kentucky Transportation Center at one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund. An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

Policy

The Governor's recommended budget provides for a \$100,000 transfer each fiscal year from the Revenue Sharing program to fund the Kentucky Transportation Center at the annual rate of \$290,000.

**Transportation
Highways
Construction**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	51,734,500				
Current Receipts	31,526,100	24,000,000	24,000,000	47,000,000	117,000,000
Total Restricted Funds	83,260,600	24,000,000	24,000,000	47,000,000	117,000,000
Federal Funds					
Current Receipts	485,700,000	530,000,000	530,000,000	530,000,000	530,000,000
Total Federal Funds	485,700,000	530,000,000	530,000,000	530,000,000	530,000,000
Road Fund					
Regular Appropriation	324,562,200	354,627,100	360,487,200	367,853,600	376,048,300
Surplus Expenditure Plan	23,619,400				
Total Road Fund	348,181,600	354,627,100	360,487,200	367,853,600	376,048,300
TOTAL SOURCE OF FUNDS	917,142,200	908,627,100	914,487,200	944,853,600	1,023,048,300
EXPENDITURES BY CLASS					
Personnel Cost	162,552,900	164,888,900	170,546,500	159,556,600	159,556,600
Operating Expenses	11,434,500	11,434,500	11,434,500	11,434,500	11,434,500
Debt Service				15,842,500	15,838,300
Construction	743,154,800	732,303,700	732,506,200	758,020,000	836,218,900
TOTAL EXPENDITURES	917,142,200	908,627,100	914,487,200	944,853,600	1,023,048,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	83,260,600	24,000,000	24,000,000	47,000,000	117,000,000
Federal Funds	485,700,000	530,000,000	530,000,000	530,000,000	530,000,000
Road Fund	348,181,600	354,627,100	360,487,200	367,853,600	376,048,300
TOTAL EXPENDITURES	917,142,200	908,627,100	914,487,200	944,853,600	1,023,048,300
EXPENDITURES BY UNIT					
Bond Funded Construction	59,280,600			23,000,000	93,000,000
State Funded Construction	243,281,600	358,627,100	364,487,200	371,853,600	380,048,300
Federal Funded Construction	614,580,000	550,000,000	550,000,000	550,000,000	550,000,000
TOTAL EXPENDITURES	917,142,200	908,627,100	914,487,200	944,853,600	1,023,048,300

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

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General Obligation Bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the Toll Road System that crisscrosses the state. 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. The Turnpike Authority sold bonds in 1984, 1987, 1990, 1993, 1995, and 1999 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 that 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 for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of Interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code.

Policy

The 2004-2006 Executive Budget provides continuing Road Fund support for state resurfacing projects, specialized contracts, and the Highway Construction Contingency Account.

The Governor's recommended budget provides Road Fund support for state construction projects in the 2004 - 2006 Biennial Highway Construction program.

The 2004-2006 Executive Budget provides no Road Fund support to the Federally Funded Construction program. Instead, the Governor's recommendation is to utilize Toll Credits in lieu of the cash match for federally funded projects. Toll credits are credits earned by a state for building roads to interstate specifications and paid for with state dollars. Kentucky's toll roads were built to interstate specifications and paid for with state funds, therefore allowing Kentucky to earn Toll Credits.

The Governor's recommended budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program authorized in the 2000-2002 and 2002-2004 Appropriations Bill. Since its inception, the Cash Management program has expedited projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that project and fund balances are sufficient to satisfy expenditures within the appropriations enacted.

The 2004-2006 Executive Budget provides for Grant Anticipation Revenue Vehicle (GARVEE) bonds totaling \$116,000,000 with \$23,000,000 in fiscal year 2005 and \$93,000,000 in fiscal year 2006. GARVEE bonds are a financing mechanism authorized by the federal government, which allow a state to issue bonds for eligible federal aid projects and use federal funds to pay the debt service.

Debt service on the bonds will be paid from federal highway funds in the Federally Funded Construction program. The debt service is projected to be \$15,842,500 in fiscal year 2005 and \$15,838,300 in fiscal year 2006. These funds will be direct GARVEE bonds and will be used on interstate projects including I-64, I-75, and I-65.

**Transportation
Highways
Maintenance**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts	2,704,000	3,355,000	3,420,100	3,355,000	3,420,100
Total Restricted Funds	2,704,000	3,355,000	3,420,100	3,355,000	3,420,100
Federal Funds					
Balance Forward	17,161				
Non-Revenue Receipts	-17,161				
Total Federal Funds					
Road Fund					
Regular Appropriation	231,274,500	254,204,200	262,535,400	240,392,000	245,258,900
Total Road Fund	231,274,500	254,204,200	262,535,400	240,392,000	245,258,900
TOTAL SOURCE OF FUNDS	233,978,500	257,559,200	265,955,500	243,747,000	248,679,000
EXPENDITURES BY CLASS					
Personnel Cost	106,552,300	119,343,300	128,039,600	111,979,100	115,183,200
Operating Expenses	125,636,500	136,126,200	136,126,200	129,678,200	131,706,100
Construction	1,789,700	2,089,700	1,789,700	2,089,700	1,789,700
TOTAL EXPENDITURES	233,978,500	257,559,200	265,955,500	243,747,000	248,679,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	2,704,000	3,355,000	3,420,100	3,355,000	3,420,100
Road Fund	231,274,500	254,204,200	262,535,400	240,392,000	245,258,900
TOTAL EXPENDITURES	233,978,500	257,559,200	265,955,500	243,747,000	248,679,000

Kentucky has invested approximately \$15 billion in highway infrastructure that comprises right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units, the Division of Maintenance and the Division of Traffic Operations, administer this program.

The Division of Maintenance responsibilities are broken down into the following four primary categories:

- (1) Roadway Maintenance Program personnel in the twelve Highway Districts maintain 15,308 miles of state primary highways and 12,132 miles of rural secondary highways.
- (2) Pavement and Operations Management personnel inspect and evaluate pavement conditions on 27,440 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities.
- (3) The Bridge Maintenance Program is responsible for all state-maintained bridges, except those on the Rural Secondary system. Kentucky has 6,103 bridges of which 27 are Ohio River crossings and 74 are in-state bridges over major lakes and rivers.
- (4) The Rest Area Operations/Maintenance Program provides sanitary and accessible restroom facilities and other convenience services for motorists traveling through the state. There are 28 rest area and welcome center locations and two truck rest haven locations operated and maintained through contracts with nonprofit agencies that hire and train individuals with disabilities. The remaining seven locations are operated and maintained by Cabinet personnel. All of the facilities are open 24 hours per day, seven days per week. The Department for the Blind maintains the vending operations at 11 locations, and the remaining vending operations are maintained by Cabinet personnel or by contractors.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 25,000 miles of highways. This unit also maintains a traffic accident surveillance program with the objective of identifying locations having an abnormally high accident rate. The duties of this unit are set out in KRS 176.050, KRS 177.020, KRS 177.830-890, and KRS 177.905-990.

Policy

The Governor's recommended budget continues Road Fund support in fiscal year 2005 and fiscal year 2006 for several facets of the Maintenance program, including: guardrail replacement and new installation, roadway slide repair, tree and brush removal, pavement repairs, contract bridge repair, ditching, and site mitigation.

A fund substitution is recommended in the Executive Budget for the Traffic Response and Incident Management Assisting the River Cities (TRIMARC) as a result of losing time limited federal funds. The recommended budget provides Road Fund support totaling \$1,953,100 in fiscal year 2005 and \$2,148,400 in fiscal year 2006. Additionally, restricted funds are also provided totaling \$651,000 in fiscal year 2005 and \$716,100 in fiscal year 2006. The state of Indiana has partnered with Kentucky to operate the facility resulting in the restricted fund support.

The Governor's budget recommendation provides a fund substitution for the Advanced Regional Traffic Interactive Management Information System (ARTIMIS) as a result of losing time limited federal funds. Road Fund support of \$1,500,000 is provided in each year of the biennium.

**Transportation
Highways
Engineering Administration**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	14,011,100	10,040,800	10,939,200	9,937,500	11,802,100
Budget Reduction	-3,366,200				
Total Road Fund	10,644,900	10,040,800	10,939,200	9,937,500	11,802,100
TOTAL SOURCE OF FUNDS	10,644,900	10,040,800	10,939,200	9,937,500	11,802,100
EXPENDITURES BY CLASS					
Personnel Cost	7,141,300	11,450,700	12,349,100	11,347,400	13,212,000
Operating Expenses	6,291,300	1,385,500	1,385,500	1,385,500	1,385,500
Construction	-2,787,700	-2,795,400	-2,795,400	-2,795,400	-2,795,400
TOTAL EXPENDITURES	10,644,900	10,040,800	10,939,200	9,937,500	11,802,100
EXPENDITURES BY FUND SOURCE					
Road Fund	10,644,900	10,040,800	10,939,200	9,937,500	11,802,100
TOTAL EXPENDITURES	10,644,900	10,040,800	10,939,200	9,937,500	11,802,100

There are nine divisions organized under the State Highway Engineer's Office:

(1) The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists Division of Materials staff in sampling and testing materials used in construction projects.

(2) The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division performs soil and geological engineering required for the design, construction, and maintenance of roads and bridges.

(3) The Division of Bridge Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division is also responsible for overseeing the County Bridge Replacement Program, which replaces bridges on locally maintained roadways of less than 13-ton load capacity and less than 100 feet in length.

(4) The Division of Highway Design, in conjunction with the District Design Offices, is responsible for the required design activities of the Cabinet's Six-Year Plan projects, including the preparation, assembly and reproduction of construction plans for a project's award.

(5) The Division of Professional Services advertises for engineering services, administers the Cabinet's prequalification process for consultant engineering services, and contracts with consulting engineers.

(6) The Division of Environmental Analysis ensures the Cabinet is compliant with environmental laws and regulations.

(7) The Division of Right of Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

(8) The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Highway Plan.

(9) The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning Program activities, including management, clerical support, training, and other overhead expenditures.

**Transportation
Highways
Planning**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	7,907,000	10,296,800	10,719,000	10,014,800	10,116,700
Total Federal Funds	7,907,000	10,296,800	10,719,000	10,014,800	10,116,700
Road Fund					
Regular Appropriation	2,389,000	3,271,300	3,395,300	3,015,200	3,119,600
Total Road Fund	2,389,000	3,271,300	3,395,300	3,015,200	3,119,600
TOTAL SOURCE OF FUNDS	10,296,000	13,568,100	14,114,300	13,030,000	13,236,300
EXPENDITURES BY CLASS					
Personnel Cost	9,516,800	12,800,400	13,346,600	12,437,300	12,643,600
Operating Expenses	779,200	767,700	767,700	592,700	592,700
TOTAL EXPENDITURES	10,296,000	13,568,100	14,114,300	13,030,000	13,236,300
EXPENDITURES BY FUND SOURCE					
Federal Funds	7,907,000	10,296,800	10,719,000	10,014,800	10,116,700
Road Fund	2,389,000	3,271,300	3,395,300	3,015,200	3,119,600
TOTAL EXPENDITURES	10,296,000	13,568,100	14,114,300	13,030,000	13,236,300

The Division of Planning provides administrative, clerical and technical support and implements transportation planning activities statewide. It also coordinates statewide rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. The division oversees the Cabinet's Enhancement Program, which is responsible for beautification, historic preservation, and rehabilitation of the Commonwealth's highways, historic transportation facilities, and bikeway projects.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. In cooperation with the Area Development Districts, it acquires roadway centerline locations and associated data for all public roads in Kentucky. It maintains an inventory of all roadway classifications and prepares city, county, and state road maps for distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine Metropolitan Planning Organizations (MPOs) to implement continuing, comprehensive, and cooperative (3C) planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADD) Assistance administers a regional planning and public participation process in the state's 15 Area Development Districts as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

Policy

Both federal funds and Road Fund-supported match are included in the Governor's budget recommendation in anticipation of the federal highway reauthorization act.

**Transportation
Highways
Highway Operations**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	50,443				
Current Receipts	25,557				
Total Restricted Funds	76,000				
Road Fund					
Regular Appropriation	23,795,100	23,751,400	25,556,600	22,512,400	23,226,900
Budget Reduction	-1,222,300				
Total Road Fund	22,572,800	23,751,400	25,556,600	22,512,400	23,226,900
TOTAL SOURCE OF FUNDS	22,648,800	23,751,400	25,556,600	22,512,400	23,226,900
EXPENDITURES BY CLASS					
Personnel Cost	19,359,900	22,311,200	24,116,400	21,077,100	21,791,600
Operating Expenses	3,288,900	1,440,200	1,440,200	1,435,300	1,435,300
TOTAL EXPENDITURES	22,648,800	23,751,400	25,556,600	22,512,400	23,226,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	76,000				
Road Fund	22,572,800	23,751,400	25,556,600	22,512,400	23,226,900
TOTAL EXPENDITURES	22,648,800	23,751,400	25,556,600	22,512,400	23,226,900

In accordance with KRS Chapter 176, this program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways administers the Department, which governs the State Highway Engineer's Office, 15 divisions, and 12 district offices. In the 12 district offices, the District Highway Operations Office manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviewing management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship Program and the Engineering Graduate Training Program, coordinates the Research Program and manages special projects, such as the Louisville Bridges and Paris Pike projects.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

Each District includes a Legal Office that provides legal assistance on right-of-way acquisitions, relocation issues, and utility involvement for highway projects.

Policy

Road Fund support to maintain the Engineering Scholarship program is included in the Executive Budget recommendation.

**Transportation
Highways
Equipment Services**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	7,379,100	102,900	102,900	102,900	102,900
Current Receipts	34,873,800	37,263,000	38,237,200	36,503,800	36,802,000
Total Restricted Funds	42,252,900	37,365,900	38,340,100	36,606,700	36,904,900
TOTAL SOURCE OF FUNDS	42,252,900	37,365,900	38,340,100	36,606,700	36,904,900
EXPENDITURES BY CLASS					
Personnel Cost	11,697,000	12,556,900	13,531,100	11,797,700	12,095,900
Operating Expenses	11,598,400	11,668,700	11,683,700	12,022,800	11,772,300
Debt Service	2,117,200	354,100	88,600		
Construction	16,737,400	12,683,300	12,933,800	12,683,300	12,933,800
TOTAL EXPENDITURES	42,150,000	37,263,000	38,237,200	36,503,800	36,802,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	42,150,000	37,263,000	38,237,200	36,503,800	36,802,000
TOTAL EXPENDITURES	42,150,000	37,263,000	38,237,200	36,503,800	36,802,000

The mission of the Equipment Services program area is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 16 repair garages located throughout the state.

**Transportation
Vehicle Regulation**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,584,500	2,533,800	3,283,100	2,533,800	3,283,100
Current Receipts	5,023,500	4,682,400	4,678,700	4,617,300	4,579,600
Fund Transfers	-1,300,000				
Total Restricted Funds	5,308,000	7,216,200	7,961,800	7,151,100	7,862,700
Federal Funds					
Balance Forward	104,300				
Current Receipts	701,500	842,700	894,700	842,700	894,700
Total Federal Funds	805,800	842,700	894,700	842,700	894,700
Road Fund					
Regular Appropriation	19,072,900	18,028,800	18,794,400	16,084,000	16,148,000
Budget Reduction	-2,705,300				
Total Road Fund	16,367,600	18,028,800	18,794,400	16,084,000	16,148,000
TOTAL SOURCE OF FUNDS	22,481,400	26,087,700	27,650,900	24,077,800	24,905,400
EXPENDITURES BY CLASS					
Personnel Cost	12,773,600	15,010,900	16,037,300	13,780,500	14,046,300
Operating Expenses	7,174,000	7,793,700	7,791,300	7,014,200	7,036,800
TOTAL EXPENDITURES	19,947,600	22,804,600	23,828,600	20,794,700	21,083,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	2,774,200	3,933,100	4,139,500	3,868,000	4,040,400
Federal Funds	805,800	842,700	894,700	842,700	894,700
Road Fund	16,367,600	18,028,800	18,794,400	16,084,000	16,148,000
TOTAL EXPENDITURES	19,947,600	22,804,600	23,828,600	20,794,700	21,083,100
EXPENDITURES BY UNIT					
Commissioner	2,230,600	2,396,600	2,502,500	1,866,700	1,884,200
Drivers Licensing	8,700,700	9,957,100	10,381,200	9,134,300	9,267,300
Motor Carriers	2,420,200	2,602,900	2,798,300	2,205,400	2,255,900
Motor Vehicle Licensing	5,653,800	6,914,700	7,169,300	6,720,100	6,797,500
Driver's Safety	64,200	82,000	82,000	82,000	82,000
Motor Vehicle Commission	878,100	851,300	895,300	786,200	796,200
TOTAL EXPENDITURES	19,947,600	22,804,600	23,828,600	20,794,700	21,083,100

The Department of Vehicle Regulation encompasses the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, Motor Vehicle Licensing, and Driver Safety. The Motor Vehicle Commission is also administratively attached to the Department.

Under KRS Chapters 186, 187, 189A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately 3 million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs and the Kentucky Motorcycle Safety program, both of which promote driver safety and education.

The Division of Motor Carriers collects and processes fuel and highway use tax from commercial motor carriers, as authorized under KRS Chapter 138. Under KRS Chapter 186, it assigns apportioned license plates to interstate Kentucky motor carriers.

In accordance with KRS Chapter 281, the division qualifies all for-hire transportation within the state. It is also responsible for permitting and routing overweight and over-dimensional loads (KRS 189.270), maintaining a solid-waste permitting system (KRS 174.450), and permitting and licensing U-Drive-It rental and leasing operations.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, and 235. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240(3) requires a new plate issuance every five (5) years for plates that do not expire annually. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a restricted fund to pay for the new plates.

The Division of Driver Safety conducts the Cabinet's statewide Child Passenger Safety Program. The mission is to educate and train parents, health departments, fire, police and other agencies and individuals in the proper installation of child seats, to provide for the safe transportation of children throughout the state.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a restricted fund account.

Policy

Executive Order 2003-064, authorized on December 23, 2003, transferred the Division of Motor Vehicle Enforcement to the Justice and Public Safety Cabinet. The Division of Vehicle Enforcement is responsible for enforcing state and federal laws and regulations pertaining to the operation of commercial motor vehicles within the Commonwealth of Kentucky. Vehicle Enforcement operates the state's 17 weigh/inspection stations (KRS 189.227) and provides enforcement coverage on related bypass routes.

**Transportation
Debt Service**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	161,312,100	116,113,500	125,170,000	116,113,500	125,170,000
Budget Reduction	-465,000				
Total Road Fund	160,847,100	116,113,500	125,170,000	116,113,500	125,170,000
TOTAL SOURCE OF FUNDS	160,847,100	116,113,500	125,170,000	116,113,500	125,170,000
EXPENDITURES BY CLASS					
Debt Service	160,847,100	116,113,500	125,170,000	116,113,500	125,170,000
TOTAL EXPENDITURES	160,847,100	116,113,500	125,170,000	116,113,500	125,170,000
EXPENDITURES BY FUND SOURCE					
Road Fund	160,847,100	116,113,500	125,170,000	116,113,500	125,170,000
TOTAL EXPENDITURES	160,847,100	116,113,500	125,170,000	116,113,500	125,170,000
EXPENDITURES BY UNIT					
Toll Road Lease Rental	155,600	7,928,800	7,815,500	7,928,800	7,815,500
Resource Recovery Lease Rental	38,889,500	38,831,600	38,828,600	38,831,600	38,828,600
Economic Development Lease Rental	121,802,000	69,353,100	78,525,900	69,353,100	78,525,900
TOTAL EXPENDITURES	160,847,100	116,113,500	125,170,000	116,113,500	125,170,000

The Debt Service Program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System. The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. Most of the Toll Road bonds have now been retired, with the last remaining series to be paid off in 2007. The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The Economic Development Road System was established and funded through three series of bond issues: a \$300 million issue sold in 1984; a relatively small sale of \$36.6 million in 1987; and a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are nearly complete. The most recent issue was \$200 million of Economic Development Road Revenue Bonds authorized by the 1998 General Assembly and sold in 1999.

Through lease agreements with the Turnpike Authority of Kentucky, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and most of the Economic Development Road revenue bonds. In the Debt Service Program, funds are reserved exclusively for semiannual lease rental payments to meet the principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

Policy

The Debt Service Acceleration Fund account, pursuant to KRS 175.505, is suspended in the Governor's recommended budget during the 2004-2006 biennium. The funding made available by this suspension is proposed for use in the State Funded Construction program.



2004-2006
Executive Budget

Statewide

Statewide

	<u>Revised FY 2004</u>	<u>Requested FY 2005</u>	<u>Requested FY 2006</u>	<u>Recommended FY 2005</u>	<u>Recommended FY 2006</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	26,321,800			10,000,000	10,000,000
Surplus Expenditure Plan	23,755,600				
Continuing Appropriation	5,087,400	54,764,800	54,764,800	50,764,800	50,764,800
Budget Reduction	-4,000,000				
Total General Fund	<u>51,164,800</u>	<u>54,764,800</u>	<u>54,764,800</u>	<u>60,764,800</u>	<u>60,764,800</u>
TOTAL SOURCE OF FUNDS	51,164,800	54,764,800	54,764,800	60,764,800	60,764,800
EXPENDITURES BY CLASS					
Grants, Loans or Benefits				10,000,000	10,000,000
Construction	400,000				
TOTAL EXPENDITURES	<u>400,000</u>			<u>10,000,000</u>	<u>10,000,000</u>
EXPENDITURES BY FUND SOURCE					
General Fund	400,000			10,000,000	10,000,000
TOTAL EXPENDITURES	<u>400,000</u>			<u>10,000,000</u>	<u>10,000,000</u>

**Statewide
Budget Reserve Trust Fund**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	25,921,800				
Surplus Expenditure Plan	23,755,600				
Continuing Appropriation	5,087,400	54,764,800	54,764,800	50,764,800	50,764,800
Budget Reduction	-4,000,000				
Total General Fund	50,764,800	54,764,800	54,764,800	50,764,800	50,764,800
TOTAL SOURCE OF FUNDS	50,764,800	54,764,800	54,764,800	50,764,800	50,764,800

These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus. The recommended budget includes \$10,000,000 each year in anticipation of Necessary Government Expenses.

The current level of funding (\$50,764,800) represents approximately 0.7 percent of recommended General Fund appropriations in fiscal year 2006. KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts.

The Budget Reserve Trust Fund was reduced by \$4,000,000 by Budget Reduction Order 04-01.

**Statewide
Necessary Government Expense**

	Revised FY 2004	Requested FY 2005	Requested FY 2006	Recommended FY 2005	Recommended FY 2006
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				10,000,000	10,000,000
Total General Fund				10,000,000	10,000,000
TOTAL SOURCE OF FUNDS				10,000,000	10,000,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits				10,000,000	10,000,000
TOTAL EXPENDITURES				10,000,000	10,000,000
EXPENDITURES BY FUND SOURCE					
General Fund				10,000,000	10,000,000
TOTAL EXPENDITURES				10,000,000	10,000,000

Any necessary government expenditures for fiscal year 2003-2004 will be displayed as mandated allotments in the individual budget units throughout the Governor's recommended budget.

Policy

The Governor's recommended budget includes \$10,000,000 in General Funds in fiscal year 2004-2005 and \$10,000,000 in General Funds in fiscal year 2005-2006 for any expense deemed to be a necessary government expense including those specifically deemed as such in the Appropriations Bill. This money will permit the Commonwealth to respond promptly in order to fund those expenses that are unforeseen at present but can happen at any moment. Examples of the type of expenditures that could be made are expenditures for the Governor's call of the National Guard to Active Duty, expenses related to fires and floods and other natural disasters, and Court judgments against the Commonwealth.