

# 2008 - 2010 EXECUTIVE BUDGET

## VOLUME I



**STEVEN L.  
BESHEAR**

GOVERNOR,  
COMMONWEALTH  
OF KENTUCKY

**MARY E.  
LASSITER**

STATE  
BUDGET  
DIRECTOR

*Kentucky*  
UNBRIDLED SPIRIT

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<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,014,177,200	11,398,421,150	12,352,779,350	8,867,125,200	9,081,905,100
Special Appropriation	32,066,800				
Current Year Appropriation	150,303,300	340,600	341,900		
Continuing Appropriation	277,526,600	232,489,700	232,489,700	215,775,400	26,000,000
Budget Reduction	-65,262,416				
Salary Compensation Fund		778,200	778,200		
Base Deduction	-17,377,500				
Mandated Allotments	47,714,600				
Other	9,379,100	2,000,000	2,000,000		
<b>Total General Fund</b>	<u>9,448,527,684</u>	<u>11,634,029,650</u>	<u>12,588,389,150</u>	<u>9,082,900,600</u>	<u>9,107,905,100</u>
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	94,000,000	120,109,300	121,999,200	119,690,000	121,580,000
Continuing Appropriation	57,159,100	28,921,200	15,978,400	19,903,700	6,960,900
Other	23,470,000				
<b>Total Tobacco Settlement-Phase I</b>	<u>174,629,100</u>	<u>149,030,500</u>	<u>137,977,600</u>	<u>139,593,700</u>	<u>128,540,900</u>
<b>Restricted Funds</b>					
Balance Forward	440,278,134	278,497,978	253,219,955	230,962,100	164,386,900
Current Receipts	4,429,451,707	4,590,974,400	4,750,683,700	4,426,437,300	4,438,469,200
Non-Revenue Receipts	979,417,459	715,972,600	732,471,300	705,165,900	670,580,800
Fund Transfers	-108,383,400			-111,561,100	-49,285,700
<b>Total Restricted Funds</b>	<u>5,740,763,900</u>	<u>5,585,444,978</u>	<u>5,736,374,955</u>	<u>5,251,004,200</u>	<u>5,224,151,200</u>
<b>Federal Funds</b>					
Balance Forward	73,722,400	34,714,845	26,082,500	36,509,100	29,245,800
Current Receipts	7,511,242,200	7,952,724,155	8,237,254,800	7,647,696,100	7,876,838,700
Non-Revenue Receipts	5,898,300	5,450,800	5,405,800	5,209,500	5,158,800
<b>Total Federal Funds</b>	<u>7,590,862,900</u>	<u>7,992,889,800</u>	<u>8,268,743,100</u>	<u>7,689,414,700</u>	<u>7,911,243,300</u>
<b>Road Fund</b>					
Regular Appropriation	1,255,136,900	1,342,901,500	1,427,431,300	1,297,614,400	1,397,823,400
Surplus Expenditure Plan	21,163,300				
Current Year Appropriation	98,100				
Other-Road	20,771,400				
<b>Total Road Fund</b>	<u>1,297,169,700</u>	<u>1,342,901,500</u>	<u>1,427,431,300</u>	<u>1,297,614,400</u>	<u>1,397,823,400</u>
<b>Highway Bonds</b>					
Balance Forward	45,755,300				
Non-Revenue Receipts	350,000,000			50,000,000	
<b>Total Highway Bonds</b>	<u>395,755,300</u>			<u>50,000,000</u>	
<b>TOTAL SOURCE OF FUNDS</b>	<u>24,647,708,584</u>	<u>26,704,296,428</u>	<u>28,158,916,105</u>	<u>23,510,527,600</u>	<u>23,769,663,900</u>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,140,728,800	6,059,792,700	6,405,415,700	5,080,218,900	5,157,351,000
Operating Expenses	2,462,085,900	2,652,882,738	2,737,725,038	2,423,626,800	2,441,835,300
Grants, Loans or Benefits	13,640,515,700	15,175,390,750	15,935,496,950	13,518,093,300	13,848,330,300
Debt Service	766,612,400	878,300,700	1,054,290,300	844,130,000	861,965,500
Capital Outlay	200,871,200	220,429,500	215,045,700	174,018,600	174,069,000
Construction	1,735,723,000	1,002,618,662	1,088,884,962	1,051,571,000	1,104,397,900
<b>TOTAL EXPENDITURES</b>	<u>23,946,537,000</u>	<u>25,989,415,050</u>	<u>27,436,858,650</u>	<u>23,091,658,600</u>	<u>23,587,949,000</u>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,046,148,500	11,401,439,950	12,358,020,450	8,864,625,200	9,079,680,100
Tobacco Settlement-Phase I	143,307,900	133,052,100	128,960,100	132,632,800	128,540,900
Restricted Funds	5,509,801,800	5,338,585,423	5,502,094,500	5,086,617,300	5,092,548,900

Federal Funds	7,554,353,800	7,968,590,600	8,252,858,700	7,660,168,900	7,889,355,700
Road Fund	1,297,169,700	1,342,901,500	1,427,431,300	1,297,614,400	1,397,823,400
Highway Bonds	395,755,300			50,000,000	
<b>TOTAL EXPENDITURES</b>	<b>23,946,537,000</b>	<b>26,184,569,573</b>	<b>27,669,365,050</b>	<b>23,091,658,600</b>	<b>23,587,949,000</b>
<b>EXPENDITURES BY UNIT</b>					
General Government	1,062,929,700	1,626,008,000	1,742,903,300	976,936,700	1,007,338,500
Commerce	223,053,800	281,738,150	296,402,950	209,359,800	212,577,100
Economic Development	65,453,600	62,014,200	70,297,000	27,520,800	30,000,900
Department of Education	4,513,631,100	5,171,231,700	5,519,515,400	4,526,375,900	4,548,288,600
Education Cabinet	874,572,800	918,067,700	928,242,000	857,170,400	853,995,600
Environmental and Public Protection	627,912,000	674,317,900	702,187,900	557,174,700	581,401,100
Finance and Administration	560,589,600	793,929,900	803,335,500	729,598,700	729,327,100
Health and Family Services	7,129,672,900	7,856,859,800	8,257,142,000	7,221,261,200	7,498,174,900
Justice and Public Safety	876,905,300	1,093,512,623	1,141,848,500	858,148,100	890,353,800
Personnel	53,013,600	61,644,300	64,105,300	56,261,900	57,632,600
Postsecondary Education	5,105,569,000	5,532,349,000	5,927,018,300	4,957,260,100	4,984,559,400
Transportation	2,853,233,600	2,112,896,300	2,216,366,900	2,114,590,300	2,194,299,400
<b>TOTAL EXPENDITURES</b>	<b>23,946,537,000</b>	<b>26,184,569,573</b>	<b>27,669,365,050</b>	<b>23,091,658,600</b>	<b>23,587,949,000</b>

# General Government

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**General Government**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	617,619,500	1,203,205,600	1,305,276,800	573,768,100	615,191,500
Special Appropriation	5,400,000				
Current Year Appropriation		302,000	303,300		
Continuing Appropriation	4,978,700				
Budget Reduction	-2,226,400				
Salary Compensation Fund	3,007,500	35,200	35,200		
Base Deduction	-561,100				
Mandated Allotments	34,154,000				
Other	9,379,100				
<b>Total General Fund</b>	<b>671,751,300</b>	<b>1,203,542,800</b>	<b>1,305,615,300</b>	<b>573,768,100</b>	<b>615,191,500</b>
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	20,065,100	35,312,800	36,256,400	35,291,000	36,234,600
Continuing Appropriation	28,052,700	19,903,700	6,960,900	19,903,700	6,960,900
Other	11,735,000				
<b>Total Tobacco Settlement-Phase I</b>	<b>59,852,800</b>	<b>55,216,500</b>	<b>43,217,300</b>	<b>55,194,700</b>	<b>43,195,500</b>
<b>Restricted Funds</b>					
Balance Forward	54,345,703	46,008,357	37,906,957	35,763,600	28,628,400
Current Receipts	103,790,519	111,772,700	113,851,400	103,158,700	103,811,600
Non-Revenue Receipts	45,042,778	55,427,700	78,538,800	50,586,200	50,539,000
Fund Transfers	-10,938,600			-2,257,000	-2,107,000
<b>Total Restricted Funds</b>	<b>192,240,400</b>	<b>213,208,757</b>	<b>230,297,157</b>	<b>187,251,500</b>	<b>180,872,000</b>
<b>Federal Funds</b>					
Balance Forward	21,475,900	22,420,200	12,799,800	22,363,500	11,182,300
Current Receipts	209,989,300	189,507,000	185,293,100	187,630,500	183,733,100
Non-Revenue Receipts	-3,000,000	-3,000,000	-3,000,000	-3,000,000	-3,000,000
<b>Total Federal Funds</b>	<b>228,465,200</b>	<b>208,927,200</b>	<b>195,092,900</b>	<b>206,994,000</b>	<b>191,915,400</b>
<b>Road Fund</b>					
Regular Appropriation	600,000	620,000	627,900	500,000	500,000
<b>Total Road Fund</b>	<b>600,000</b>	<b>620,000</b>	<b>627,900</b>	<b>500,000</b>	<b>500,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,152,909,700</b>	<b>1,681,515,257</b>	<b>1,774,850,557</b>	<b>1,023,708,300</b>	<b>1,031,674,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	247,643,300	333,411,800	357,307,500	240,393,500	248,145,300
Operating Expenses	86,849,600	100,752,700	100,023,200	83,409,600	83,882,200
Grants, Loans or Benefits	584,526,600	858,884,900	876,805,000	532,345,500	540,850,300
Debt Service	137,290,800	129,537,500	168,818,700	116,095,400	129,986,000
Capital Outlay	4,710,000	4,670,000	4,095,900	3,058,300	3,215,300
Construction	1,909,400	3,594,600	3,219,600	1,634,400	1,259,400
<b>TOTAL EXPENDITURES</b>	<b>1,062,929,700</b>	<b>1,430,851,500</b>	<b>1,510,269,900</b>	<b>976,936,700</b>	<b>1,007,338,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	659,802,100	1,203,542,800	1,305,615,300	573,768,100	615,191,500
Tobacco Settlement-Phase I	39,949,100	48,255,600	43,217,300	48,233,800	43,195,500
Restricted Funds	156,476,800	177,462,200	201,542,100	158,623,100	156,537,200
Federal Funds	206,101,700	196,127,400	191,900,700	195,811,700	191,914,300
Road Fund	600,000	620,000	627,900	500,000	500,000
<b>TOTAL EXPENDITURES</b>	<b>1,062,929,700</b>	<b>1,626,008,000</b>	<b>1,742,903,300</b>	<b>976,936,700</b>	<b>1,007,338,500</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Governor	9,998,900	11,926,200	12,513,100	9,390,300	8,949,500
Office of State Budget Director	4,945,800	5,247,100	5,554,700	3,926,400	3,877,200
State Planning Fund	250,000	500,000	500,000	220,000	220,000

Energy Policy	14,560,700	10,276,300	9,781,300	6,822,800	6,663,000
Homeland Security	28,624,400	28,762,200	24,446,100	27,991,900	24,104,600
Veterans' Affairs	43,949,300	58,717,700	63,056,300	43,920,300	45,507,900
Governor's Office of Agricultural Policy	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200
Kentucky Infrastructure Authority	77,554,100	54,405,300	80,291,900	52,881,000	58,168,100
Military Affairs	116,651,600	115,688,500	115,162,000	89,775,000	90,276,700
Commission on Human Rights	2,348,300	7,750,400	8,134,600	2,181,600	2,245,700
Commission on Women	284,800	340,900	359,000	249,900	256,100
Governor's Office for Local Development	97,657,500	77,910,300	75,011,800	68,402,700	68,273,500
Local Government Economic Assistance Fund	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
Local Government Economic Development Fund	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
Area Development Fund	785,400	809,700	809,700	691,200	691,200
Executive Branch Ethics Commission	498,500	578,200	610,900	494,500	494,500
Secretary of State	3,132,500	4,355,600	4,208,400	2,947,000	3,011,000
Board of Elections	4,931,200	16,644,700	15,003,200	17,021,100	15,657,700
Registry of Election Finance	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
Attorney General	26,468,300	34,707,100	36,328,800	24,686,000	25,161,000
Commonwealth's Attorneys	33,579,200	51,131,700	53,751,200	33,879,300	34,679,100
County Attorneys	28,839,800	42,030,500	44,701,100	28,545,100	29,800,800
Treasury	3,178,400	4,047,700	4,208,400	2,962,900	2,978,700
Agriculture	34,484,500	43,367,800	44,648,000	31,075,500	31,504,100
Auditor of Public Accounts	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
Personnel Board	767,100	946,000	1,039,800	740,700	793,800
Kentucky Retirement Systems	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
Occupational & Professional Boards & Commissions	19,534,100	22,074,500	22,928,000	19,739,200	19,959,300
Kentucky River Authority	2,506,200	7,251,600	6,922,000	4,747,200	5,143,900
School Facilities Construction Commission	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200
Teachers' Retirement System	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600
Judgments	635,100	2,500,000	2,500,000		
Appropriations Not Otherwise Classified	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500
<b>TOTAL EXPENDITURES</b>	<b>1,062,929,700</b>	<b>1,626,008,000</b>	<b>1,742,903,300</b>	<b>976,936,700</b>	<b>1,007,338,500</b>

**General Government  
Office of the Governor**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,816,100	11,538,000	12,124,900	8,480,200	8,665,800
Budget Reduction	-226,600				
Salary Compensation Fund	32,800				
<b>Total General Fund</b>	<b>9,622,300</b>	<b>11,538,000</b>	<b>12,124,900</b>	<b>8,480,200</b>	<b>8,665,800</b>
<b>Restricted Funds</b>					
Balance Forward	1,193,800	1,193,800	1,193,800	1,193,800	283,700
Current Receipts	388,200	388,200	388,200		
Fund Transfers	-11,600				
<b>Total Restricted Funds</b>	<b>1,570,400</b>	<b>1,582,000</b>	<b>1,582,000</b>	<b>1,193,800</b>	<b>283,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>11,192,700</b>	<b>13,120,000</b>	<b>13,706,900</b>	<b>9,674,000</b>	<b>8,949,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	6,046,800	7,806,600	8,393,500	6,006,300	5,895,200
Operating Expenses	1,832,200	1,882,600	1,882,600	1,581,200	1,251,500
Grants, Loans or Benefits	2,119,900	2,237,000	2,237,000	1,802,800	1,802,800
<b>TOTAL EXPENDITURES</b>	<b>9,998,900</b>	<b>11,926,200</b>	<b>12,513,100</b>	<b>9,390,300</b>	<b>8,949,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	9,622,300	11,538,000	12,124,900	8,480,200	8,665,800
Restricted Funds	376,600	388,200	388,200	910,100	283,700
<b>TOTAL EXPENDITURES</b>	<b>9,998,900</b>	<b>11,926,200</b>	<b>12,513,100</b>	<b>9,390,300</b>	<b>8,949,500</b>
<b>EXPENDITURES BY UNIT</b>					
Governor	5,967,000	7,288,800	7,720,300	5,920,800	5,441,400
Governor's Office Expense Allowance	21,000	21,000	21,000	21,000	21,000
Lieutenant Governor	431,400	549,700	608,400	429,700	443,000
Lt. Governor's Expense Allowance	12,000	12,000	12,000	12,000	12,000
Secretary of the Cabinet	445,000	506,600	528,700	303,000	311,100
Kentucky Commission on Military Affairs	381,700	579,200	608,700	323,000	329,500
Office of Minority Empowerment	329,000	402,200	420,200	279,800	286,000
Faith Based Initiatives	174,900	212,600	226,600	162,200	162,300
Governor's Scholars	2,236,900	2,354,100	2,367,200	1,938,800	1,943,200
<b>TOTAL EXPENDITURES</b>	<b>9,998,900</b>	<b>11,926,200</b>	<b>12,513,100</b>	<b>9,390,300</b>	<b>8,949,500</b>

The Governor serves as the chief administrator of the Commonwealth and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies to executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

The Lieutenant Governor is a constitutional officer elected jointly with the Governor. The Lieutenant Governor is to assume the duties and responsibilities of the Office of the Governor should the Governor be impeached or removed from Office, die, fail to qualify, resign, or be unable to discharge the duties of that office. Additional duties of the Lieutenant Governor include serving on various boards and commissions, serving on Kentucky delegations to several interstate compact commissions, and appointing members to various boards.



The Secretary of the Executive Cabinet develops and implements the major program decisions for the Executive Branch of government. As part of these duties, the Secretary of the Cabinet oversees the administration of the various cabinets and agencies of state government and coordinates legislative policy for the Governor. This role promotes cooperation and coordination among all agencies and programs of state government.

The Military Affairs Commission (KRS 154.12-203) has been a part of the Office of the Governor since 1996. The Commission serves in an advisory capacity to the Governor, the General Assembly, the Kentucky Congressional Delegation, and other appropriate government officials. This commission is designed to support the U.S. military's widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

The Office of Minority Empowerment was established within the Office of the Governor pursuant to Executive Order 2004-481. The 2005 Regular Session of the General Assembly permanently established the Office in KRS 12.023. The primary purpose of the Office is to help minorities realize full access to their government and be responsive to the needs of Kentucky's minority community. More specifically, the Office is charged with the responsibility of developing policies affecting Kentucky's minority community in the areas of economic empowerment, health care, housing, education, government services, and the criminal justice system. The Office also will maximize economic opportunities for minorities by reviewing state contracts awarded to minority businesses and reviewing job training and technical education initiatives to ensure and enhance the effectiveness of such programs. The constituents served by this office include, but are not limited to, minority individuals as defined and referenced in KRS 12.070, such as Native Americans, Alaskan Natives, African Americans, Hispanics, the disabled community, small-, minority-, and woman-owned businesses, and other underrepresented ethnic groups.

The 2005 Regular Session of the General Assembly created the Office for Faith-Based and Community Nonprofit Social Services in House Bill 383, placing it within the Governor's Office. The program is statutorily established in KRS 12.510. The Office will have lead responsibility in the Executive Branch to establish policies, priorities, and objectives for State Government's comprehensive effort to enlist, equip, enable, empower, and expand the work of faith-based and other community organizations to the extent permitted by law. The office is patterned closely with a similar effort at the federal government level begun in 2001.

The Governor's Scholars Program, formerly in the Education, Arts and Humanities Cabinet, was administratively attached to the Office of the Governor by the 2005 Session of the General Assembly through the passage of Senate Bill 134. The program is statutorily established in KRS 158.796. The Governor's Scholars Program was created to motivate and empower our brightest young people to become effective citizens with a zeal for excellence and a mind for innovation. The Governor's Scholars Program (GSP) is a five-week, residential program for approximately 1,100 outstanding Kentucky students completing their junior year in high school. The program is held annually, free of charge for participants, on three Kentucky college campuses. Scholars from across the Commonwealth are competitively chosen from all accredited public and private schools.

## **Policy**

Included in the Governor's recommended budget is a General Fund appropriation in the amount of \$30,000 in fiscal year 2008-2009 and \$30,000 in fiscal year 2009-2010 for the Lieutenant Governor's Office for an allowance of up to \$2,500 monthly as a housing allowance.

**General Government  
Office of State Budget Director**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,433,400	5,247,100	5,554,700	3,791,900	3,791,900
Budget Reduction	-133,300				
Salary Compensation Fund	8,900				
<b>Total General Fund</b>	<b>4,309,000</b>	<b>5,247,100</b>	<b>5,554,700</b>	<b>3,791,900</b>	<b>3,791,900</b>
<b>Restricted Funds</b>					
Balance Forward	856,600	219,800	219,800	219,800	85,300
<b>Total Restricted Funds</b>	<b>856,600</b>	<b>219,800</b>	<b>219,800</b>	<b>219,800</b>	<b>85,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,165,600</b>	<b>5,466,900</b>	<b>5,774,500</b>	<b>4,011,700</b>	<b>3,877,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,227,400	4,527,500	4,840,100	3,206,800	3,211,800
Operating Expenses	718,400	719,600	714,600	719,600	665,400
<b>TOTAL EXPENDITURES</b>	<b>4,945,800</b>	<b>5,247,100</b>	<b>5,554,700</b>	<b>3,926,400</b>	<b>3,877,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,309,000	5,247,100	5,554,700	3,791,900	3,791,900
Restricted Funds	636,800			134,500	85,300
<b>TOTAL EXPENDITURES</b>	<b>4,945,800</b>	<b>5,247,100</b>	<b>5,554,700</b>	<b>3,926,400</b>	<b>3,877,200</b>
<b>EXPENDITURES BY UNIT</b>					
Budget & Policy Analysis	3,779,900	3,854,900	4,076,200	2,994,600	2,945,400
Gov Office for Policy Research	552,500	667,800	709,500	407,700	407,700
Gov Office for Economic Analysis	613,400	724,400	769,000	524,100	524,100
<b>TOTAL EXPENDITURES</b>	<b>4,945,800</b>	<b>5,247,100</b>	<b>5,554,700</b>	<b>3,926,400</b>	<b>3,877,200</b>

The Office of the State Budget Director, created in KRS 11.068, includes the Governor's Office for Policy and Management (GOPM), the Governor's Office for Policy Research (GOPR), and the Governor's Office for Economic Analysis (GOEA). Under the direction of the State Budget Director, these Offices serve as staff to the Governor, the Governor's Chief of Staff, the Secretary of the Cabinet, and the Secretary of the Finance and Administration Cabinet.

The Governor's Office for Policy and Management (GOPM) prepares the Executive Budget, the Governor's overall financial plan for state government. The preparation of the budget includes the transmittal of information and necessary forms to state agencies, assisting those agencies in the preparation of their budget requests, analyzing the requests, and making recommendations to the Governor. Following enactment of the budget by the General Assembly, GOPM helps agencies implement the appropriations acts through their expenditures for program activities.

The Governor's Office for Policy Research (GOPR) performs research and analysis on public policy issues important to the Commonwealth.

The Governor's Office for Economic Analysis (GOEA) assists the State Budget Director and the Consensus Forecasting Group in providing timely and accurate estimates of General Fund and Road Fund receipts used to build and implement the Budget of the Commonwealth. On October 15 of each odd-numbered year, a preliminary detailed estimate of revenues for the next two fiscal years is presented to the head of the budgeting agency for each branch of state government. The following January, a revised estimate is prepared and presented along with the Governor's Executive Budget recommendation to the General Assembly.

**General Government  
State Planning Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	250,000	500,000	500,000	220,000	220,000
<b>Total General Fund</b>	250,000	500,000	500,000	220,000	220,000
<b>TOTAL SOURCE OF FUNDS</b>	250,000	500,000	500,000	220,000	220,000
<b>EXPENDITURES BY CLASS</b>					
Grants, Loans or Benefits	250,000	500,000	500,000	220,000	220,000
<b>TOTAL EXPENDITURES</b>	250,000	500,000	500,000	220,000	220,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	250,000	500,000	500,000	220,000	220,000
<b>TOTAL EXPENDITURES</b>	250,000	500,000	500,000	220,000	220,000

The State Planning Fund supports statewide planning projects designed to improve the delivery of government services. Under Chapter 147 of the Kentucky Revised Statutes, overall planning and development functions are responsibilities of the Governor's Cabinet. KRS 147.075 delegates these functions to a Cabinet committee, designated as the State Planning Committee, which fulfills these responsibilities through its management of the State Planning Fund. The State Planning Committee includes the Governor, representatives from the various program cabinets, and the State Budget Director. The Governor serves as the Chairman of the Committee and the State Budget Director serves as its Secretary. The Governor's Office for Policy and Management reviews proposed planning projects, makes recommendations for funding to the Governor and the other members of the State Planning Committee, and provides staff support to the Committee.

**General Government  
Energy Policy**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,341,500	3,390,000	3,520,900	1,869,200	1,902,600
Special Appropriation	5,000,000				
Budget Reduction	-220,300				
Salary Compensation Fund	2,900				
<b>Total General Fund</b>	<b>7,124,100</b>	<b>3,390,000</b>	<b>3,520,900</b>	<b>1,869,200</b>	<b>1,902,600</b>
<b>Restricted Funds</b>					
Balance Forward	2,020,900	625,900		193,200	
Current Receipts	105,000	105,000	105,000	105,000	105,000
Non-Revenue Receipts	3,900,000	5,400,000	5,400,000	3,900,000	3,900,000
<b>Total Restricted Funds</b>	<b>6,025,900</b>	<b>6,130,900</b>	<b>5,505,000</b>	<b>4,198,200</b>	<b>4,005,000</b>
<b>Federal Funds</b>					
Current Receipts	1,603,900	755,400	755,400	755,400	755,400
<b>Total Federal Funds</b>	<b>1,603,900</b>	<b>755,400</b>	<b>755,400</b>	<b>755,400</b>	<b>755,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>14,753,900</b>	<b>10,276,300</b>	<b>9,781,300</b>	<b>6,822,800</b>	<b>6,663,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,192,600	1,729,600	1,860,500	1,127,400	1,160,800
Operating Expenses	194,600	203,200	203,200	194,800	195,100
Grants, Loans or Benefits	13,173,500	8,343,500	7,717,600	5,500,600	5,307,100
<b>TOTAL EXPENDITURES</b>	<b>14,560,700</b>	<b>10,276,300</b>	<b>9,781,300</b>	<b>6,822,800</b>	<b>6,663,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,124,100	3,390,000	3,520,900	1,869,200	1,902,600
Restricted Funds	5,832,700	6,130,900	5,505,000	4,198,200	4,005,000
Federal Funds	1,603,900	755,400	755,400	755,400	755,400
<b>TOTAL EXPENDITURES</b>	<b>14,560,700</b>	<b>10,276,300</b>	<b>9,781,300</b>	<b>6,822,800</b>	<b>6,663,000</b>
<b>EXPENDITURES BY UNIT</b>					
Energy Policy	14,560,700	10,276,300	9,781,300	6,822,800	6,663,000
<b>TOTAL EXPENDITURES</b>	<b>14,560,700</b>	<b>10,276,300</b>	<b>9,781,300</b>	<b>6,822,800</b>	<b>6,663,000</b>

The Kentucky Office of Energy Policy in the Commerce Cabinet was established in 2005 by the General Assembly. The Office was moved to the Governor's Office and renamed the Governor's Office of Energy Policy as part of House Bill 1, passed during the 2007 Second Extraordinary Session and signed into law in August 2007.

The Governor's Office of Energy Policy oversees the development and implementation of Kentucky's comprehensive energy strategy; provides leadership to enhance the benefits of energy efficiency and alternative energy through supporting awareness, technology development, energy preparedness, partnerships, and resource development. Additionally, the Office enhances the economic opportunities and benefits to Kentucky citizens and industry by expanding current markets and developing market opportunities for Kentucky coal, natural gas, petroleum, oil shale, tar sands, liquid and gaseous fuels from coal, and chemicals from coal.

To the extent that funding is available the Office administers grant programs to support energy-related research, development, and demonstration, including supporting multi-state cooperative regional partnerships and research initiatives. The Office also develops and implements programs for the development, conservation, and utilization of energy in a manner

that meets essential human needs while maintaining growth of the Kentucky economy at the highest feasible level. This includes providing technical assistance to the Finance and Administration Cabinet in implementing the Energy Efficiency in Government Buildings Program. The Office also enters into agreements, administers grant programs, and serves as a liaison with the federal government and other states in matters relating to energy; and participates in the review of applications and, upon request of the Kentucky Economic Development Finance Authority, assists in monitoring tax incentive agreements as provided in Subchapter 27 of KRS Chapter 154.

**Policy**

Included in the Executive Budget is \$3.5 million in Restricted Funds in each year of fiscal biennium 2009-10 for research grants. These funds will originate from the Local Government Economic Development Fund Multi-county Fund (coal severance tax).

Included in the Executive Budget is \$400,000 in each year of fiscal biennium 2009-10 to be paid to the State Treasury and credited to the Office of Energy Policy for the purpose of public education of coal-related issues pursuant to KRS 132.020(5).

**General Government  
Homeland Security**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	350,000	744,000	808,300	246,100	290,000
Budget Reduction	-10,800				
Salary Compensation Fund	10,100	10,100	10,100		
<b>Total General Fund</b>	<b>349,300</b>	<b>754,100</b>	<b>818,400</b>	<b>246,100</b>	<b>290,000</b>
<b>Restricted Funds</b>					
Balance Forward	423,000	317,400	243,700	317,400	386,000
Current Receipts	517,300	668,600	727,500	668,600	727,500
Non-Revenue Receipts	12,100	12,900	13,700	12,900	13,700
<b>Total Restricted Funds</b>	<b>952,400</b>	<b>998,900</b>	<b>984,900</b>	<b>998,900</b>	<b>1,127,200</b>
<b>Federal Funds</b>					
Current Receipts	27,290,100	26,882,900	22,468,600	26,882,900	22,951,700
<b>Total Federal Funds</b>	<b>27,290,100</b>	<b>26,882,900</b>	<b>22,468,600</b>	<b>26,882,900</b>	<b>22,951,700</b>
<b>Road Fund</b>					
Regular Appropriation	350,000	370,000	377,900	250,000	250,000
<b>Total Road Fund</b>	<b>350,000</b>	<b>370,000</b>	<b>377,900</b>	<b>250,000</b>	<b>250,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>28,941,800</b>	<b>29,005,900</b>	<b>24,649,800</b>	<b>28,377,900</b>	<b>24,618,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,956,800	3,052,100	3,243,000	1,988,500	2,032,400
Operating Expenses	597,300	605,900	605,900	835,600	1,406,300
Grants, Loans or Benefits	26,060,900	25,160,300	20,658,400	25,158,400	20,656,500
Construction	9,400	9,500	9,500	9,400	9,400
<b>TOTAL EXPENDITURES</b>	<b>28,624,400</b>	<b>28,827,800</b>	<b>24,516,800</b>	<b>27,991,900</b>	<b>24,104,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	349,300	754,100	818,400	246,100	290,000
Restricted Funds	635,000	755,200	781,200	612,900	612,900
Federal Funds	27,290,100	26,882,900	22,468,600	26,882,900	22,951,700
Road Fund	350,000	370,000	377,900	250,000	250,000
<b>TOTAL EXPENDITURES</b>	<b>28,624,400</b>	<b>28,762,200</b>	<b>24,446,100</b>	<b>27,991,900</b>	<b>24,104,600</b>
<b>EXPENDITURES BY UNIT</b>					
Office of Homeland Security	28,624,400	28,762,200	24,446,100	27,991,900	24,104,600
<b>TOTAL EXPENDITURES</b>	<b>28,624,400</b>	<b>28,762,200</b>	<b>24,446,100</b>	<b>27,991,900</b>	<b>24,104,600</b>

The Kentucky Office of Homeland Security (KOHS) was created within the Office of the Governor to coordinate efforts with public and private partners on issues affecting homeland security. KOHS focuses on preparing Kentucky for manmade or natural disasters. Although its primary role is to serve as the state's administrative liaison with the U. S. Department of Homeland Security, KOHS has initiated a comprehensive prevention-focused homeland security strategy to ensure Kentucky's communities, first responders and families have the resources and information necessary to be prepared for disaster or attack.

The Commercial Mobile Radio Service Emergency Telecommunications Board (CMRS) is administratively attached to the Kentucky Office of Homeland Security. The CMRS Board collects user fees monthly from subscribers of the approximately 35 wireless carriers providing wireless telephone service in Kentucky. These fees are used to fund technology upgrades at Kentucky's enhanced 911 centers and to enhance the networks operated by the carriers.

**General Government  
Veterans' Affairs**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	16,669,700	32,683,700	36,449,200	17,488,400	18,548,200
Salary Compensation Fund	844,100				
<b>Total General Fund</b>	<b>17,513,800</b>	<b>32,683,700</b>	<b>36,449,200</b>	<b>17,488,400</b>	<b>18,548,200</b>
<b>Restricted Funds</b>					
Balance Forward	2,800				
Current Receipts	26,151,700	26,034,000	26,607,100	26,431,900	26,959,700
Non-Revenue Receipts	281,000				
<b>Total Restricted Funds</b>	<b>26,435,500</b>	<b>26,034,000</b>	<b>26,607,100</b>	<b>26,431,900</b>	<b>26,959,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>43,949,300</b>	<b>58,717,700</b>	<b>63,056,300</b>	<b>43,920,300</b>	<b>45,507,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	36,711,200	47,632,100	51,537,600	37,335,900	38,802,000
Operating Expenses	6,841,000	8,055,600	8,488,700	6,359,600	6,481,100
Grants, Loans or Benefits	217,500	3,030,000	3,030,000	217,500	217,500
Debt Service	168,000				
Capital Outlay	11,600			7,300	7,300
<b>TOTAL EXPENDITURES</b>	<b>43,949,300</b>	<b>58,717,700</b>	<b>63,056,300</b>	<b>43,920,300</b>	<b>45,507,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	17,513,800	32,683,700	36,449,200	17,488,400	18,548,200
Restricted Funds	26,435,500	26,034,000	26,607,100	26,431,900	26,959,700
<b>TOTAL EXPENDITURES</b>	<b>43,949,300</b>	<b>58,717,700</b>	<b>63,056,300</b>	<b>43,920,300</b>	<b>45,507,900</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office, Field Serv's & Cemeteries	3,941,100	8,759,300	9,655,500	3,668,200	3,762,300
Kentucky Veterans' Centers	40,008,200	49,958,400	53,400,800	40,252,100	41,745,600
<b>TOTAL EXPENDITURES</b>	<b>43,949,300</b>	<b>58,717,700</b>	<b>63,056,300</b>	<b>43,920,300</b>	<b>45,507,900</b>

The Kentucky Department of Veterans' Affairs (KDVA), established by KRS 40.300, assists over 370,000 Kentucky veterans and their families in applying for federal, state, and local veteran's benefits. Services include: benefits counseling and claims processing regarding the existence or availability of educational, training, and retraining facilities; health, medical rehabilitation, and housing services and facilities; employment and reemployment services; and provision of services under federal, state, and local laws affording rights, privileges, and benefits to eligible veterans and their dependents. These services are supported by a cooperative network of veterans' benefits field representatives, volunteers, and personal service contracts with major veterans' organizations.

Pursuant to KRS 40.325, the Office of Kentucky Veterans' Centers within the KDVA manages Kentucky's three state veterans' nursing homes, which serve the long-term nursing care needs of Kentucky's elderly veteran population, which includes about 110,000 of Kentucky's veterans.

The Thomson-Hood Veterans' Center, located in Wilmore in Jessamine County, is a 300-bed long-term nursing care facility specifically for Kentucky's elderly veteran population. The Eastern and Western Kentucky Veterans' Centers, located in Hazard (Perry County), and Hanson (Hopkins County), opened in 2002. Each is a 120-bed facility that includes in-house physician care, nurse practitioners, 24-hour nursing staff, and staffing for a rehab therapy department, barbershop, library, gift shop, laundry facility, a dietary department, and an employee child care facility.

The KDVA is required by KRS 40.315 to establish and maintain Kentucky state veterans' cemeteries. The Kentucky Veterans' Cemetery-West is located on Highway 41A south of Hopkinsville. The Veterans' Cemetery-Central in Ft. Knox opened in June 2007. Each facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path and landscaping. A third veterans' cemetery, Veterans' Cemetery-North near Williamstown, is currently under construction and expected to open in early fiscal year 2009. Two other veterans' cemeteries, the Veterans' Cemetery-Northeast in Greenup County and the Veterans Cemetery-Southeast in Leslie County, were authorized by the 2006 General Assembly and are in the process of site selection.

KRS 40.600 established the Women Veterans Program to ensure Kentucky women veterans have equitable access to federal and state veterans' services and benefits. KRS 40.350 established the Wounded or Disabled Veterans Program to assist wounded or disabled veterans in the transition from active service and ensure they receive the federal, state and private benefits to which they are entitled as wounded or disabled veterans.

The KDVA contracts with Volunteers of America to help support the operation of a Homeless Veterans' Transitional Shelter which opened for business in April 2005 on the Leestown Veterans Administration Hospital property in Lexington.

### **Policy**

Included in the above General Fund appropriation is \$263,500 in fiscal year 2009 and \$273,500 in fiscal year 2010 for personnel and operating costs associated with the Veterans' Cemetery-North in Williamstown.



**General Government**  
**Governor's Office of Agricultural Policy**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Continuing Appropriation	4,540,700				
<b>Total General Fund</b>	4,540,700				
<b>Tobacco Settlement-Phase I</b>					
Tobacco Settlement - I	20,065,100	35,312,800	36,256,400	35,291,000	36,234,600
Continuing Appropriation	28,052,700	19,903,700	6,960,900	19,903,700	6,960,900
Other	11,735,000				
<b>Total Tobacco Settlement-Phase I</b>	59,852,800	55,216,500	43,217,300	55,194,700	43,195,500
<b>Restricted Funds</b>					
Balance Forward	694,000	575,100	277,000	75,100	
Current Receipts	451,100	451,100	451,100	472,700	480,700
Fund Transfers	-500,000				
<b>Total Restricted Funds</b>	645,100	1,026,200	728,100	547,800	480,700
<b>TOTAL SOURCE OF FUNDS</b>	65,038,600	56,242,700	43,945,400	55,742,500	43,676,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,073,000	1,405,300	1,511,100	1,112,800	1,147,400
Operating Expenses	251,800	251,800	251,800	251,800	251,800
Grants, Loans or Benefits	43,735,000	47,347,700	42,116,200	47,417,000	42,277,000
<b>TOTAL EXPENDITURES</b>	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,540,700				
Tobacco Settlement-Phase I	39,949,100	48,255,600	43,217,300	48,233,800	43,195,500
Restricted Funds	570,000	749,200	661,800	547,800	480,700
<b>TOTAL EXPENDITURES</b>	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200
<b>EXPENDITURES BY UNIT</b>					
Governor's Office of Agricultural Policy	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200
<b>TOTAL EXPENDITURES</b>	45,059,800	49,004,800	43,879,100	48,781,600	43,676,200

The Governor's Office of Agricultural Policy (GOAP) is the Governor's direct link to the Commonwealth's agricultural industry. The Kentucky Agricultural Development Board, the Kentucky Tobacco Settlement Trust Corporation, the Governor's Commission on Family Farms, the Kentucky Aquaculture Infrastructure Development Fund, the Kentucky Agricultural Resource Development Authority, the Governor's Tobacco Marketing and Export Advisory Council, and the Kentucky Agricultural Finance Corporation are staffed by the employees in this Office.

The Kentucky Agricultural Development Board, authorized in KRS 248.707, distributes funds received by the Commonwealth from the Tobacco Master Settlement Agreement (Phase I money). The Board invests in innovative proposals that increase net farm income and assists tobacco farmers and tobacco-impacted communities by stimulating markets, finding new ways to add value to existing products, and promoting diversification of Kentucky's agricultural economy.

The Agricultural Development Board has fifteen members, described in KRS 248.707(2). They are the Governor, Commissioner of Agriculture, Secretary of the Cabinet for Economic Development, and Director of the University of Kentucky Cooperative Extension Service, along with eleven members appointed by the Governor to staggered terms. Those appointees include representatives of the Kentucky Farm Bureau, the Kentucky Chamber of Commerce, an attorney, an agricultural lender, and seven active farmers.

Half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account, which receives 35 percent of the funds, and a state account that receives the remaining 65 percent. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, and funding for land conservation programs.

Thirty-five percent of funds received into the Agriculture Development Fund are allocated for projects on the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of the 35 percent county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several model programs in which counties may participate. Models have been developed for diversification of products, cattle genetics improvement, handling and storage facilities, fencing, forage improvement, and water resources. Funds are provided as matching grants.

In addition to Phase I, Kentucky tobacco farmers have received annual payments from the National Tobacco Grower Settlement Trust Agreement (Phase II). The Kentucky Tobacco Settlement Trust Corporation (KTSTC), also known as the Phase II Board, is responsible for the creation of a distribution plan and list of eligible recipients for each year of the National Tobacco Growers Settlement Trust. The Grower's Settlement is an agreement reached between the four major cigarette manufacturers and tobacco-growing states to compensate tobacco growers and quota holders for anticipated losses in income due to the Master Settlement Agreement. Payments from the Grower's Settlement Trust Agreement were scheduled to continue through 2010. Since 1999, the KTSTC has certified over \$850 million in direct payments to Kentucky tobacco growers and quota holders. Approximately 163,000 individuals receive payments annually through the Phase II program. A total of 185,000 different individuals have received payment over the past four years. GOAP staff serves the KTSTC to carry out their duties including: management of the claim processing vendor contract, National Trustee relations, public information, publication development, and Board correspondence. This program was funded through fees assessed and paid by the four major tobacco companies. The Phase II agreement says that if government fees paid by the Phase II tobacco companies for the direct benefit to tobacco producer and quota holders exceed that of their remaining obligation under the Phase II agreement, then they no longer have an obligation to pay. The amount to be paid by the tobacco companies under the Fair and Equitable Tobacco Reform Act of 2004 (FETRA) - also known as the "tobacco buyout" - exceeds that of their remaining payments under the Phase II agreement. Therefore, the tobacco companies' obligation to pay Phase II payments ended with the payment in 2005.

In addition to their work with Phase I and Phase II, the staff of GOAP assists the Governor's Commission on Family Farms and the Kentucky Agricultural Resource Development Authority (KARDA). The KARDA is created in KRS 11.170 as an organization of representatives from various commodity groups who inform and advise the Governor on issues related to the Kentucky's agricultural economy. The Commission on Family Farms was created by executive order in April 1998 to advise the Governor on issues related to farm families and rural communities. The staff of GOAP also assists with the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a de jure municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The Governor appoints all of the board members.

#### Policy

Included in the above appropriation of General Fund (Tobacco) is \$20,897,625 and \$21,228,375 respectively in each year of the biennium for the county portion of the Agriculture Development Fund.

**General Government  
Kentucky Infrastructure Authority**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	25,744,100	2,372,900	7,671,000	955,800	6,716,100
Budget Reduction	-62,600				
<b>Total General Fund</b>	<b>25,681,500</b>	<b>2,372,900</b>	<b>7,671,000</b>	<b>955,800</b>	<b>6,716,100</b>
<b>Restricted Funds</b>					
Balance Forward	2,602,000	2,062,644	1,299,444	1,062,600	299,400
Current Receipts	465,500	495,000	494,100	387,800	378,400
Non-Revenue Receipts	747,700	601,600	21,181,600	601,600	601,600
Fund Transfers	-1,052,600				
<b>Total Restricted Funds</b>	<b>2,762,600</b>	<b>3,159,244</b>	<b>22,975,144</b>	<b>2,052,000</b>	<b>1,279,400</b>
<b>Federal Funds</b>					
Current Receipts	53,172,600	53,172,600	53,172,600	53,172,600	53,172,600
Non-Revenue Receipts	-3,000,000	-3,000,000	-3,000,000	-3,000,000	-3,000,000
<b>Total Federal Funds</b>	<b>50,172,600</b>	<b>50,172,600</b>	<b>50,172,600</b>	<b>50,172,600</b>	<b>50,172,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>78,616,700</b>	<b>55,704,744</b>	<b>80,818,744</b>	<b>53,180,400</b>	<b>58,168,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,557,600	3,202,000	3,312,600	2,537,900	2,869,200
Operating Expenses	167,900	203,300	203,300	170,500	168,300
Grants, Loans or Benefits	50,172,600	51,000,000	51,000,000	50,172,600	50,172,600
Debt Service	23,656,000		25,776,000		4,958,000
<b>TOTAL EXPENDITURES</b>	<b>77,554,100</b>	<b>54,405,300</b>	<b>80,291,900</b>	<b>52,881,000</b>	<b>58,168,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	25,681,500	2,372,900	7,671,000	955,800	6,716,100
Restricted Funds	1,700,000	1,859,800	22,448,300	1,752,600	1,279,400
Federal Funds	50,172,600	50,172,600	50,172,600	50,172,600	50,172,600
<b>TOTAL EXPENDITURES</b>	<b>77,554,100</b>	<b>54,405,300</b>	<b>80,291,900</b>	<b>52,881,000</b>	<b>58,168,100</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Infrastructure Authority	77,554,100	54,405,300	80,291,900	52,881,000	58,168,100
<b>TOTAL EXPENDITURES</b>	<b>77,554,100</b>	<b>54,405,300</b>	<b>80,291,900</b>	<b>52,881,000</b>	<b>58,168,100</b>

The Kentucky Infrastructure Authority (KIA), pursuant to KRS Chapter 224A, creates and coordinates regional infrastructure planning to promote higher levels of technical, managerial, and financial capacity of water-based utilities. The agency is also charged with promoting economies of scale among and between utilities to benefit consumers. The authority is administratively attached to the Governor's Office for Local Development.

The agency is authorized to issue notes and bonds to provide infrastructure financing for governmental agencies and investor-owned private utilities. The provisions of KRS 224A.165 dictate certain limits on the amount of notes and bonds the Authority can have outstanding. The purpose of the loans is to assist in financing the construction of infrastructure projects. The Authority also provides grants and subsidized loan incentives.

The following provides a description of the Authority's programs:

**Fund A - Wastewater Revolving Loan Program** - Local wastewater treatment facilities that qualify under the U.S. Environmental Protection Agency (EPA) standards are financed through this program. Jointly administered by the KIA and the Natural Resources Department, loans are provided at below-market interest rates.

**Fund B Revolving Loan/Grant Program** - This fund finances infrastructure that will enhance economic development and job creation. Loans are made to governmental entities that are unable to wholly finance a project through other public grant or loan programs, through commercial credit at reasonable rates, or from their own resources. The loans are offered at or below market interest rates for a term not to exceed 30 years. Grants are available, but are reserved for borrowers facing both a financial hardship and an extreme health hazard.

**Fund B 2020 Program** - This fund provides financing primarily for, but not limited to, water service projects. The fund promotes the merger and consolidation of systems, and encourages the increased financial, managerial, and technical capacity of systems to provide service.

**Fund C - Governmental Agencies Program** - This program provides local governmental agencies access to funding through the municipal bond market at better terms than could be obtained on an independent basis. Loans are available at terms for up to thirty years for any infrastructure owned by governmental entities in the Commonwealth. The loans may be used to fund totally a construction project or they can be used to supplement grants or cash contributions.

**Fund F - Drinking Water Revolving Loan Fund** - This fund was established to assist in financing local drinking water treatment and distribution facilities that qualify under EPA requirements. Projects must be recommended by the Kentucky Division of Water from the Project Priority List and must be financially feasible as determined by KIA staff. Loan funds are available on short terms for planning and preliminary design work.

**Coal Development and Tobacco Development Funds** - These funds were created by the 2003 Regular Session of the General Assembly to support various water and sewer projects in Coal Producing and Tobacco Producing Counties. The Authority coordinates the process of implementation and provides project administration for the projects funded in these programs.

**Infrastructure for Economic Development Funds** - These funds were authorized by the 2005 and 2006 General Assembly for an array of water and sewer projects included in the Commonwealth budget by specific designation. The Authority coordinates the implementation process and provides project administration for the projects funded in these programs.

## Policy

The Executive Budget includes General Fund appropriations in the amount of \$370,000 in fiscal year 2009 and \$370,000 in fiscal year 2010 from the Local Government Economic Development Fund to support services provided to coal producing counties by KIA.

Included in the General Fund appropriation is \$269,000 in fiscal year 2010 for initial debt service to support \$4,000,000 in bonds to match \$20,000,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$269,000 in fiscal year 2010 for initial debt service to support \$4,000,000 in bonds to match \$20,000,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

Included in the General Fund appropriation is \$4,420,000 in fiscal year 2010 for initial debt service to support a new \$50,000,000 bond pool for the Infrastructure for Economic Development Fund for Coal-Producing Counties.

**General Government  
Military Affairs**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,934,000	28,809,200	27,255,800	10,130,800	10,368,800
Budget Reduction	-221,800				
Salary Compensation Fund	214,000				
Base Deduction	-500,000				
Mandated Allotments	5,000,000				
<b>Total General Fund</b>	<b>16,426,200</b>	<b>28,809,200</b>	<b>27,255,800</b>	<b>10,130,800</b>	<b>10,368,800</b>
<b>Restricted Funds</b>					
Balance Forward	7,502,400	9,410,000	9,410,000	10,252,000	10,455,600
Current Receipts	40,364,300	42,222,600	43,198,200	37,215,000	37,215,000
Non-Revenue Receipts	700,000	2,015,100	2,015,100	700,000	700,000
Fund Transfers	-250,000				
<b>Total Restricted Funds</b>	<b>48,316,700</b>	<b>53,647,700</b>	<b>54,623,300</b>	<b>48,167,000</b>	<b>48,370,600</b>
<b>Federal Funds</b>					
Current Receipts	62,660,700	42,641,600	42,692,900	41,932,800	41,932,800
<b>Total Federal Funds</b>	<b>62,660,700</b>	<b>42,641,600</b>	<b>42,692,900</b>	<b>41,932,800</b>	<b>41,932,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>127,403,600</b>	<b>125,098,500</b>	<b>124,572,000</b>	<b>100,230,600</b>	<b>100,672,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	30,916,600	39,183,800	41,949,500	29,743,000	30,351,000
Operating Expenses	33,556,700	36,019,800	36,086,100	31,809,200	31,813,500
Grants, Loans or Benefits	48,764,300	31,343,200	31,338,700	25,704,800	25,383,200
Debt Service	1,329,000	4,916,000	1,562,000	1,118,000	1,329,000
Capital Outlay	1,035,000	1,265,600	1,265,600	400,000	400,000
Construction	1,050,000	2,960,100	2,960,100	1,000,000	1,000,000
<b>TOTAL EXPENDITURES</b>	<b>116,651,600</b>	<b>115,688,500</b>	<b>115,162,000</b>	<b>89,775,000</b>	<b>90,276,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	15,926,200	28,809,200	27,255,800	10,130,800	10,368,800
Restricted Funds	38,064,700	44,237,700	45,213,300	37,711,400	37,975,100
Federal Funds	62,660,700	42,641,600	42,692,900	41,932,800	41,932,800
<b>TOTAL EXPENDITURES</b>	<b>116,651,600</b>	<b>115,688,500</b>	<b>115,162,000</b>	<b>89,775,000</b>	<b>90,276,700</b>
<b>EXPENDITURES BY UNIT</b>					
Statutory State Operations	9,123,300	17,116,300	15,839,100	7,905,000	8,092,700
National Guard Operations	480,000	6,777,800	6,777,800	225,000	225,000
Emergency & Public Safety Operations	2,600,000				
Bluegrass Station	6,872,600	11,342,800	10,157,800	7,154,200	7,417,800
Central Clothing Distribution	29,000,000	30,888,300	31,645,400	29,000,000	29,000,000
Federal & Grant Operations	68,575,700	49,563,300	50,741,900	45,490,800	45,541,200
<b>TOTAL EXPENDITURES</b>	<b>116,651,600</b>	<b>115,688,500</b>	<b>115,162,000</b>	<b>89,775,000</b>	<b>90,276,700</b>

The Department of Military Affairs is responsible for all military matters and disaster and emergency service coordination in the Commonwealth. The Governor is constitutional Commander-in-Chief of the National Guard in the state and appoints the Adjutant General. The Adjutant General commands the Kentucky National Guard and directs and coordinates all programs in the Department.

The Department has the responsibility for organizing, equipping, training, and housing units of the Kentucky National Guard. These units may be called to duty by the Governor in the event of civil strife or disorder, or the occurrence of natural or man-made disasters.

The Department consists of the following organizational units: Office of Management and Administration, which contains the Division of Administrative Services, Division of Facilities, Logistics Operations Division, Bluegrass Station Division, and the Kentucky Guard Youth Challenge Division; the Division of Emergency Management; the Kentucky Community Crisis Response Board; the Office of the Chief of Staff for Federal Army Guard; the Office of Chief of Staff for Federal Air Guard; and the Kentucky Civil Air Patrol.

Executive Order 2007-499 transferred the Division of Air Transportation from the Department of Military Affairs to the Transportation Cabinet.

**General Government  
Commission on Human Rights**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,859,100	7,168,600	7,546,000	1,901,800	1,960,400
Current Year Appropriation		302,000	303,300		
Salary Compensation Fund	31,800				
<b>Total General Fund</b>	<b>1,890,900</b>	<b>7,470,600</b>	<b>7,849,300</b>	<b>1,901,800</b>	<b>1,960,400</b>
<b>Restricted Funds</b>					
Balance Forward	23,100				
Current Receipts	1,600			1,600	1,600
Non-Revenue Receipts	148,300				
<b>Total Restricted Funds</b>	<b>173,000</b>			<b>1,600</b>	<b>1,600</b>
<b>Federal Funds</b>					
Balance Forward	15,500			1,100	1,100
Current Receipts	270,000	278,200	283,700	278,200	283,700
<b>Total Federal Funds</b>	<b>285,500</b>	<b>278,200</b>	<b>283,700</b>	<b>279,300</b>	<b>284,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,349,400</b>	<b>7,748,800</b>	<b>8,133,000</b>	<b>2,182,700</b>	<b>2,246,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,982,900	6,562,000	7,034,300	1,810,900	1,873,900
Operating Expenses	365,400	1,247,900	1,229,200	370,700	371,800
Grants, Loans or Benefits		9,000	9,000		
Capital Outlay		30,900			
<b>TOTAL EXPENDITURES</b>	<b>2,348,300</b>	<b>7,849,800</b>	<b>8,272,500</b>	<b>2,181,600</b>	<b>2,245,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,890,900	7,470,600	7,849,300	1,901,800	1,960,400
Restricted Funds	173,000	1,600	1,600	1,600	1,600
Federal Funds	284,400	278,200	283,700	278,200	283,700
<b>TOTAL EXPENDITURES</b>	<b>2,348,300</b>	<b>7,750,400</b>	<b>8,134,600</b>	<b>2,181,600</b>	<b>2,245,700</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	851,000	3,843,300	4,020,000	850,100	868,000
Enforcement Branch	816,700	1,464,700	1,560,100	744,500	770,600
Research and Information	390,500	1,684,700	1,757,300	288,100	299,600
Legal Affairs	290,100	757,700	797,200	298,900	307,500
<b>TOTAL EXPENDITURES</b>	<b>2,348,300</b>	<b>7,750,400</b>	<b>8,134,600</b>	<b>2,181,600</b>	<b>2,245,700</b>

The Kentucky Commission on Human Rights is the sole state civil rights enforcement agency in Kentucky, and is mandated to "...safeguard all individuals within the state from discrimination." Pursuant to KRS Chapter 344, the Commission investigates, litigates, and administratively decides complaints of discrimination in the areas of employment, public accommodation, housing, and credit based on race, religion, national origin, age, disability, sex, smoking in employment, and familial status for housing decisions. The Commission has four service units: General Administration and Support, Enforcement, Research and Information, and Legal Affairs.

General Administration and Support performs personnel and fiscal activities and serves as a liaison with the Governor's Office, legislators, and other agencies in state government. This unit is responsible for development of internal policy directives and legislative initiatives.

The Enforcement Branch consists of two sections: Employment/Public Accommodations and Housing. Employees assigned to these sections receive, investigate, and conciliate complaints of discrimination in the areas of employment, public accommodation, credit transactions, and housing.

The Research and Information Branch provides technical assistance and education to local citizen groups, employers, public accommodations staff, educational institutions, local human rights commissions, and government officials. The staff conducts seminars and workshops on sexual harassment, the Kentucky Civil Rights Act, cultural diversity, and the Americans with Disabilities Act.

The Legal Affairs Branch litigates discrimination cases before administrative hearing officers, provides legal advice to inquiries, sworn complaints, and file closures. The legal staff takes depositions of witnesses, prepares legal briefs and appeals, and serves as in-house counsel.



**General Government  
Commission on Women**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	266,200	330,900	349,000	239,900	237,900
Budget Reduction	-8,000				
Salary Compensation Fund	3,000				
<b>Total General Fund</b>	<b>261,200</b>	<b>330,900</b>	<b>349,000</b>	<b>239,900</b>	<b>237,900</b>
<b>Restricted Funds</b>					
Balance Forward	48,800	25,400	16,400	26,200	17,200
Current Receipts	1,000	1,000	1,000	1,000	1,000
<b>Total Restricted Funds</b>	<b>49,800</b>	<b>26,400</b>	<b>17,400</b>	<b>27,200</b>	<b>18,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>311,000</b>	<b>357,300</b>	<b>366,400</b>	<b>267,100</b>	<b>256,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	206,200	261,600	279,700	184,100	190,300
Operating Expenses	78,600	79,300	79,300	65,800	65,800
<b>TOTAL EXPENDITURES</b>	<b>284,800</b>	<b>340,900</b>	<b>359,000</b>	<b>249,900</b>	<b>256,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	261,200	330,900	349,000	239,900	237,900
Restricted Funds	23,600	10,000	10,000	10,000	18,200
<b>TOTAL EXPENDITURES</b>	<b>284,800</b>	<b>340,900</b>	<b>359,000</b>	<b>249,900</b>	<b>256,100</b>
<b>EXPENDITURES BY UNIT</b>					
Commission on Women	284,800	340,900	359,000	249,900	256,100
<b>TOTAL EXPENDITURES</b>	<b>284,800</b>	<b>340,900</b>	<b>359,000</b>	<b>249,900</b>	<b>256,100</b>

The Kentucky Commission on Women (KCW), authorized in KRS 344.510, promotes women's interests by advising state agencies, the Governor, the General Assembly, local governments, and the private sector on matters pertaining to women. It supports research and discussion about issues of interest to women and provides advisory assistance in the establishment of local volunteer community improvement programs. The KCW conducts programs, studies, seminars, conferences, and encourages state and local women's business, professional, and civic organizations to do likewise and educate the public to the problems of women and girls. In a collaborative effort, the KCW will continue to work with the federal and state governments in advancing programs relating to women and girls.

**General Government**  
**Governor's Office for Local Development**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	20,887,400	18,235,400	15,336,900	9,422,300	11,668,800
Budget Reduction	-379,800				
Salary Compensation Fund	25,100	25,100	25,100		
Mandated Allotments	20,204,000				
<b>Total General Fund</b>	<b>40,736,700</b>	<b>18,260,500</b>	<b>15,362,000</b>	<b>9,422,300</b>	<b>11,668,800</b>
<b>Restricted Funds</b>					
Balance Forward	2,034,000	4,033,992	4,033,992	629,700	
Current Receipts	1,268,100	2,085,600	2,085,600	786,500	786,500
Non-Revenue Receipts				2,000,000	254,000
Fund Transfers	-586,800				
<b>Total Restricted Funds</b>	<b>2,715,300</b>	<b>6,119,592</b>	<b>6,119,592</b>	<b>3,416,200</b>	<b>1,040,500</b>
<b>Federal Funds</b>					
Current Receipts	55,564,200	55,564,200	55,564,200	55,564,200	55,564,200
<b>Total Federal Funds</b>	<b>55,564,200</b>	<b>55,564,200</b>	<b>55,564,200</b>	<b>55,564,200</b>	<b>55,564,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>99,016,200</b>	<b>79,944,292</b>	<b>77,045,792</b>	<b>68,402,700</b>	<b>68,273,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,916,400	7,401,800	7,906,300	5,029,900	5,329,900
Operating Expenses	807,600	1,263,700	1,263,700	757,800	758,300
Grants, Loans or Benefits	83,400,500	65,841,800	65,841,800	62,615,000	61,739,300
Debt Service	7,533,000	3,403,000			446,000
<b>TOTAL EXPENDITURES</b>	<b>97,657,500</b>	<b>77,910,300</b>	<b>75,011,800</b>	<b>68,402,700</b>	<b>68,273,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	40,007,700	18,260,500	15,362,000	9,422,300	11,668,800
Restricted Funds	2,085,600	4,085,600	4,085,600	3,416,200	1,040,500
Federal Funds	55,564,200	55,564,200	55,564,200	55,564,200	55,564,200
<b>TOTAL EXPENDITURES</b>	<b>97,657,500</b>	<b>77,910,300</b>	<b>75,011,800</b>	<b>68,402,700</b>	<b>68,273,500</b>
<b>EXPENDITURES BY UNIT</b>					
GOLD Operations	14,257,000	12,068,500	9,170,000	5,787,700	6,534,200
Grants	83,400,500	65,841,800	65,841,800	62,615,000	61,739,300
<b>TOTAL EXPENDITURES</b>	<b>97,657,500</b>	<b>77,910,300</b>	<b>75,011,800</b>	<b>68,402,700</b>	<b>68,273,500</b>

The Governor's Office for Local Development (GOLD), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. The agency was reorganized and renamed by Executive Order 05-564. GOLD serves as the liaison between the Governor and local units of government. It coordinates and resolves local government problems. The Department administers grants-in-aid, and serves as the cognizant state agency for Kentucky's fifteen Area Development Districts.

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 435 cities, 1400 special districts and the 15 Area Development Districts. The Trover Grant which brings University of Louisville medical students to the Western Kentucky Coal Fields for a portion of their residency is administered by the Commissioner's Office.

The Federal Grants Office administers the Community Development Block Grant program for small cities, Economic Growth Grant, the Land and Water Conservation Fund, the Kentucky Recreational Trails program appropriated by the

General Assembly. Moreover, the Division develops and conducts training programs for local governments across the Commonwealth in conjunction with other governmental agencies, associations and the Area Development Districts. It maintains the Commonwealth's Clearinghouse for all federal grants and administers the Joint Funding Agreement and Appalachian Regional Commission grants.

The Flood Control program also is administered by the Federal Grants Office. In partnership with federal and local agencies, the matching program lessens flood damage losses by providing structural and nonstructural assistance to Kentucky communities. The Fund ensures that matching funds required by the U.S. Army Corp of Engineers, Federal Emergency Management Agency, and Natural Resources Conservation Service are available for vital projects. The program provides matching dollars for federal grants for straight sewage pipe removal projects funded by the Personal Responsibility in a Desirable Environment program.

The Field Services Office makes state government more accessible to citizens of the Commonwealth. Field service representatives travel throughout the Commonwealth of Kentucky and answer citizens' questions, resolve problems, and aid local government officials with their government duties.

The Office of Financial Management and Administrative Services performs agency administrative functions. It has responsibility for personnel administration, payroll, purchasing, library management, accounting, and budgeting for the entire agency. The Office provides information technology support for the Department and to local government units.

The State Grants Office promotes economic development in Kentucky's localities. The State Grants Office is responsible for financial management, accounting, and fund allocation and reporting of both the Local Economic Development Grant Fund (LGEDF) and Local Government Economic Assistance Grant Fund programs. The agency also reviews and approves LGEDF statutory grant applications. The State Grants Office oversees those projects, the Kentucky Community Economic Development Growth Grant program, and others authorized by the General Assembly through the budget. This grant program assists counties, cities, special districts, or local school districts fund projects that improve the economic vitality of the community.

Within State Grants is the Renaissance program which serves as the lead state agency for the administration of the Renaissance Kentucky Cities Program. Its mission is to revitalize downtowns by renewing pride in downtown centers, attracting new businesses and jobs, promoting tourism and encouraging cultural growth. Moreover, Renaissance Kentucky encourages the development of attractive housing in downtown centers. The program brings together public and private resources, expertise and incentives to take a comprehensive approach in solving problems of transportation, housing, water and sewer systems, business development and service delivery in cities.

## **Policy**

Included within the General Fund appropriation in fiscal year 2010 is \$347,000 for debt service to support bonds in the amount of \$7,700,000 for the following Community Development Projects:

- Lake Malone State Park - Park Improvements and Miniature Golf Course
- Pike County Fiscal Court - Pikeville Medical Center
- Louisville Zoo - Glacier Run

The Executive Budget includes an allocation from the General Fund of \$1 million in each year of the biennium for the Trover Clinic Grant in Madisonville. These General Fund dollars are derived from coal severance revenues.

Included within the General Fund appropriation in fiscal year 2010 is \$99,000 for debt service to support bonds in the amount of \$2,200,000 for the Flood Control Matching Fund. Another \$800,000 is provided from Restricted Funds.

**General Government**  
**Local Government Economic Assistance Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	51,443,100	51,443,100	51,443,100	55,693,000	57,755,100
Other	5,433,600				
<b>Total General Fund</b>	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
<b>TOTAL SOURCE OF FUNDS</b>	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
<b>EXPENDITURES BY CLASS</b>					
Grants, Loans or Benefits	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
<b>TOTAL EXPENDITURES</b>	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
<b>TOTAL EXPENDITURES</b>	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100
<b>EXPENDITURES BY UNIT</b>					
County Coal Severance	27,120,500	25,598,700	25,598,700	27,469,300	27,280,200
Cities Coal Severance	3,013,500	2,844,400	2,844,400	3,052,100	3,099,800
County Mineral Severance	24,068,400	20,700,000	20,700,000	22,654,400	24,637,600
Cities Mineral Severance	2,674,300	2,300,000	2,300,000	2,517,200	2,737,500
<b>TOTAL EXPENDITURES</b>	56,876,700	51,443,100	51,443,100	55,693,000	57,755,100

The Local Government Economic Assistance Fund (LGEAF) (KRS 42.450-42.495), created by the 1980 Regular Session of the General Assembly, is a revenue sharing program that returns a portion of the coal and minerals severance taxes to local governments in areas where the minerals were extracted. These funds are used by those communities to strengthen and “to improve the environment for new industry and to improve the quality of life of the residents”. Counties that contain industries that are involved in the production of coal or minerals such as natural gas, oil, and stone and cities within those counties are eligible to receive LGEAF payments. Likewise, counties and their cities affected by the transportation of coal are eligible to receive a portion of the returned severance taxes.

The LGEAF coal severance tax program currently returns funds to an estimated 63 counties and approximately 280 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 15 percent of the coal severance tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

Additionally, the LGEAF minerals severance tax program currently returns funds to an estimated 100 counties and approximately 347 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 50 percent of the other mineral tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

KRS 42.455(2)(3)(4) specifically prohibits the expenditure of LGEAF for the administration of government. Coal “impact” counties must expend 100 percent of funds in the transportation category. Thirty percent of all funds given to coal “producer” counties must be expended on the county coal haul road system. Expenditure of the remaining 70 percent given to coal “producers” and 100 percent of non-coal mineral severance producing funds must be directly related to the remaining priority categories:

- Public safety, including law enforcement, fire protection, ambulance service and other related services,

- Environmental protection, including sewage disposal, sanitation, solid waste and other related programs,
- Public transportation, including mass transit systems, streets and roads,
- Health,
- Recreation,
- Libraries and educational facilities,
- Services for the poor, aged, and handicapped,
- Industrial and economic development,
- Vocational education; and
- Workforce.

**General Government**  
**Local Government Economic Development Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	50,453,700	56,598,800	56,598,800	52,396,300	47,642,800
Other	3,945,500				
<b>Total General Fund</b>	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
<b>TOTAL SOURCE OF FUNDS</b>	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
<b>EXPENDITURES BY CLASS</b>					
Grants, Loans or Benefits	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
<b>TOTAL EXPENDITURES</b>	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
<b>TOTAL EXPENDITURES</b>	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
<b>EXPENDITURES BY UNIT</b>					
Economic Development Fund	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800
<b>TOTAL EXPENDITURES</b>	54,399,200	56,598,800	56,598,800	52,396,300	47,642,800

The Local Government Economic Development Fund (LGEDF) in KRS 42.458-42.495 is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal producing counties with the means to diversify their economies. The governing statute mandates that 35 percent of coal severance tax revenue be returned to coal producing counties. Two-thirds of the funds are distributed to individual county accounts using a formula based on coal severance taxes paid from the county, surplus labor rate, relative mining earnings, and relative mining employment. One-third of the dollars are reserved for the Multi-County Fund for joint projects. Kentucky law limits the use of the LGEDF to industrial park development projects, regional parks and job development incentive grants made to individual firms. Currently, 39 of the 45 original counties receive coal severance allocations.

The Governor's Office for Local Development (GOLD) is responsible for LGEDF financial management, accounting, and fund allocation and reporting. It also reviews and approves LGEDF grant applications. GOLD oversees those projects and others authorized by the General Assembly through the budget. The Cabinet for Economic Development reviews and approves the LGEDF Multi-County Fund grant applications. It oversees those projects as well as other projects authorized by the General Assembly through the budget.

**Policy**

The chart accompanying this illustrates the policy described below.

Notwithstanding KRS 342.122(1) (c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2009 and fiscal year 2010.

Notwithstanding KRS 45.4582 and KRS 4585, \$854,400 in fiscal year 2008-09 and \$854,400 in fiscal year 2009-10 is provided to the Osteopathic Medicine Scholarship Program within the Kentucky Higher Education Assistance Authority, \$1,000,000 in each fiscal year is provided to the Trover Clinic Grant within the Governor's Office for Local Development.

The Executive Budget provides funding for debt service on School Facilities Construction Commission bonds in the amount of \$4,617,900 each fiscal year of the biennium from the LGEDF before funds are distributed to localities. These bonds were approved by the 2003 Session of the General Assembly.

Included in the Executive Budget is funding for debt service in the amount of \$4,091,400 in each fiscal year of the biennium

to fund the Coal County Development Fund (water and sewer projects) authorized by the 2003 Regular Session of the General Assembly.

Included in the Executive Budget is funding for debt service in the amount of \$1,071,400 fiscal year 2008-09 and \$1,074,800 in fiscal year 2009-2010 to fund the Infrastructure for Economic Development Fund for Coal Producing Counties, authorized by the 2006 Regular Session of the General Assembly.

Included in the Executive Budget is funding for debt service in the amount of \$4,420,000 in fiscal year 2009-10 to fund \$50 million in new bonds for the Infrastructure for Economic Development Fund for Coal Producing Counties (water and sewer projects) included in the 2008-10 Executive Budget.

The Executive Budget provides funding to support the Read to Achieve Program in the Department of Education by allocating \$4 million each year from the LGEDF.

Included in the Executive Budget is funding to provide local match dollars for the Flood Control Matching Pool in the amount of \$800,000 in each year of the biennium.

Included in the Executive Budget is \$3 million in each year of the biennium for the Mine Safety and Licensing Program to help implement the new mine safety statutory requirements.

The Executive Budget provides support for services provided to coal producing counties by GOLD and the Kentucky Infrastructure Authority by allocating \$1,039,700 in each fiscal year of the biennium.

The Executive Budget allocates \$200,000 each year of the biennium for a Mining Engineering Scholarship Program at the University of Kentucky. Only students from coal producing counties will be eligible for these scholarships.

The Executive Budget directs the Cabinet for Economic Development to transfer \$7,028,200 in fiscal year 2008-09 and \$7,028,300 in fiscal year 2009-10 from the Multi-County Fund to the General Fund to pay the debt service on the \$100 million Bond Pool approved by the 2005 General Assembly.

The Executive Budget directs the Cabinet for Economic Development to transfer \$1.8 million in fiscal year 2008-09 and \$1.8 million in fiscal year 2009-10 from the LGEDF Multi-County Fund to the Office of Drug Control Policy to support the Drug Court Program. These funds will be expended for drug courts serving coal-producing counties only.

The Executive Budget directs the Cabinet for Economic Development to transfer \$1.25 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Office of Drug Control Policy to support the Operation Unite grants. These funds will be expended only for grants in coal-producing counties.

The Executive Budget directs the Cabinet for Economic Development to transfer \$1 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Commerce Cabinet to support the Tourism Marketing Program in coal producing counties.

The Executive Budget directs the Cabinet for Economic Development to transfer \$3.5 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Office of Energy Policy to support the Energy Research and Development program in coal producing counties. Projects must be targeted solely to Kentucky's LGEDF eligible counties.

The Executive Budget directs the Cabinet for Economic Development to transfer \$7,499,600 in fiscal year 2008-09 and \$7,523,300 in fiscal year 2009-2010 from the LGEDF Multi-County fund to the General Fund to pay for debt service the Infrastructure Economic Development Fund for Coal Producing Counties funded by the 2006 Regular Session of the General Assembly.

Notwithstanding KRS 42.4588(2), LGEDF allocations to each coal-producing county, above the amounts specified through the line item appropriations by the General Assembly, may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development.

**Severance Tax Dedicated Programs 2008-2010 Biennium**  
**Using January 2008 Consensus Forecast**  
**Governor's Recommended Budget**

	FY 2008 Enacted	FY 2008 Revised	FY 2009 Estimated	FY 2010 Estimated
<b>Coal Severance Tax Resources</b>				
<b>Coal Severance Tax*</b>	<b>211,644,900</b>	<b>222,917,800</b>	<b>224,330,600</b>	<b>227,505,100</b>
Less: Worker's Comp Set Aside (to General Fund)	-19,000,000	-19,000,000	-19,000,000	-19,000,000
Less: Osteopathic Medicine Scholarship Program	-1,024,300	-1,024,300	-854,400	-854,400
Less: Trover Clinic Grant	-1,000,000	-1,000,000	-1,000,000	-1,000,000
Less: Pharmacy Scholarship Program	-1,000,000	-1,000,000	0	0
<b>Total coal severance tax resources to be distributed</b>	<b>189,620,600</b>	<b>200,893,500</b>	<b>203,476,200</b>	<b>202,533,200</b>
<b>Other Mineral Severance Tax Resources</b>				
<b>Other Mineral Severance Taxes*</b>				
Other Solid Minerals Severance	15,300,000	16,327,300	14,139,000	16,918,100
Natural Gas Severance	25,300,000	29,229,700	28,530,400	29,832,100
Oil Production	5,400,000	7,928,300	7,673,800	8,000,000
<b>Total other severance tax resources to be distributed</b>	<b>46,000,000</b>	<b>53,485,300</b>	<b>50,343,200</b>	<b>54,750,200</b>
<b>Local Government Economic Assistance Fund (LGEAF) Total Funds</b>				
Coal Severance Tax Revenue (15% of Revenue)	28,443,100	30,134,000	30,521,400	30,997,600
Other Mineral Severance Tax Revenue (50% of Revenue)	23,000,000	26,742,700	25,171,600	27,375,100
<b>Total LGEAF to be distributed</b>	<b>51,443,100</b>	<b>56,876,700</b>	<b>55,693,000</b>	<b>57,755,100</b>
<b>Local Government Economic Development Fund (LGEDF)</b>				
Coal Severance (35% of amounts remaining to be distributed)	66,367,200	70,312,700	71,216,700	72,327,700
Less: Debt Service - \$54.7m School Facilities Construction 2002-04	-4,617,900	-4,617,900	-4,617,900	-4,617,900
Less: Debt Service - Water & Sewer Bonds 2002-04 (KIA)	-4,091,900	-4,091,900	-4,091,400	-4,091,400
Less: Debt Service - \$100m Water & Sewer Bonds 2006-08 (KIA)	-1,164,000	-1,164,000	-1,071,400	-1,074,800
Less: Debt Service - \$50m Water & Sewer Bonds for Coal-Producing Counties 2008-10 (KIA)	0	0	0	-4,420,000
Less: Read to Achieve (Education)	-4,000,000	-4,000,000	-4,000,000	-4,000,000
Less: Flood Control Matching Pool - Capital Appropriation	-800,000	-800,000	-800,000	-800,000
Less: Mine Safety	0	0	-3,000,000	-3,000,000
Less: LGEDF Project Administration (GOLD)	-1,039,700	-1,039,700	-1,039,700	-1,039,700
Less: Mining Engineering Scholarship Program (UK)	-200,000	-200,000	-200,000	-200,000
<b>Total LGEDF for County Distribution</b>	<b>50,453,700</b>	<b>54,399,200</b>	<b>52,396,300</b>	<b>47,642,800</b>
<b>Total LGEDF for Single County Distribution (66.7% of LGEDF Distribution)</b>	<b>33,637,500</b>	<b>36,267,900</b>	<b>34,932,600</b>	<b>31,763,500</b>
<b>Local Government Economic Development Multi-County Fund</b>				
<b>Multi-County Allocation (33% of LGEDF County Distribution)</b>	<b>16,816,200</b>	<b>18,131,300</b>	<b>17,463,700</b>	<b>16,359,700</b>
Balance Forward from prior fiscal year	27,397,800	27,397,800	13,981,100	9,367,000
<b>Total Multi-County Resources</b>	<b>44,214,000</b>	<b>45,529,100</b>	<b>31,444,800</b>	<b>25,726,700</b>
Less: Debt Service - \$80m Water & Sewer Bonds 2004-06 (KIA)	-7,450,000	-7,450,000	-7,028,200	-7,028,200
Less: Drug Courts (Office of Drug Control Policy)	-1,800,000	-1,800,000	-1,800,000	-1,800,000
Less: Operation Unite (Office of Drug Control Policy)	-1,250,000	-1,250,000	-1,250,000	-1,250,000
Less: Flood Control Matching/State-Owned Dam Pool for Coal Counties (GOLD/EPPC)	-700,000	-700,000	0	0
Less: Tourism Marketing (Commerce)	-1,000,000	-1,000,000	-1,000,000	-1,000,000
Less: Energy Research Grants (Office of Energy Policy)	-3,500,000	-3,500,000	-3,500,000	-3,500,000
Less: School Technology (Education)	-5,000,000	-5,000,000	0	0
Less: Kentucky Geological Survey (UK)	-250,000	-250,000	0	0
Less: Clean Water Act Section 404 State Primacy Program (EPPC)	-300,000	0	0	0
Less: 12 Multi-County Regional Industrial Park Authorities	-300,000	-300,000	0	0
Less: Debt Service - \$100m Water & Sewer Bonds for Coal Producing Counties 2006-08 (KIA)	-8,148,000	-8,148,000	-7,499,600	-7,523,300
Less: Multi-County Statutory Uses (Economic Development)	0	-2,150,000	-1,812,600	-1,332,200
<b>Balance Forward to Be Carried Forward</b>	<b>14,516,000</b>	<b>13,981,100</b>	<b>7,554,400</b>	<b>0</b>

\*Revenue numbers account for quarter lag



**General Government  
Area Development Fund**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	809,700	809,700	809,700	691,200	691,200
Budget Reduction	-24,300				
<b>Total General Fund</b>	785,400	809,700	809,700	691,200	691,200
<b>TOTAL SOURCE OF FUNDS</b>	785,400	809,700	809,700	691,200	691,200
<b>EXPENDITURES BY CLASS</b>					
Grants, Loans or Benefits	785,400	809,700	809,700	691,200	691,200
<b>TOTAL EXPENDITURES</b>	785,400	809,700	809,700	691,200	691,200
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	785,400	809,700	809,700	691,200	691,200
<b>TOTAL EXPENDITURES</b>	785,400	809,700	809,700	691,200	691,200

The Area Development Fund is a revenue sharing program that was created by the 1976 Regular Session of the General Assembly to fund industrial development projects in communities within each of the 15 Area Development Districts. The Area Development Districts rank and recommend to the Commissioner of GOLD the projects that they consider to be eligible for funding.

**Policy**

Notwithstanding KRS 48.185, the Executive Budget recommends \$691,200 from the General Fund to the Area Development Fund in each year of the biennium.

**General Government  
Executive Branch Ethics Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	444,000	528,200	560,900	448,500	448,500
Salary Compensation Fund	4,500				
<b>Total General Fund</b>	448,500	528,200	560,900	448,500	448,500
<b>Restricted Funds</b>					
Balance Forward	9,600	10,000	6,000		
Current Receipts	48,900	45,000	45,000	45,000	45,000
Non-Revenue Receipts	1,500	1,000	1,000	1,000	1,000
Fund Transfers	-10,000				
<b>Total Restricted Funds</b>	50,000	56,000	52,000	46,000	46,000
<b>TOTAL SOURCE OF FUNDS</b>	498,500	584,200	612,900	494,500	494,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	439,800	514,200	546,900	435,800	435,800
Operating Expenses	58,700	64,000	64,000	58,700	58,700
<b>TOTAL EXPENDITURES</b>	498,500	578,200	610,900	494,500	494,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	448,500	528,200	560,900	448,500	448,500
Restricted Funds	50,000	50,000	50,000	46,000	46,000
<b>TOTAL EXPENDITURES</b>	498,500	578,200	610,900	494,500	494,500
<b>EXPENDITURES BY UNIT</b>					
Executive Branch Ethics Commission	498,500	578,200	610,900	494,500	494,500
<b>TOTAL EXPENDITURES</b>	498,500	578,200	610,900	494,500	494,500

In accordance with KRS 11A, the Executive Branch Ethics Commission is responsible for reviewing the personal financial interests of the constitutional officers and management personnel in state government in order to prevent conflicts of interest. Additionally, the Commission issues advisory opinions with regard to ethical conduct, investigates and enforces possible violations of the Code, and provides a registration mechanism for executive agency lobbyists.

**General Government  
Secretary of State**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,298,100	3,015,600	3,218,400	2,050,000	2,050,000
Salary Compensation Fund	31,400				
<b>Total General Fund</b>	<b>2,329,500</b>	<b>3,015,600</b>	<b>3,218,400</b>	<b>2,050,000</b>	<b>2,050,000</b>
<b>Restricted Funds</b>					
Balance Forward	811,900	1,066,400	930,900	266,400	126,900
Current Receipts	2,054,500	2,104,500	2,200,000	2,104,500	2,200,000
Non-Revenue Receipts		-900,000	-900,000		
Fund Transfers	-1,797,000			-1,347,000	-1,347,000
<b>Total Restricted Funds</b>	<b>1,069,400</b>	<b>2,270,900</b>	<b>2,230,900</b>	<b>1,023,900</b>	<b>979,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,398,900</b>	<b>5,286,500</b>	<b>5,449,300</b>	<b>3,073,900</b>	<b>3,029,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,431,000	3,007,500	3,209,300	2,256,600	2,322,900
Operating Expenses	701,500	1,348,100	999,100	690,400	688,100
<b>TOTAL EXPENDITURES</b>	<b>3,132,500</b>	<b>4,355,600</b>	<b>4,208,400</b>	<b>2,947,000</b>	<b>3,011,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,329,500	3,015,600	3,218,400	2,050,000	2,050,000
Restricted Funds	803,000	1,340,000	990,000	897,000	961,000
<b>TOTAL EXPENDITURES</b>	<b>3,132,500</b>	<b>4,355,600</b>	<b>4,208,400</b>	<b>2,947,000</b>	<b>3,011,000</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration	1,579,800	2,032,800	2,165,800	1,419,100	1,458,700
General Operations	1,508,700	2,267,900	1,983,400	1,483,800	1,506,500
Restoration of Land Grant Books	44,000	54,900	59,200	44,100	45,800
<b>TOTAL EXPENDITURES</b>	<b>3,132,500</b>	<b>4,355,600</b>	<b>4,208,400</b>	<b>2,947,000</b>	<b>3,011,000</b>

The Secretary of State directs the Department of State of the Commonwealth and is the constitutional officer entrusted with filing, maintaining, and preserving the important documents and records of the Commonwealth. The Secretary is also the keeper of the Seal of the Commonwealth and affixes it to all communications and commissions issued in the name of the state.

The Office of the Secretary of State consists of the following organizational units: the Division of Corporations, which contains the Department of Business Filings, the Department of Business Records, and the Uniform Commercial Code Branch; and the Division of Administration.

The Division of Corporations is responsible for the registration and incorporation of businesses, both domestic and foreign, profit and non-profit, including the administration of documents of merger, dissolution, and name changes. It also accepts and processes filings for limited liability companies and registered limited liability partnerships. These entities must also file articles of organization with the Secretary of State as well as amendments, mergers and dissolutions.

The Division of Administration is responsible for executive policy and management functions for the entire office. It prepares and records official documents for the Governor; administers Kentucky's notary public law; issues commissions, pardons, commutations, and extraditions; processes service of summonses; and implements election laws of the Commonwealth.

The State Land Office is also under the supervision of the Secretary of State. It preserves Kentucky's land grant records and

fulfills daily inquiries and requests for copies of those records. It files city annexations and incorporations, state deeds, and new land patents, and it provides the public with certified copies of land surveys, grants, and military warrants. The restoration process consists of indexing, de-acidifying, laminating, and bonding, thus safely preserving Kentucky's original land grants.

**Policy**

Restricted Funds appropriations made to the Secretary of State shall not lapse and shall be used for continuation of current activities in the Office of the Secretary of State.

The Executive Budget directs \$1,347,000 in fiscal year 2009 and \$1,347,000 in fiscal year 2010 to be transferred to the General Fund.

**General Government  
Board of Elections**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,861,900	5,474,400	3,825,500	4,210,700	2,847,400
Budget Reduction	-112,800				
Salary Compensation Fund	21,800				
<b>Total General Fund</b>	<b>4,770,900</b>	<b>5,474,400</b>	<b>3,825,500</b>	<b>4,210,700</b>	<b>2,847,400</b>
<b>Restricted Funds</b>					
Balance Forward	1,054,200	1,128,700	708,600	978,700	479,300
Current Receipts	77,000	70,000	90,000	70,000	90,000
Fund Transfers	-150,000				
<b>Total Restricted Funds</b>	<b>981,200</b>	<b>1,198,700</b>	<b>798,600</b>	<b>1,048,700</b>	<b>569,300</b>
<b>Federal Funds</b>					
Balance Forward	21,460,400	22,420,200	12,799,800	22,362,400	11,181,200
Current Receipts	1,059,800	1,059,800	1,059,800	1,059,800	1,059,800
<b>Total Federal Funds</b>	<b>22,520,200</b>	<b>23,480,000</b>	<b>13,859,600</b>	<b>23,422,200</b>	<b>12,241,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>28,272,300</b>	<b>30,153,100</b>	<b>18,483,700</b>	<b>28,681,600</b>	<b>15,657,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	972,500	1,346,300	1,440,000	992,400	1,021,200
Operating Expenses	609,800	919,900	923,300	671,800	667,900
Grants, Loans or Benefits	3,348,900	14,378,500	12,639,900	15,356,900	13,968,600
<b>TOTAL EXPENDITURES</b>	<b>4,931,200</b>	<b>16,644,700</b>	<b>15,003,200</b>	<b>17,021,100</b>	<b>15,657,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,770,900	5,474,400	3,825,500	4,210,700	2,847,400
Restricted Funds	2,500	490,100	497,500	569,400	569,300
Federal Funds	157,800	10,680,200	10,680,200	12,241,000	12,241,000
<b>TOTAL EXPENDITURES</b>	<b>4,931,200</b>	<b>16,644,700</b>	<b>15,003,200</b>	<b>17,021,100</b>	<b>15,657,700</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	1,479,800	2,158,700	2,259,800	1,556,700	1,585,600
State Share of County Election Expenses	1,811,600	1,827,300		1,431,200	
State Share of Voter Registration Expenses	1,479,500	1,562,000	1,650,700	1,294,700	1,337,700
Presidential Electors		4,000		4,000	
Election Fund	160,300	11,092,700	11,092,700	12,734,500	12,734,400
<b>TOTAL EXPENDITURES</b>	<b>4,931,200</b>	<b>16,644,700</b>	<b>15,003,200</b>	<b>17,021,100</b>	<b>15,657,700</b>

The State Board of Elections administers the election laws of the state (KRS Chapters 116, 117, 118, 118A, 119, and 120) and supervises the registration and purgation of voters. The Board is responsible for canvassing returns, certifying successful candidates, maintaining the statewide list of registered voters, and paying local election officers.

The Board is chaired by the Secretary of State. Six other members are appointed by the Governor.

**General Administration and Support**

The General Administration and Support program objectives are to maintain an up-to-date computerized record of registered voters in the state, certify election results, produce precinct rosters, issue certification of nomination and election, train county clerks in election duties, and conduct a nonpartisan voter education program.

Kentucky leads the nation with the implementation of the National Voter Registration Act (Motor Voter) and the on-line voter registration system. The system provides for:

- On-line inquiry which enables the county clerks to view the registration and voting record of each current registrant.
- Daily file maintenance which allows the county clerk to enter new registrants, transfer a registrant, or make the proper registration change on a local level. Once entered, this information is electronically transmitted to the statewide central file at the State Board of Elections in Frankfort.
- Printing and distribution of precinct rosters and alphabetical rosters to the county clerks for use on Election Day. This process begins when the books are closed and all changes, additions, and deletions are made to the file. The primary election consists of approximately 500,000 documents and the general election consists of approximately 275,000 documents.
- Post election activities including giving credit to all voters who voted on Election Day. Precinct rosters are scanned into the system allowing the agency to update the voter files, produce voter turnout reports, and prepare various other reports including vital data to candidates, media, researchers, and the general public.

The State Board of Elections' Election Night Tally System provides up-to-the-minute, unofficial election results on all candidates who file with the state.

### **State Share of County Election Expenses**

The State Share of County Election Expenses program reimburses all precincts the state's statutory share of county election expenses pursuant to KRS 117.345(2).

The state currently has 3,543 precincts with over 2.8 million registered voters. The number of precincts increases as registration totals increase and as reapportionment of county commissioner/magisterial districts and congressional and state redistricting occur.

### **State Share of Voter Registration Expenses**

The State Board of Elections remits payment to county clerks in the amount of twenty-five cents (\$0.25) per newly registered voter pursuant to KRS 116.145. There is a significant increase of newly registered voters in years that county and presidential candidates are on the ballot.

The State Board of Elections remits reimbursement to county clerks an amount not to exceed fifty cents (\$0.50) per registered voter in the county per year for the cost of employing office personnel necessary for the conduct of elections, including the registration and purgation of voters in the county pursuant to KRS 117.343 and KRS 116.112(7).

### **Election Fund**

The Help America Vote Act (HAVA) was signed into law by President George W. Bush in 2002. The Act imposed new election requirements on states and called for the upgrade of voting machines to be in compliance by January 1, 2006.

The Commonwealth received \$32.9 million in federal funds to carry out the requirements of HAVA, which were matched with state funds at a rate of five percent. The funds were used for the purchase of voting equipment, voter education, poll worker training, and enhancement of the statewide vote registration system.

On December 8, 2006 the Board adopted the 2006 Amended State Plan, which indicated that the Commonwealth was in compliance with the requirements of HAVA. Any remaining or additional funds will be used to improve the election process.

**General Government  
Registry of Election Finance**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,571,700	1,992,300	2,105,400	1,347,400	1,382,200
Budget Reduction	-47,400				
Salary Compensation Fund	6,800				
Base Deduction	-61,100				
<b>Total General Fund</b>	<b>1,470,000</b>	<b>1,992,300</b>	<b>2,105,400</b>	<b>1,347,400</b>	<b>1,382,200</b>
<b>Restricted Funds</b>					
Balance Forward	15,100	15,121	15,121	100	100
Fund Transfers	-15,000				
<b>Total Restricted Funds</b>	<b>100</b>	<b>15,121</b>	<b>15,121</b>	<b>100</b>	<b>100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,470,100</b>	<b>2,007,421</b>	<b>2,120,521</b>	<b>1,347,500</b>	<b>1,382,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,107,300	1,556,200	1,669,300	1,079,800	1,114,500
Operating Expenses	362,700	436,100	436,100	267,600	267,700
<b>TOTAL EXPENDITURES</b>	<b>1,470,000</b>	<b>1,992,300</b>	<b>2,105,400</b>	<b>1,347,400</b>	<b>1,382,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
<b>TOTAL EXPENDITURES</b>	<b>1,470,000</b>	<b>1,992,300</b>	<b>2,105,400</b>	<b>1,347,400</b>	<b>1,382,200</b>
<b>EXPENDITURES BY UNIT</b>					
Registry of Election Finance	1,470,000	1,992,300	2,105,400	1,347,400	1,382,200
<b>TOTAL EXPENDITURES</b>	<b>1,470,000</b>	<b>1,992,300</b>	<b>2,105,400</b>	<b>1,347,400</b>	<b>1,382,200</b>

The role of the Kentucky Registry of Election Finance is to assure the integrity of the Commonwealth's electoral process by making certain there is full public access to campaign financial data and financial disclosure reports, and by administering Kentucky's campaign finance laws.

Under KRS Chapter 121, Kentucky's campaign finance laws apply to all candidates for office, including local and statewide candidates, gubernatorial slates, judicial, state legislative, city and county, and school board candidates, as well as political issues committees, permanent committees, state and local party executive committees, and caucus campaign committees.

Regulatory functions of the Registry include educating candidates and committees on campaign finance laws; tracking candidate and committee election finance activities; ensuring compliance with campaign finance reporting requirements, including the timely filing of campaign finance reports; providing the means for electronic reporting of campaign finance data; ensuring compliance with campaign finance laws through desk reviews and random, mandatory complete audits; investigating complaints; advising candidates on campaign finance questions; and adjudicating charges of administrative violations of campaign finance laws.

Pursuant to KRS 121.170(5), the Registry receives copies of reports filed with the Federal Election Commission by federally registered out-of-state permanent committees that contribute to Kentucky candidates. These and the reports of other candidates and committees who are required to file with the Federal Election Commission may be viewed at the Registry's office in Frankfort pursuant to 2 U.S.C. Section 439(c).

The Registry also receives, compiles, and maintains Financial Disclosure Reports of elected officials and candidates for specified offices as provided in KRS Chapter 61.

The Registry's public disclosure role is a key component of the campaign finance laws. Registry staff routinely work with members of the public and media to fill open records requests and to assist in On-line Searchable Database searches.

**General Government  
Attorney General**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	14,113,100	21,735,600	23,088,400	12,873,800	13,284,000
Salary Compensation Fund	159,700				
<b>Total General Fund</b>	<b>14,272,800</b>	<b>21,735,600</b>	<b>23,088,400</b>	<b>12,873,800</b>	<b>13,284,000</b>
<b>Restricted Funds</b>					
Balance Forward	3,256,254	1,535,400	800,000	2,135,400	1,182,800
Current Receipts	1,740,819	1,192,200	1,192,200	1,192,200	1,192,200
Non-Revenue Receipts	6,864,727	7,379,000	7,484,400	7,116,600	7,150,100
Fund Transfers	-200,000				
<b>Total Restricted Funds</b>	<b>11,661,800</b>	<b>10,106,600</b>	<b>9,476,600</b>	<b>10,444,200</b>	<b>9,525,100</b>
<b>Federal Funds</b>					
Current Receipts	2,669,100	3,664,900	3,832,400	2,550,800	2,607,100
<b>Total Federal Funds</b>	<b>2,669,100</b>	<b>3,664,900</b>	<b>3,832,400</b>	<b>2,550,800</b>	<b>2,607,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>28,603,700</b>	<b>35,507,100</b>	<b>36,397,400</b>	<b>25,868,800</b>	<b>25,416,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	17,934,700	25,232,500	26,990,600	16,061,000	16,526,800
Operating Expenses	2,724,700	3,492,900	3,356,500	2,643,300	2,652,500
Grants, Loans or Benefits	5,808,900	5,981,700	5,981,700	5,981,700	5,981,700
<b>TOTAL EXPENDITURES</b>	<b>26,468,300</b>	<b>34,707,100</b>	<b>36,328,800</b>	<b>24,686,000</b>	<b>25,161,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	14,272,800	21,735,600	23,088,400	12,873,800	13,284,000
Restricted Funds	9,526,400	9,306,600	9,408,000	9,261,400	9,269,900
Federal Funds	2,669,100	3,664,900	3,832,400	2,550,800	2,607,100
<b>TOTAL EXPENDITURES</b>	<b>26,468,300</b>	<b>34,707,100</b>	<b>36,328,800</b>	<b>24,686,000</b>	<b>25,161,000</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	3,015,300	5,757,500	6,029,300	2,526,300	2,603,600
Criminal Services	8,868,000	11,819,800	12,493,900	7,981,000	8,118,700
Advocacy Services	4,832,300	6,245,700	6,565,100	4,399,100	4,488,900
Civil Services	3,052,700	3,705,100	3,956,100	2,863,000	2,999,700
Uninsured Employers Fund	6,700,000	7,179,000	7,284,400	6,916,600	6,950,100
<b>TOTAL EXPENDITURES</b>	<b>26,468,300</b>	<b>34,707,100</b>	<b>36,328,800</b>	<b>24,686,000</b>	<b>25,161,000</b>

The Attorney General, as the Commonwealth's constitutional chief law enforcement officer, performs a range of legal, investigative, and administrative duties. The Office has 12 organizational units to support the mission of the office.

The Administrative Services Division's duties include: personnel, payroll, fiscal, budget, state and federal grants, and employee training. The Prosecutors Advisory Council Services Division's duties include: personnel, payroll, fiscal, budget, state and federal grants, and legal education related to the Unified Prosecutorial System, along with the maintenance of child sexual abuse caseload and statistics, and the responsibility for the Victim and Witness Protection program.

The Office of Criminal Appeals, as mandated by KRS 15.020, represents the Commonwealth in all state and federal criminal appeals in which the Commonwealth has an interest. The Medicaid Fraud and Abuse Control Division investigates and



prosecutes cases of Medicaid Provider fraud pursuant to KRS 194.500-900 and KRS 205, and further complaints of abuse, neglect, and exploitation of residents in Medicaid facilities. The Kentucky Bureau of Investigations investigates specialized, primarily white-collar criminal activity, identity theft, and computer crimes. The Special Prosecutions Division, pursuant to KRS 15.190-715, prosecutes complex criminal cases when local prosecutors need assistance or disqualification from the case, prosecutes thefts from the Commonwealth by employees or elected officials, and prosecutes election and ethics law violations.

The Office of Consumer Protection enforces the provisions of the Consumer Protection Act that prohibit unfair, false, misleading, and deceptive acts or practices in trade or commerce and provides educational services to the elderly. The Office of Rate Intervention is responsible for representing the interests of consumers before federal, state, and local rate-making and regulatory bodies in the areas of utilities and health care insurance. The Office of Victim's Advocacy administers the victim's advocate program and provides support services to victims of crime. The Child Support Enforcement Commission, pursuant to KRS 15.290, advises the Governor, Health and Family Services Cabinet, and the Administrative Office of the Courts on child support enforcement issues and provides special investigations into child support evasion.

The Office of Civil and Environmental Law represents the state's boards and agencies, issues formal opinions, represents state officials, elected prosecutors, and the judiciary in legal proceedings, and intervenes in constitutional challenges to state statutes. The Office serves as the legal representative of the Uninsured Employer's Fund in all proceedings to enforce Workers' Compensation claims involving the Fund. The Administrative Hearings Division provides hearing officer services and mediation to state agencies.

The Uninsured Employer's Fund, pursuant to KRS 342.760, is responsible for payment of Workers' Compensation to employees when the employer does not have Workers' Compensation insurance.

**General Government  
Commonwealth's Attorneys**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	32,558,100	49,502,100	52,034,400	32,296,700	33,007,200
Salary Compensation Fund	589,700				
<b>Total General Fund</b>	<b>33,147,800</b>	<b>49,502,100</b>	<b>52,034,400</b>	<b>32,296,700</b>	<b>33,007,200</b>
<b>Restricted Funds</b>					
Balance Forward	363,600	313,800	216,500	313,800	209,900
Current Receipts	260,000	1,380,900	1,459,400	226,600	232,300
Non-Revenue Receipts				1,154,300	1,227,100
<b>Total Restricted Funds</b>	<b>623,600</b>	<b>1,694,700</b>	<b>1,675,900</b>	<b>1,694,700</b>	<b>1,669,300</b>
<b>Federal Funds</b>					
Current Receipts	121,600	151,400	172,000	97,800	114,300
<b>Total Federal Funds</b>	<b>121,600</b>	<b>151,400</b>	<b>172,000</b>	<b>97,800</b>	<b>114,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>33,893,000</b>	<b>51,348,200</b>	<b>53,882,300</b>	<b>34,089,200</b>	<b>34,790,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	29,545,100	45,127,100	48,273,400	29,800,500	30,600,300
Operating Expenses	3,999,100	5,869,900	5,371,800	4,044,100	4,044,100
Grants, Loans or Benefits	35,000	134,700	106,000	34,700	34,700
<b>TOTAL EXPENDITURES</b>	<b>33,579,200</b>	<b>51,131,700</b>	<b>53,751,200</b>	<b>33,879,300</b>	<b>34,679,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	33,147,800	49,502,100	52,034,400	32,296,700	33,007,200
Restricted Funds	309,800	1,478,200	1,557,600	1,484,800	1,557,600
Federal Funds	121,600	151,400	159,200	97,800	114,300
<b>TOTAL EXPENDITURES</b>	<b>33,579,200</b>	<b>51,131,700</b>	<b>53,751,200</b>	<b>33,879,300</b>	<b>34,679,100</b>
<b>EXPENDITURES BY UNIT</b>					
Commonwealth's Attorneys	33,579,200	51,131,700	53,751,200	33,879,300	34,679,100
<b>TOTAL EXPENDITURES</b>	<b>33,579,200</b>	<b>51,131,700</b>	<b>53,751,200</b>	<b>33,879,300</b>	<b>34,679,100</b>

The Commonwealth's Attorneys program is made up of 57 elected Commonwealth's Attorneys and their staffs, one for each judicial circuit. As of January 1, 2008, 51 circuits have full-time Commonwealth's Attorneys, with the remaining being part-time. Commonwealth's Attorneys are responsible for all felony prosecutions, including those prosecutions in which the penalty of death may be imposed upon the defendant. The prosecution of each felony requires a thorough investigation that involves extensive research and trial preparation by the prosecutor. Witness interviews, grand jury presentations, motions (including post-conviction motions), conferences, plea-bargaining, case studies, continuing legal education and participation on multi-disciplinary teams are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

Pursuant to KRS 15.725, the Commonwealth's Attorneys attend each circuit court held in the judicial circuit. The Commonwealth's Attorneys, except as provided by KRS 15.715, have the duty to prosecute all violations of the criminal and penal laws which are tried in the circuit court. In addition, the Commonwealth's Attorneys have the primary responsibility within the judicial circuit to present evidence to the grand jury concerning such violations.

In accordance with KRS 15.735, the Commonwealth's Attorneys serve as special prosecutors in cases where the regularly elected prosecutors have been disqualified.

**General Government  
County Attorneys**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	27,752,300	41,261,800	43,917,900	27,671,200	28,912,400
Budget Reduction	-300,000				
Salary Compensation Fund	700,900				
<b>Total General Fund</b>	<b>28,153,200</b>	<b>41,261,800</b>	<b>43,917,900</b>	<b>27,671,200</b>	<b>28,912,400</b>
<b>Restricted Funds</b>					
Balance Forward	427,700	319,200	210,700	301,700	193,200
Current Receipts	90,000	90,000	90,000	90,000	90,000
Non-Revenue Receipts				105,200	105,200
Fund Transfers	-17,500				
<b>Total Restricted Funds</b>	<b>500,200</b>	<b>409,200</b>	<b>300,700</b>	<b>496,900</b>	<b>388,400</b>
<b>Federal Funds</b>					
Current Receipts	488,100	570,200	584,700	570,200	584,700
<b>Total Federal Funds</b>	<b>488,100</b>	<b>570,200</b>	<b>584,700</b>	<b>570,200</b>	<b>584,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>29,141,500</b>	<b>42,241,200</b>	<b>44,803,300</b>	<b>28,738,300</b>	<b>29,885,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	27,622,600	39,557,000	42,228,600	27,100,200	28,352,900
Operating Expenses	1,217,200	2,473,500	2,472,500	1,444,900	1,447,900
<b>TOTAL EXPENDITURES</b>	<b>28,839,800</b>	<b>42,030,500</b>	<b>44,701,100</b>	<b>28,545,100</b>	<b>29,800,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	28,153,200	41,261,800	43,917,900	27,671,200	28,912,400
Restricted Funds	198,500	198,500	198,500	303,700	303,700
Federal Funds	488,100	570,200	584,700	570,200	584,700
<b>TOTAL EXPENDITURES</b>	<b>28,839,800</b>	<b>42,030,500</b>	<b>44,701,100</b>	<b>28,545,100</b>	<b>29,800,800</b>
<b>EXPENDITURES BY UNIT</b>					
County Attorneys	28,839,800	42,030,500	44,701,100	28,545,100	29,800,800
<b>TOTAL EXPENDITURES</b>	<b>28,839,800</b>	<b>42,030,500</b>	<b>44,701,100</b>	<b>28,545,100</b>	<b>29,800,800</b>

Pursuant to KRS 15.725(2), each County Attorney attends the district court in the respective county and prosecutes all violations of criminal and penal laws within the jurisdiction of that district court. In accordance with KRS 15.735, County Attorneys also serve as special prosecutors in cases where the elected prosecutors have been disqualified.

Criminal cases at the district level include felonies (until the case is transferred to circuit court), misdemeanors, juvenile cases, and traffic cases. County Attorneys prosecute the majority of DUI cases. Most counties have Family Court, Drug Court, and/or Truancy Court requiring representation from the Office of the County Attorney. The County Attorney receives numerous criminal complaints from local law enforcement and the general public and frequently mediates local complaints so many of the services provided may never appear on a court docket. County Attorneys are also required to participate on multi-disciplinary teams involving child sexual abuse cases.

**General Government**

**Treasury**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,210,400	2,886,900	3,010,700	1,927,600	1,927,600
Budget Reduction	-44,700				
Salary Compensation Fund	24,700				
<b>Total General Fund</b>	<b>2,190,400</b>	<b>2,886,900</b>	<b>3,010,700</b>	<b>1,927,600</b>	<b>1,927,600</b>
<b>Restricted Funds</b>					
Balance Forward	61,700				
Non-Revenue Receipts	691,400	910,800	947,700	785,300	801,100
Fund Transfers	-15,100				
<b>Total Restricted Funds</b>	<b>738,000</b>	<b>910,800</b>	<b>947,700</b>	<b>785,300</b>	<b>801,100</b>
<b>Road Fund</b>					
Regular Appropriation	250,000	250,000	250,000	250,000	250,000
<b>Total Road Fund</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,178,400</b>	<b>4,047,700</b>	<b>4,208,400</b>	<b>2,962,900</b>	<b>2,978,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,517,700	3,352,900	3,513,400	2,334,600	2,350,000
Operating Expenses	660,700	694,800	695,000	628,300	628,700
<b>TOTAL EXPENDITURES</b>	<b>3,178,400</b>	<b>4,047,700</b>	<b>4,208,400</b>	<b>2,962,900</b>	<b>2,978,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,190,400	2,886,900	3,010,700	1,927,600	1,927,600
Restricted Funds	738,000	910,800	947,700	785,300	801,100
Road Fund	250,000	250,000	250,000	250,000	250,000
<b>TOTAL EXPENDITURES</b>	<b>3,178,400</b>	<b>4,047,700</b>	<b>4,208,400</b>	<b>2,962,900</b>	<b>2,978,700</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	1,720,700	2,183,700	2,261,500	1,479,600	1,458,000
Disbursements and Accounting	719,700	953,200	999,200	698,000	719,600
Abandoned Property Administration	738,000	910,800	947,700	785,300	801,100
<b>TOTAL EXPENDITURES</b>	<b>3,178,400</b>	<b>4,047,700</b>	<b>4,208,400</b>	<b>2,962,900</b>	<b>2,978,700</b>

The Treasury Department is the central administrative agency responsible for the receipt and custody of all revenues collected by state government and for writing all checks and disbursing state funds, as outlined in KRS Chapter 41.

The State Treasurer, a constitutional officer as provided in Section 91 of the Kentucky Constitution, heads the Treasury Department. The Treasurer also serves on the Kentucky Lottery Board, the Kentucky Higher Education Assistance Board, as trustee of the Kentucky Teachers' Retirement System, and is Vice-Chair of the State Investment Commission. The Treasury Department reviews and records all investment transactions of the Commonwealth.

The General Administration and Support Division provides management support for Treasury including: fiscal control, personnel administration, and policy development and implementation. The Division issues over 10,000,000 checks and stubs each year, reconciles the various Commonwealth bank accounts, reconciles daily with the State Depository, administers and records court-ordered withholdings, and produces wire transfers for state government.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal funds, fees from officials in counties over 75,000 in population, and fees from various boards and commissions. This program also receives, balances, and deposits all withholdings and U. S. Savings Bond deductions from state agency payrolls. A computer analysis is maintained on daily receipts and disbursements, which subsequently is submitted to the Finance and Administration Cabinet for accounting posting.

The Unclaimed Property Division is responsible for administering the provisions of KRS Chapter 393 related to escheats. This program receives unclaimed property reports from holders and potential holders of unclaimed property, collects unclaimed property, pursues the location and collection of the property, and attempts to locate the rightful property owner.

### **Policy**

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$785,300 in fiscal year 2009 and \$801,100 in fiscal year 2010. This action reflects the movement of available off-budget Restricted Funds to on-budget status to support ongoing activities of the Unclaimed Property program.

Road Fund money in the amount of \$250,000 is included each year of the biennium to support the central check writing system and other central administrative responsibilities of state government.

The Executive Budget includes \$141,000 in capital construction investment income appropriations in the capital budget in each fiscal year of the biennium to continue the lease purchase of two laser check printers.

**General Government**

**Agriculture**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	21,529,700	31,821,700	33,361,700	19,958,700	21,172,200
Special Appropriation	400,000				
Continuing Appropriation	402,900				
Budget Reduction	-350,000				
Salary Compensation Fund	200,800				
<b>Total General Fund</b>	<b>22,183,400</b>	<b>31,821,700</b>	<b>33,361,700</b>	<b>19,958,700</b>	<b>21,172,200</b>
<b>Restricted Funds</b>					
Balance Forward	4,715,600	2,986,900	1,224,100	2,606,700	904,400
Current Receipts	4,419,200	4,816,400	5,188,700	4,447,600	4,569,900
Non-Revenue Receipts	1,863,800	201,100	208,700	201,100	208,700
Fund Transfers	-718,000				
<b>Total Restricted Funds</b>	<b>10,280,600</b>	<b>8,004,400</b>	<b>6,621,500</b>	<b>7,255,400</b>	<b>5,683,000</b>
<b>Federal Funds</b>					
Current Receipts	5,089,200	4,765,800	4,706,800	4,765,800	4,706,800
<b>Total Federal Funds</b>	<b>5,089,200</b>	<b>4,765,800</b>	<b>4,706,800</b>	<b>4,765,800</b>	<b>4,706,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>37,553,200</b>	<b>44,591,900</b>	<b>44,690,000</b>	<b>31,979,900</b>	<b>31,562,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	19,229,800	24,016,600	26,278,000	17,856,400	18,420,400
Operating Expenses	6,724,500	7,897,900	7,377,100	6,182,500	6,093,800
Grants, Loans or Benefits	5,950,100	8,948,600	9,038,400	5,104,400	4,834,700
Debt Service					223,000
Capital Outlay	2,580,100	2,504,700	1,954,500	1,932,200	1,932,200
<b>TOTAL EXPENDITURES</b>	<b>34,484,500</b>	<b>43,367,800</b>	<b>44,648,000</b>	<b>31,075,500</b>	<b>31,504,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	21,721,400	31,821,700	33,361,700	19,958,700	21,172,200
Restricted Funds	7,673,900	6,780,300	6,579,500	6,351,000	5,625,100
Federal Funds	5,089,200	4,765,800	4,706,800	4,765,800	4,706,800
<b>TOTAL EXPENDITURES</b>	<b>34,484,500</b>	<b>43,367,800</b>	<b>44,648,000</b>	<b>31,075,500</b>	<b>31,504,100</b>
<b>EXPENDITURES BY UNIT</b>					
Strategic Planning and Administration	3,926,000	5,585,500	6,045,300	3,325,300	3,628,200
Motor Fuel Inspection and Testing	1,303,300	1,715,300	2,048,500	1,305,600	1,339,400
Consumer and Environmental Programs	13,499,600	16,580,500	17,168,600	13,252,100	13,407,200
State Veterinarian	4,316,800	5,402,600	5,696,100	3,919,000	4,009,800
Animal Control	375,100	420,000	420,000	170,000	170,000
Universities	957,000	957,000	957,000	957,000	957,000
Market Promotion and Protection	87,000	106,200	113,800	88,400	88,800
Mexico Office	100,000	120,000	120,000	100,000	100,000
Farmland Preservation	975,000	750,000	750,000	750,000	750,000
Agriculture Marketing and Product Promotion	8,496,900	11,319,200	10,912,500	6,808,100	6,653,700
Small Winery Support Fund	447,800	411,500	416,200	400,000	400,000
<b>TOTAL EXPENDITURES</b>	<b>34,484,500</b>	<b>43,367,800</b>	<b>44,648,000</b>	<b>31,075,500</b>	<b>31,504,100</b>

The Department of Agriculture, as defined in KRS Chapter 246, is headed by the Commissioner of Agriculture, a Constitutional Officer. The State Board of Agriculture, appointed by the Governor, acts as an advisory body to the elected Commissioner.

The Office of the Commissioner provides leadership and management for the Department, and includes the Division of Public Relations. The Office for Strategic Planning and Administration is responsible for personnel functions, budgeting, financial operation, and information technology systems.

The Office for Consumer and Environmental Protection directs programs which have a direct bearing on agricultural revenue. The Office conducts the grain regulation program, certifies all sales made by solid weight or liquid volume, licenses egg wholesalers, and inspects amusement rides operating within the Commonwealth. Duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the United States Department of Agriculture. This office is responsible for conducting various pest and noxious weed control programs, enforcing federal and state laws and regulations pertaining to the control of pesticide use and application, and liaison between the regulator and those being regulated. In addition, the Office will operate the state's new motor fuel and pesticide testing laboratory, authorized by the General Assembly in 2006.

The Office of State Veterinarian protects the livestock industry pursuant to KRS Chapter 257. Its primary function is the prevention and eradication of animal disease, and to ensure the health of the state's multi-billion dollar animal agriculture industries. It enforces Kentucky's statutes on animal importation and movement, and provides numerous other services to the livestock and poultry industries.

The Office for Agricultural Marketing and Product Promotion develops and manages programs which promote Kentucky-produced agricultural products, including grading and inspecting specific products and commodities and reporting market news. Responsibilities of this office include the research and development of new and expanded outlets for Kentucky's agricultural products, agricultural education, agritourism development, farm safety, administration of the Shows and Fairs Promotion Division, and farmland preservation. The Office is also responsible for providing testing services for hay and other forages essential for Kentucky's livestock industries. The Small Farm Winery Support Fund was created in 2006 and the Department administers \$400,000 each year of the biennium to develop marketing and promotion strategies to assist this emerging industry.

## **Policy**

The Executive Budget includes General Fund in the amount of \$223,000 in fiscal year 2009-2010 for debt service to support new bonds for the construction and renovation of animal shelters.

**General Government**  
**Auditor of Public Accounts**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,828,300	9,045,500	10,287,700	5,369,800	5,660,300
Budget Reduction	-75,000				
Salary Compensation Fund	91,600				
<b>Total General Fund</b>	5,844,900	9,045,500	10,287,700	5,369,800	5,660,300
<b>Restricted Funds</b>					
Balance Forward	7,500				
Current Receipts	4,372,400	4,567,300	4,586,600	4,266,700	4,266,700
<b>Total Restricted Funds</b>	4,379,900	4,567,300	4,586,600	4,266,700	4,266,700
<b>TOTAL SOURCE OF FUNDS</b>	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	9,048,700	12,449,300	13,802,100	8,583,200	8,872,900
Operating Expenses	1,176,100	1,163,500	1,072,200	1,053,300	1,054,100
<b>TOTAL EXPENDITURES</b>	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,844,900	9,045,500	10,287,700	5,369,800	5,660,300
Restricted Funds	4,379,900	4,567,300	4,586,600	4,266,700	4,266,700
<b>TOTAL EXPENDITURES</b>	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
<b>EXPENDITURES BY UNIT</b>					
Auditor of Public Accounts	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000
<b>TOTAL EXPENDITURES</b>	10,224,800	13,612,800	14,874,300	9,636,500	9,927,000

The Auditor of Public Accounts is the constitutional officer responsible for auditing all state agencies and county governments, pursuant to KRS Chapter 43. Statutory responsibility requires the Auditor's Office to examine the state general accounts, the accounts of all state agencies, all private and semi-private agencies receiving or handling state funds, and all state revenue collections. The Auditor must examine the management and control of all institutions and public works in which the state has financial interest or legal power.

The Auditor's Office is responsible for assisting state and local officials in establishing and maintaining proper accounting records, internal controls, and administrative controls over public funds. The Office responds to requests from public officials, the general public, the Legislative Research Commission, and the Governor's Office concerning financial and program matters, special audits, and investigations.

The Auditor of Public Accounts has four program areas: Administration, Division of Examination and Information Technology, Office of Financial Audit, and the Division of Performance Audit.

The Administration area includes the Office of the State Auditor, the Office of Legal and Audit Support Services, and the Office of Planning and Management. All policy, budget, fiscal, legal, and personnel duties are performed within the Administration area. The development of audit procedures as well as internal and external training are the responsibility of the Administration area.

The Division of Examination and Information Technology is responsible for internal technology systems, data processing systems, special examinations of complaints, and security consultation and training.

The Office of Financial Audits is responsible for financial audits of state agency transactions, pursuant to KRS 43.050, and for



county officials such as fiscal courts, sheriffs, county clerks, property valuation administrators, county attorneys, circuit clerks, and special districts per KRS 43.070. The Single Audit Act of 1984 as enacted by the United States Congress is also one of the responsibilities for the Auditor of Public Accounts.

The Division of Performance Audit conducts audits of public entities to increase the effectiveness and reduce the cost of the delivery of services.

**General Government  
Personnel Board**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation			41,500		
<b>Total General Fund</b>			41,500		
<b>Restricted Funds</b>					
Balance Forward	65,300	65,300	27,700	300	26,700
Current Receipts	767,100	908,400	970,700	767,100	767,100
Fund Transfers	-65,000				
<b>Total Restricted Funds</b>	767,400	973,700	998,400	767,400	793,800
<b>TOTAL SOURCE OF FUNDS</b>	767,400	973,700	1,039,900	767,400	793,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	674,500	849,300	903,100	647,400	661,900
Operating Expenses	92,600	96,700	136,700	93,300	131,900
<b>TOTAL EXPENDITURES</b>	767,100	946,000	1,039,800	740,700	793,800
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund			41,500		
Restricted Funds	767,100	946,000	998,300	740,700	793,800
<b>TOTAL EXPENDITURES</b>	767,100	946,000	1,039,800	740,700	793,800
<b>EXPENDITURES BY UNIT</b>					
Personnel Board	767,100	946,000	1,039,800	740,700	793,800
<b>TOTAL EXPENDITURES</b>	767,100	946,000	1,039,800	740,700	793,800

Created by the 1982 General Assembly, the Personnel Board is composed of seven members. The Governor appoints five, and two are classified employees elected by their colleagues. The Board serves in a quasi-judicial capacity and assists the Personnel Cabinet in the development of administrative regulations pertaining to the classified service.

The Personnel Board administers the appeals process of applicants for classified positions and conducts hearings for any non-probationary employee who is dismissed, demoted, suspended, or otherwise penalized for cause.

**Policy**

Beginning in fiscal year 2007, the Personnel Board no longer received General Fund appropriations but Restricted Funds were appropriated in its place. The Executive Budget for the fiscal biennium 2008-2010 continues this practice. The agency will coordinate with the Finance and Administration Cabinet to assess each agency of the Executive Branch under KRS Chapter 18A based upon the authorized full-time positions of each agency as of July 1. This assessment will occur in fiscal year 2009 and fiscal year 2010.

Pursuant to KRS 18A.0551, Restricted Funds are provided in fiscal year 2010 to support the election of Personnel Board members.

**General Government**  
**Kentucky Retirement Systems**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	1,752,500				
Non-Revenue Receipts	22,500,600	29,703,600	31,335,600	23,905,600	24,725,500
<b>Total Restricted Funds</b>	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
<b>TOTAL SOURCE OF FUNDS</b>	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	19,269,400	24,345,400	25,907,700	19,161,700	19,866,600
Operating Expenses	4,174,300	4,708,200	4,777,900	4,243,900	4,208,900
Capital Outlay	809,400	650,000	650,000	500,000	650,000
<b>TOTAL EXPENDITURES</b>	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
<b>TOTAL EXPENDITURES</b>	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
<b>EXPENDITURES BY UNIT</b>					
Kentucky Retirement Systems	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500
<b>TOTAL EXPENDITURES</b>	24,253,100	29,703,600	31,335,600	23,905,600	24,725,500

Kentucky Retirement Systems administers three retirement systems which are qualified governmental defined benefit plans under Section 401(a) of the Internal Revenue Code: Kentucky Employees Retirement System (state employees, universities, health departments, certain boards) governed by KRS 61.510-61.705; County Employees Retirement System (employees of cities, counties, local government entities, and classified employees of school boards) governed by KRS 78.510-78.852; and State Police Retirement System (uniformed officers of Kentucky State Police) governed by KRS 16.505-16.652. Medical insurance benefits are governed by KRS 61.701-61.702. The systems were established in the 1950s to provide a pension that, when coupled with Social Security, would provide the career employee with sufficient income to maintain his or her pre-retirement standard of living.

Kentucky Retirement Systems is administered by a nine-member board of trustees consisting of the Secretary of the Personnel Cabinet, three members appointed by the Governor, and five members elected by employees and retirees of the three retirement systems. The Board is responsible for the collection and investment of contributions. Members of the Board are considered fiduciaries and are required to administer the funds in the sole interest of the members and beneficiaries of the systems. The Board is required to invest the funds under the "prudent person" rule. Investments are diversified among common stocks, government and private bonds, real estate and cash equivalents. An actuarial valuation is conducted each year to determine the funding status of the three systems, and an annual independent audit is performed as well.

Employers contribute a percentage of gross payroll recommended by the actuarial valuation. However, the General Assembly may adopt a rate that varies from the actuarial valuation. Employees contribute at a fixed rate set in the statutes. The assets of the system are considered trust funds. All expenses are paid from the trust.

**Policy**

Restricted Funds providing for the operations of the Kentucky Retirement Systems in the Executive Budget are transferred from trust funds held by the System for the benefit of members and beneficiaries. The trust funds include investment earnings, employee contributions, and employer contributions from agencies supported by the General Fund, the Road Fund, Federal Funds, and Restricted Funds.

The budget recommendation provides \$2.7 million in additional restricted funds in fiscal year 2009 to complete the System's Line of Business capital project which began in fiscal year 2007.

**General Government**  
**Occupational and Professional Boards and Commissions**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		20,000	20,000		
<b>Total General Fund</b>		20,000	20,000		
<b>Restricted Funds</b>					
Balance Forward	20,569,800	19,253,900	15,668,700	14,281,900	12,627,800
Current Receipts	18,796,200	18,469,300	18,293,400	18,995,100	18,819,200
Fund Transfers	-5,550,000			-910,000	-760,000
<b>Total Restricted Funds</b>	33,816,000	37,723,200	33,962,100	32,367,000	30,687,000
<b>TOTAL SOURCE OF FUNDS</b>	33,816,000	37,743,200	33,982,100	32,367,000	30,687,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	14,032,600	16,599,500	17,478,400	14,590,400	14,876,200
Operating Expenses	4,637,800	4,724,800	4,699,500	4,472,600	4,407,000
Grants, Loans or Benefits	757,800	674,300	674,300	600,300	600,300
Capital Outlay	105,900	75,900	75,800	75,900	75,800
<b>TOTAL EXPENDITURES</b>	19,534,100	22,074,500	22,928,000	19,739,200	19,959,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		20,000	20,000		
Restricted Funds	19,534,100	22,054,500	22,908,000	19,739,200	19,959,300
<b>TOTAL EXPENDITURES</b>	19,534,100	22,074,500	22,928,000	19,739,200	19,959,300
<b>EXPENDITURES BY UNIT</b>					
Accountancy	744,200	674,600	697,100	619,200	619,200
Certification of Alcohol and Drug Counselors	67,200	67,200	67,200	67,200	67,200
Architects	362,800	429,000	452,900	375,300	383,400
Certification for Professional Art Therapists	11,400	11,400	11,400	11,400	11,400
Auctioneers	412,700	487,200	486,500	442,800	428,800
Barbering	289,400	326,600	345,300	289,400	289,400
Chiropractic Examiners	218,600	264,800	277,500	241,400	247,800
Dentistry	641,800	705,800	726,900	641,800	641,800
Licensure & Cert. for Dietitians & Nutritionists	77,500	69,600	69,600	69,600	69,600
Embalmers and Funeral Directors	355,600	332,700	351,800	340,000	340,000
Licensure for Prof. Engineers and Land Surveyors	1,411,400	1,605,300	1,681,000	1,411,400	1,411,400
Certification of Fee-Based Pastoral Counselors	3,500	4,300	4,300	3,500	3,500
Registration for Professional Geologists	135,000	135,000	135,000	135,000	135,000
Hairdressers and Cosmetologists	1,074,100	1,250,600	1,305,500	1,117,400	1,143,000
Specialists in Hearing Instruments	61,900	72,700	72,700	52,700	52,700
Interpreters for the Deaf and Hard of Hearing	31,000	31,000	31,000	31,000	31,000
Examiners & Registration of Landscape Architects	56,900	53,800	54,900	63,700	64,300
Licensure of Marriage and Family Therapists	83,200	83,200	83,200	83,200	83,200
Licensure for Massage Therapy	62,800	104,000	104,000	91,500	91,500
Medical Licensure	2,427,400	2,819,000	2,922,700	2,544,800	2,581,100
Nursing	4,805,600	5,616,200	5,907,000	4,929,000	5,023,100
Licensure for Nursing Home Administrators	61,000	47,000	47,000	47,000	47,000
Licensure for Occupational Therapy	86,000	86,000	86,000	86,000	86,000

Ophthalmic Dispensers	62,900	48,700	48,700	48,700	48,700
Optometric Examiners	166,400	189,700	192,200	173,200	170,400
Pharmacy	1,045,000	1,223,200	1,293,000	1,066,400	1,088,200
Physical Therapy	304,300	352,700	364,900	328,600	332,700
Podiatry	21,700	22,000	22,600	22,900	23,200
Private Investigators	64,200	80,000	80,000	80,000	80,000
Licensed Professional Counselors	91,200	126,800	126,800	126,800	126,800
Proprietary Education	164,300	227,200	227,200	172,800	172,800
Examiners of Psychology	191,100	228,500	228,500	191,100	191,100
Real Estate Appraisers	604,200	658,500	679,600	616,400	622,700
Real Estate Commission	2,666,600	2,914,800	3,009,200	2,541,600	2,574,900
Respiratory Care	181,100	204,700	214,100	181,100	181,100
Social Work	145,300	154,200	154,200	145,300	145,300
Speech-Language Pathology and Audiology	107,000	112,200	112,200	112,200	112,200
Veterinary Examiners	237,800	254,300	254,300	237,800	237,800
<b>TOTAL EXPENDITURES</b>	<b>19,534,100</b>	<b>22,074,500</b>	<b>22,928,000</b>	<b>19,739,200</b>	<b>19,959,300</b>

The 38 occupational and professional licensing and regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

The general objectives of the Boards and Commissions are: to examine and license all qualified applicants; to enforce the ethical, legal, and professional standards and regulations of the Boards; to ensure compliance with licensure requirements; and to administer the programs of the Boards in an efficient manner. The Boards operate solely from agency receipts.

**General Government  
Kentucky River Authority**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,978,800	1,970,100	1,990,300	304,700	1,078,800
Budget Reduction	-9,000				
Salary Compensation Fund	2,900				
<b>Total General Fund</b>	<b>1,972,700</b>	<b>1,970,100</b>	<b>1,990,300</b>	<b>304,700</b>	<b>1,078,800</b>
<b>Restricted Funds</b>					
Balance Forward	1,621,700	849,600	1,404,500	908,800	1,350,100
Current Receipts	1,450,600	5,677,600	5,677,600	4,883,800	4,883,800
<b>Total Restricted Funds</b>	<b>3,072,300</b>	<b>6,527,200</b>	<b>7,082,100</b>	<b>5,792,600</b>	<b>6,233,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,045,000</b>	<b>8,497,300</b>	<b>9,072,400</b>	<b>6,097,300</b>	<b>7,312,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	589,800	759,500	811,000	559,000	562,000
Operating Expenses	164,600	185,500	184,900	155,600	155,800
Grants, Loans or Benefits	344,800	340,600	335,100	315,600	310,100
Debt Service	525,000	5,341,000	5,341,000	3,092,000	3,866,000
Capital Outlay	32,000				
Construction	850,000	625,000	250,000	625,000	250,000
<b>TOTAL EXPENDITURES</b>	<b>2,506,200</b>	<b>7,251,600</b>	<b>6,922,000</b>	<b>4,747,200</b>	<b>5,143,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	342,700	1,970,100	1,990,300	304,700	1,078,800
Restricted Funds	2,163,500	5,281,500	4,931,700	4,442,500	4,065,100
<b>TOTAL EXPENDITURES</b>	<b>2,506,200</b>	<b>7,251,600</b>	<b>6,922,000</b>	<b>4,747,200</b>	<b>5,143,900</b>
<b>EXPENDITURES BY UNIT</b>					
KRA General Operations	1,606,500	882,500	907,700	725,500	723,100
Locks and Dams	525,000	4,399,000	4,024,000	3,717,000	4,116,000
Construction/Maintenance					
Locks and Dams Operations	374,700	1,970,100	1,990,300	304,700	304,800
<b>TOTAL EXPENDITURES</b>	<b>2,506,200</b>	<b>7,251,600</b>	<b>6,922,000</b>	<b>4,747,200</b>	<b>5,143,900</b>

The mission of the Kentucky River Authority is to protect the quality and sufficiency of the water supply in the Kentucky River Basin. The people and businesses in 42 counties depend on the river and its tributaries for clean drinking water, for commercial and industrial uses, and for the generation of electricity. The water supply is maintained in a series of pools behind 14 dams that were originally constructed by the Army Corps of Engineers beginning about 1880. Some of those dams also contain working locks that allow commercial and recreational boat traffic to move up and down the river. The Authority collects a water withdrawal fee from each water utility and business user in the watershed that supports programs which benefit the entire watershed. In addition, a second fee is collected from users who withdraw water from the main stem of the river. Those funds support the lock and dam renovation and reconstruction projects the Authority undertakes from time to time. The Authority also receives a small General Fund appropriation to staff the four operating locks during the summer, when there is considerable recreational activity on the river.

The Authority is created in KRS 151.705 as a public corporation and independent state agency. While administratively attached to the Finance and Administration Cabinet, the Authority is governed by a board that consists of the Secretary of Finance and Administration, the Secretary of Environmental and Public Protection and ten members appointed by the Governor. Those ten include a mayor and a county judge-executive from jurisdictions within the Kentucky River Basin, an

engineer and a water quality expert. The board appoints an executive director and other staff necessary to carry out the responsibilities of the Authority.

The Authority has acquired title to the locks and dams upriver from Frankfort from the Army Corps of Engineers. Dams 1 through 4 between the Ohio River and Frankfort are maintained by the Authority under a long-term lease agreement until such time as the Army declares them to be surplus property.

### **Policy**

The Executive Budget appropriates General Fund debt service \$774,000 in fiscal year 2010 to support \$17.5 million in bond funding for the Kentucky River Locks and Dams Maintenance and Renovations Pool.

Included in the Executive Budget is \$625,000 in fiscal year 2008-2009 and \$250,000 in fiscal year 2009-2010 to provide funding for the Dam 10 project at Boonesboro. These funds will be used to match an anticipated \$1,500,000 federal appropriation for the final design of the Dam 10 reconstruction.

**General Government**  
**School Facilities Construction Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	117,974,500	121,843,100	142,121,400	112,154,400	119,441,200
<b>Total General Fund</b>	<b>117,974,500</b>	<b>121,843,100</b>	<b>142,121,400</b>	<b>112,154,400</b>	<b>119,441,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>117,974,500</b>	<b>121,843,100</b>	<b>142,121,400</b>	<b>112,154,400</b>	<b>119,441,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	242,500	3,328,100	3,343,700	245,000	253,200
Operating Expenses	24,000	25,500	26,000	24,000	24,000
Grants, Loans or Benefits	5,000,000	2,612,000	2,612,000		
Debt Service	104,079,800	115,877,500	136,139,700	111,885,400	119,164,000
<b>TOTAL EXPENDITURES</b>	<b>109,346,300</b>	<b>121,843,100</b>	<b>142,121,400</b>	<b>112,154,400</b>	<b>119,441,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200
<b>TOTAL EXPENDITURES</b>	<b>109,346,300</b>	<b>121,843,100</b>	<b>142,121,400</b>	<b>112,154,400</b>	<b>119,441,200</b>
<b>EXPENDITURES BY UNIT</b>					
School Facilities Construction Commission	109,346,300	121,843,100	142,121,400	112,154,400	119,441,200
<b>TOTAL EXPENDITURES</b>	<b>109,346,300</b>	<b>121,843,100</b>	<b>142,121,400</b>	<b>112,154,400</b>	<b>119,441,200</b>

The School Facilities Construction Commission, created by the 1985 Extraordinary Session of the General Assembly (KRS 157.611 et seq.), exists to assist local school districts with their school building needs. The School Facilities Construction Commission is responsible for the distribution of available state funds to eligible local school districts which have demonstrated a reasonable local effort to provide adequate school facilities but still have unmet building needs. The Commission is empowered to act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease arrangements with local boards of education to finance construction of new facilities or major renovation of existing school facilities.

Administration of offers of assistance to local school districts made under the auspices of the Kentucky Education Technology System is performed by staff attached to the School Facilities Construction Commission.

Since the inception of the School Facilities Construction Commission, \$3.4 billion in bonds have been sold for school construction.

**Policy**

The Executive Budget includes additional debt service necessary to fulfill commitments made by previous sessions of the General Assembly in authorizing additional bonded indebtedness and related offers of assistance to local school districts.

The recommended budget includes \$2,531,200 in fiscal year 2008-2009 and \$8,437,500 in fiscal year 2009-2010 for debt service for \$100,000,000 in bonds authorized by the 2006 Regular Session of the General Assembly. Of this amount, \$75 million in bonds are for regular offers of assistance and \$25 million are for Urgent Needs schools. The recommended budget also includes debt service in support of an additional \$50 million bond authorization made by the 2006 Regular Session of the General Assembly targeted for Urgent Needs schools.

The Executive Budget fulfills commitments made by the 2000, 2003 and 2005 Regular Sessions of the General Assembly by including debt service in support of a total of \$300 million in bonded indebtedness used for regular offers of assistance for



construction and renovation projects, and reauthorizing a total of approximately \$55.8 million of the authorized bonded indebtedness not yet utilized by school districts.

The recommended budget also includes debt service in support of approximately \$54.4 million in bonded indebtedness for Category 5 (worst condition schools) projects and reauthorizes approximately \$12 million of that authorized indebtedness not yet utilized by school districts.

Finally, the Executive Budget authorizes \$100,000,000 in new offers of assistance during the 2008-2010 biennium in anticipation of debt service availability during the 2010-2012 biennium.

**General Government  
Teachers' Retirement System**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	183,323,100	677,469,400	744,956,800	177,360,200	201,252,600
<b>Total General Fund</b>	183,323,100	677,469,400	744,956,800	177,360,200	201,252,600
<b>Restricted Funds</b>					
Balance Forward	2,211,849				
Non-Revenue Receipts	7,331,651	10,102,600	10,851,000	10,102,600	10,851,000
<b>Total Restricted Funds</b>	9,543,500	10,102,600	10,851,000	10,102,600	10,851,000
<b>TOTAL SOURCE OF FUNDS</b>	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,912,800	8,321,000	8,758,800	8,321,000	8,758,800
Operating Expenses	1,494,700	1,638,700	1,942,200	1,638,700	1,942,200
Grants, Loans or Benefits	183,323,100	482,147,900	512,114,800	177,360,200	201,252,600
Capital Outlay	136,000	142,900	150,000	142,900	150,000
<b>TOTAL EXPENDITURES</b>	192,866,600	492,250,500	522,965,800	187,462,800	212,103,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	183,323,100	677,469,400	744,956,800	177,360,200	201,252,600
Restricted Funds	9,543,500	10,102,600	10,851,000	10,102,600	10,851,000
<b>TOTAL EXPENDITURES</b>	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600
<b>EXPENDITURES BY UNIT</b>					
Teachers' Retirement System	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600
<b>TOTAL EXPENDITURES</b>	192,866,600	687,572,000	755,807,800	187,462,800	212,103,600

The Teachers' Retirement System, as defined in KRS 161.220-161.716, was established in 1940 to provide a broad program of retirement benefits, death and survivor benefits, medical insurance benefits, and disability benefits to its membership.

Administration of the System is the responsibility of the nine-member Board of Trustees. Two of the members, the Commissioner of Education and the State Treasurer, are ex-officio, serving by reason of their constitutional offices. The members of the Retirement System elect the remaining seven trustees for four-year terms. Four of these must be active members of the Retirement System, one must be a retired member, and two must be persons from outside the teaching profession. The Board of Trustees appoints an Executive Secretary who is responsible for the administration of the affairs of the Retirement System under policies established by the Board. The most important objectives of the Board of Trustees are to maintain a retirement system that is actuarially sound and to maintain member benefits at a level that is comparable with the benefits provided other state employees through the Kentucky Employees' Retirement System and the Social Security System.

Membership is comprised of all persons occupying positions in the public elementary or secondary schools for which certification is required. In addition, staff members of Western Kentucky University, Eastern Kentucky University, Morehead State University, Murray State University, Kentucky State University, professional staff of the Department of Education, Cabinet for Workforce Development, faculty members of the School for the Deaf, the School for the Blind, as well as faculty of the state and area vocational schools are members. Membership is mandatory for all persons teaching in the public schools or other institutions covered by the statutes governing teachers' retirement.

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member and state contribution rate at 9.855 percent of gross salary. University faculty members contribute 8.375 percent of gross salary and the state matches this amount. In

addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

The employer match for Department of Education, the Cabinet for Workforce Development, and university employees is budgeted within the Department, the Cabinet, and the affected universities and is then transferred to the Teachers' Retirement System.

Funding for the employer match on behalf of local school district members is provided as an adjunct to the Support Education Excellence in Kentucky program (SEEK) within the Department of Education.

## **Policy**

The Executive Budget includes sufficient General Fund support to meet the amortized cost of previously enacted cost-of-living adjustments (COLAs) and other benefit improvements for system members.

The recommended budget includes \$5,684,000 in fiscal year 2009 and \$11,965,300 in fiscal year 2010 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2008-2010 biennium who are eligible to add accrued sick leave to their final year of service.

The enacted budget includes \$41,812,500 in both fiscal year 2009 and fiscal year 2010 in continuing payments for the amortized cost of medical insurance outlays for fiscal years 2005 through 2008.

The Executive Budget also directs a portion of the state-funded employer contribution to be directed to the Retirement System's medical insurance fund to cover projected benefit costs during the 2008-2010 biennium. In fiscal year 2010 an initial payment of \$18,210,700 is provided in support of the amortized cost of medical insurance coverage for recipients during the 2008-10 biennium.

Also included in the recommended budget is \$1,223,800 in fiscal year 2010 for an initial amortization payment to cover the 2008-10 biennial cost of the medical insurance subsidy established in House Bill 1 enacted by the October 2004 Extraordinary Session of the General Assembly.

**General Government  
Judgments**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		2,500,000	2,500,000		
Continuing Appropriation	35,100				
Mandated Allotments	600,000				
<b>Total General Fund</b>	<b>635,100</b>	<b>2,500,000</b>	<b>2,500,000</b>		
<b>TOTAL SOURCE OF FUNDS</b>	<b>635,100</b>	<b>2,500,000</b>	<b>2,500,000</b>		
<b>EXPENDITURES BY CLASS</b>					
Operating Expenses	635,100	2,500,000	2,500,000		
<b>TOTAL EXPENDITURES</b>	<b>635,100</b>	<b>2,500,000</b>	<b>2,500,000</b>		
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	635,100	2,500,000	2,500,000		
<b>TOTAL EXPENDITURES</b>	<b>635,100</b>	<b>2,500,000</b>	<b>2,500,000</b>		

The fiscal year 2007-2008 appropriation includes contingent liabilities and judgments identified by the Office of the Controller in the Finance and Administration Cabinet. The timing of payments of judgments is dependent on many factors beyond the control of the Commonwealth. Therefore, it is essential that any funds remaining at the end of fiscal year 2007-2008 and fiscal year 2008-2009 shall not lapse but be allowed to continue into subsequent fiscal years. Should any other Appropriations Not Otherwise Classified account have an insufficient appropriation in fiscal biennium 2008-2010, any unneeded funds in this account may be used before any allocations are made from either the General Fund Surplus or the Budget Reserve Trust Fund. Any additional judgments or contingent liabilities for fiscal biennium 2008-2010, beyond the amount recommended, will be paid from the General Fund Surplus Account (unappropriated surplus) or the Budget Reserve Trust Fund, if necessary.

**General Government**  
**Appropriations Not Otherwise Classified**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,917,500	12,267,500	12,267,500	12,267,500	12,267,500
Mandated Allotments	8,350,000				
<b>Total General Fund</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	285,000	285,000	285,000	285,000	285,000
Operating Expenses	11,980,000	11,980,000	11,980,000	11,980,000	11,980,000
Grants, Loans or Benefits	2,500	2,500	2,500	2,500	2,500
<b>TOTAL EXPENDITURES</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	12,267,500	12,267,500	12,267,500	12,267,500	12,267,500
<b>TOTAL EXPENDITURES</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>
<b>EXPENDITURES BY UNIT</b>					
Attorney General Expense	225,000	225,000	225,000	225,000	225,000
Board of Claims Award	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Guardian Ad Litem	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000
Prior Year Claims	400,000	400,000	400,000	400,000	400,000
Unredeemed Checks Refunded	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Involuntary Commitments-ICF/MR	60,000	60,000	60,000	60,000	60,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Frankfort Cemetery	2,500	2,500	2,500	2,500	2,500
Survivor Benefits	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Med Malpractice Liability Ins Reimb	185,000	185,000	185,000	185,000	185,000
Blanket Employee Bonds	100,000	100,000	100,000	100,000	100,000
<b>TOTAL EXPENDITURES</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>	<b>12,267,500</b>

Appropriations Not Otherwise Classified (ANOC) are appropriations not related to particular programs. Each item within this category has been given program status so that expenditures can be budgeted and accounted for separately. It includes such items as Attorney General expenses for defending employees of the Commonwealth and prior year claims for legal obligations of the Commonwealth. Any expenditure for costs of items included within this classification over the amounts appropriated is to be paid from the General Fund Surplus account or the Budget Reserve Trust Fund as a Necessary Government Expense.

# Commerce

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**Commerce**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	61,572,500	103,176,750	120,025,050	51,908,900	53,375,800
Current Year Appropriation	5,000,000	38,600	38,600		
Budget Reduction	-2,695,900				
Salary Compensation Fund	1,431,400				
Base Deduction	-99,600				
<b>Total General Fund</b>	<b>65,208,400</b>	<b>103,215,350</b>	<b>120,063,650</b>	<b>51,908,900</b>	<b>53,375,800</b>
<b>Restricted Funds</b>					
Balance Forward	54,072,100	49,916,400	40,278,600	53,213,900	42,397,700
Current Receipts	148,672,300	149,066,500	151,361,100	140,219,200	139,355,100
Non-Revenue Receipts	-135,300	2,940,900	1,441,100	2,599,800	1,100,000
Fund Transfers	-3,465,800			-10,000,000	
<b>Total Restricted Funds</b>	<b>199,143,300</b>	<b>201,923,800</b>	<b>193,080,800</b>	<b>186,032,900</b>	<b>182,852,800</b>
<b>Federal Funds</b>					
Balance Forward	7,427,500	7,363,400	5,300,000	9,060,000	8,637,700
Current Receipts	13,930,900	15,414,200	15,872,000	13,403,400	13,278,700
Non-Revenue Receipts		-500,000	-500,000	-500,000	-500,000
<b>Total Federal Funds</b>	<b>21,358,400</b>	<b>22,277,600</b>	<b>20,672,000</b>	<b>21,963,400</b>	<b>21,416,400</b>
<b>Road Fund</b>					
Regular Appropriation				490,000	495,000
<b>Total Road Fund</b>				<b>490,000</b>	<b>495,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>285,710,100</b>	<b>327,416,750</b>	<b>333,816,450</b>	<b>260,395,200</b>	<b>258,140,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	133,068,100	175,348,500	180,773,600	132,858,300	135,297,900
Operating Expenses	61,852,700	69,663,500	70,569,900	58,734,300	58,469,700
Grants, Loans or Benefits	16,655,300	19,593,150	16,723,550	12,514,500	12,314,800
Debt Service	10,649,400	14,225,400	26,011,100	4,424,400	5,666,400
Capital Outlay	828,300	2,907,600	2,324,800	828,300	828,300
<b>TOTAL EXPENDITURES</b>	<b>223,053,800</b>	<b>281,738,150</b>	<b>296,402,950</b>	<b>209,359,800</b>	<b>212,577,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	64,826,000	103,115,350	119,617,650	51,908,900	53,375,800
Restricted Funds	145,929,400	161,645,200	159,384,200	143,635,200	145,267,000
Federal Funds	12,298,400	16,977,600	17,401,100	13,325,700	13,439,300
Road Fund				490,000	495,000
<b>TOTAL EXPENDITURES</b>	<b>223,053,800</b>	<b>281,738,150</b>	<b>296,402,950</b>	<b>209,359,800</b>	<b>212,577,100</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	4,172,700	5,240,300	5,363,400	3,810,800	3,909,400
Artisans Center	2,465,700	2,942,700	2,923,200	2,492,800	2,503,900
Tourism	14,628,300	27,481,500	19,355,800	14,478,900	14,401,700
Parks	93,266,700	105,004,000	124,082,500	87,003,500	87,862,500
Horse Park Commission	11,930,900	13,962,500	12,254,100	8,648,300	8,771,100
State Fair Board	39,347,700	50,902,300	52,572,500	38,804,400	39,526,000
Fish and Wildlife Resources	37,875,800	50,887,600	53,552,300	38,185,000	39,571,200
Historical Society	9,227,500	10,351,900	10,703,400	7,911,200	8,061,700
Arts Council	5,821,300	7,203,900	7,140,500	4,791,500	4,752,200
Heritage Council	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
Kentucky Center for the Arts	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
<b>TOTAL EXPENDITURES</b>	<b>223,053,800</b>	<b>281,738,150</b>	<b>296,402,950</b>	<b>209,359,800</b>	<b>212,577,100</b>



Executive Order 2003-064, ratified by the 2005 Regular Session of the General Assembly, created the Commerce Cabinet by combining the former Tourism Development Cabinet and elements of the Education, Arts and Humanities Cabinet. The Commerce Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

Executive Order 2003-064 transferred the following entities from the Education, Arts, and Humanities Cabinet to the Commerce Cabinet:

- The Kentucky Arts Council
- The Kentucky Historical Society
- The Kentucky Center for the Arts
- The Kentucky Craft Marketing program
- The Governor's School for the Arts
- The Kentucky African-American Heritage Commission
- The Kentucky Heritage Council
- The Kentucky Humanities Council

Executive Order 2003-064 also transferred the following entities from the Governor's Office to the Commerce Cabinet:

- The Kentucky Coal Council and the Office of Coal Marketing and Export
- The Commission on Small Business Advocacy

Subsequent to the original reorganization, Executive Order 2004-723 transferred the following entities from the Finance and Administration Cabinet to the Commerce Cabinet:

- Capital Plaza Operations
- Creative Services

Each of the above Executive Orders was ratified in the 2005 Regular Session of the General Assembly by Senate Bill 40. Within Senate Bill 40, the Commission on Small Business Advocacy was transferred to the Economic Development Cabinet. Also added by Senate Bill 40 and attached to the Office of the Secretary's appropriation unit was the Office of Energy Policy. The old Division of Energy within the Environmental and Public Protection Cabinet was transferred to this new office by Senate Bill 41. In addition, Senate Bill 65 created the Kentucky Sports Authority and attached it to the Office of the Secretary's appropriation unit.

**Commerce  
Secretary**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,114,000	4,136,000	4,252,000	2,793,700	2,862,700
Budget Reduction	-69,000				
Salary Compensation Fund	18,800				
<b>Total General Fund</b>	<b>3,063,800</b>	<b>4,136,000</b>	<b>4,252,000</b>	<b>2,793,700</b>	<b>2,862,700</b>
<b>Restricted Funds</b>					
Balance Forward	322,100	322,100	280,700	352,700	398,500
Current Receipts	1,062,900	1,062,900	1,062,900	1,062,900	1,062,900
Fund Transfers	-10,000				
<b>Total Restricted Funds</b>	<b>1,375,000</b>	<b>1,385,000</b>	<b>1,343,600</b>	<b>1,415,600</b>	<b>1,461,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,438,800</b>	<b>5,521,000</b>	<b>5,595,600</b>	<b>4,209,300</b>	<b>4,324,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	2,915,700	3,875,400	4,163,500	3,011,900	3,110,500
Operating Expenses	698,600	634,500	634,500	739,900	735,600
Grants, Loans or Benefits	552,400	552,400	552,400	53,000	57,300
Capital Outlay	6,000	178,000	13,000	6,000	6,000
<b>TOTAL EXPENDITURES</b>	<b>4,172,700</b>	<b>5,240,300</b>	<b>5,363,400</b>	<b>3,810,800</b>	<b>3,909,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,150,400	4,136,000	4,252,000	2,793,700	2,862,700
Restricted Funds	1,022,300	1,104,300	1,111,400	1,017,100	1,046,700
<b>TOTAL EXPENDITURES</b>	<b>4,172,700</b>	<b>5,240,300</b>	<b>5,363,400</b>	<b>3,810,800</b>	<b>3,909,400</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	2,593,900	2,801,100	2,951,600	2,237,000	2,291,200
Capital Plaza Operations	696,700	1,031,000	1,082,800	715,100	735,500
Creative Services	882,100	1,408,200	1,329,000	858,700	882,700
<b>TOTAL EXPENDITURES</b>	<b>4,172,700</b>	<b>5,240,300</b>	<b>5,363,400</b>	<b>3,810,800</b>	<b>3,909,400</b>

Executive Order 2003-064, which was ratified by the 2005 Regular Session of the General Assembly, created the Commerce Cabinet by combining the former Tourism Development Cabinet and elements of the Education, Arts and Humanities Cabinet. The Office of the Secretary of the Commerce Cabinet coordinates the various agencies within the Cabinet.

The 2005 General Assembly took the following actions:

- Senate Bill 40 added and attached to the Office of the Secretary's appropriation unit the Office of Energy Policy. The old Division of Energy within the Environmental and Public Protection Cabinet was transferred to this new Office by Senate Bill 41. (The Office of Energy Policy was a separate appropriation unit in fiscal biennium 2006-2008.) This office was subsequently transferred to the Governor's Office in 2007.
- Senate Bill 65 created the Kentucky Sports Authority and attached it to the Office of the Secretary's appropriation unit. Although this was attached to the Office of the Secretary, the funding was provided by the Department of Tourism.
- The Creative Services and the Capital Plaza Operations programs were transferred from the Finance and Administration Cabinet to the Commerce Cabinet, Office of the Secretary, by Senate Bill 40.

- The Commission on Small Business Advocacy was transferred from the Governor's Office to the Commerce Cabinet's Office of the Secretary by Executive Order 2003-064. Subsequent to the Executive Order, this Office was transferred to the Economic Development Cabinet by Senate Bill 40.

Executive Order 2005-576 moved grants to the Mountain Arts Center, the Blue Apple Players, and the Martin Luther King Commission from the Education Cabinet to the Commerce Cabinet, Office of the Secretary.

**Executive Policy and Management** - The Executive Policy and Management unit directs planning and management of the agencies within the Cabinet. This program develops plans to assure orderly growth and improved management, recommends executive actions and legislative measures, and evaluates agency budget requests.

**Creative Services** - The Creative Services program performs a range of creative and productive services for agencies in state government, including audio and video production, graphic design, multimedia event services, and photography.

**Frankfort Convention Center** - The Frankfort Convention Center serves as both a small and large meeting facility, containing a 10,000 square foot arena with fixed seating space of 5,365. The large arena facility attendance for fiscal year 2006 was approximately 170,000 persons attending various functions, such as legislative events, private parties, basketball tournaments, athletic events, graduations, and university events. The small meeting facility space contains 1,575 square feet for governmental or business conference functions.

The Frankfort Convention Center also manages over 57,000 square feet of rental space for 10 state agencies and eight private businesses.

**Commerce  
Artisans Center**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	156,200	719,000	699,500	358,200	358,200
Salary Compensation Fund	34,900				
<b>Total General Fund</b>	<b>191,100</b>	<b>719,000</b>	<b>699,500</b>	<b>358,200</b>	<b>358,200</b>
<b>Restricted Funds</b>					
Balance Forward	189,800	212,900	114,600	190,600	190,300
Current Receipts	1,784,300	1,784,300	1,784,300	1,784,300	1,784,300
Non-Revenue Receipts	491,100	341,100	341,100		
<b>Total Restricted Funds</b>	<b>2,465,200</b>	<b>2,338,300</b>	<b>2,240,000</b>	<b>1,974,900</b>	<b>1,974,600</b>
<b>Road Fund</b>					
Regular Appropriation				350,000	350,000
<b>Total Road Fund</b>				<b>350,000</b>	<b>350,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,656,300</b>	<b>3,057,300</b>	<b>2,939,500</b>	<b>2,683,100</b>	<b>2,682,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,302,300	1,457,000	1,552,500	1,302,300	1,313,400
Operating Expenses	1,163,400	1,370,700	1,370,700	1,190,500	1,190,500
Capital Outlay		115,000			
<b>TOTAL EXPENDITURES</b>	<b>2,465,700</b>	<b>2,942,700</b>	<b>2,923,200</b>	<b>2,492,800</b>	<b>2,503,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	191,100	719,000	699,500	358,200	358,200
Restricted Funds	2,274,600	2,223,700	2,223,700	1,784,600	1,795,700
Road Fund				350,000	350,000
<b>TOTAL EXPENDITURES</b>	<b>2,465,700</b>	<b>2,942,700</b>	<b>2,923,200</b>	<b>2,492,800</b>	<b>2,503,900</b>
<b>EXPENDITURES BY UNIT</b>					
Berea Artisans Center	2,465,700	2,942,700	2,923,200	2,492,800	2,503,900
<b>TOTAL EXPENDITURES</b>	<b>2,465,700</b>	<b>2,942,700</b>	<b>2,923,200</b>	<b>2,492,800</b>	<b>2,503,900</b>

The Kentucky Artisans Center at Berea is established to promote Kentucky arts and craft products and, serving as a unique gateway for travelers, offers quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 650 vendors in 90 counties statewide. Hospitality, retail food, and rest stop services are also provided by the Center for over 350,000 visitors.

The Appalachian/Kentucky Artisans Gateway Center Authority (KRS 148.560-569) has an appointed, thirteen member board to direct operations of the Center and is attached to the Commerce Cabinet for administrative purposes.

**Commerce  
Tourism**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,176,500	12,420,200	10,125,800	4,368,400	4,368,400
Budget Reduction	-2,169,900				
Salary Compensation Fund	71,100				
Base Deduction	-99,600				
<b>Total General Fund</b>	4,978,100	12,420,200	10,125,800	4,368,400	4,368,400
<b>Restricted Funds</b>					
Balance Forward	6,212,300	5,831,300		3,984,500	3,104,000
Current Receipts	30,000	30,000	30,000	30,000	30,000
Non-Revenue Receipts	10,533,600	9,200,000	9,200,000	9,200,000	9,200,000
Fund Transfers	-3,141,200				
<b>Total Restricted Funds</b>	13,634,700	15,061,300	9,230,000	13,214,500	12,334,000
<b>TOTAL SOURCE OF FUNDS</b>	18,612,800	27,481,500	19,355,800	17,582,900	16,702,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,125,700	16,816,500	11,379,100	7,334,900	7,442,400
Operating Expenses	1,433,100	2,147,500	1,959,200	1,012,500	827,800
Grants, Loans or Benefits	6,069,500	8,517,500	6,017,500	6,131,500	6,131,500
<b>TOTAL EXPENDITURES</b>	14,628,300	27,481,500	19,355,800	14,478,900	14,401,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,978,100	12,420,200	10,125,800	4,368,400	4,368,400
Restricted Funds	9,650,200	15,061,300	9,230,000	10,110,500	10,033,300
<b>TOTAL EXPENDITURES</b>	14,628,300	27,481,500	19,355,800	14,478,900	14,401,700
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	1,045,200	1,441,100	1,503,800	885,800	902,400
Tourism Services	2,015,800	2,828,300	2,940,200	1,905,900	1,963,900
Marketing and Advertising	1,880,400	7,325,900	4,766,400	1,300,400	1,145,700
Sports Authority	396,000	937,200	945,400	380,900	383,800
Marketing/Development Coal Counties	643,000	1,935,600	1,000,000	1,000,000	1,000,000
Convention/Meeting	8,647,900	13,013,400	8,200,000	9,005,900	9,005,900
<b>TOTAL EXPENDITURES</b>	14,628,300	27,481,500	19,355,800	14,478,900	14,401,700

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

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

**Tourism Services** - The Tourism Services Division operates highway welcome centers in Florence, Franklin, Grayson, Hopkinsville, Paducah, Simpsonville, Shepherdsville, and Williamsburg, along with the State Capitol welcome center desk in Frankfort; generates sales revenue to Kentucky's tourism industry through trade show participation and pursuit of group, commercial, and individual markets; and disseminates tourism information to tourists and potential visitors via a telephone system, direct mail, and the welcome centers. The goal of the Tourism Services Division is to conduct a comprehensive travel promotion campaign and to serve Kentucky's private sector tourism industry. This program also markets and promotes Kentucky to the film industry to attract television and feature movie productions to the state.

**Marketing and Advertising** - The Marketing and Advertising Division develops and coordinates state tourism advertising and tourism media placement, coordinates and produces tourism brochures and sales promotion materials, assists non-profit private sector groups with advertising and promotion costs through matching funds and cooperative advertising programs, develops and maintains the department's website ([www.kentuckytourism.com](http://www.kentuckytourism.com)), and develops and maintains a marketing and research data base on Kentucky's tourism industry. The goal of this program is to develop, coordinate, and maintain a comprehensive advertising campaign to promote Kentucky as a tourism destination.

The Tourism, Meeting, and Convention Marketing Fund is established by KRS 142.406 with revenues from a one percent transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth. This new fund shall not support expenditures on capital construction projects.

Marketing and development activities in coal producing counties are provided for through the Coal Severance Fund, pursuant to KRS 42.4592, which receives annual coal severance tax receipts. Allocations to coal counties are intended to supplement local tourism budgets that are deficient in tourism infrastructure. The Kentucky Recreational Trails Authority, administratively attached to the Department of Tourism, is directed to enhance the Kentucky economy through expanded tourism opportunities for motorized and non-motorized off-road trail activities, which are opportunities available in the coal producing counties.

**Sports Authority** - The Kentucky Sports Authority, established pursuant to KRS 148.590, has a fourteen member board with the primary responsibility to recruit, promote, assist, place, and develop sporting events, facilities, and programs throughout the Commonwealth, with the final goal of developing the economy, commerce, job opportunities, and revenue streams. The Kentucky Sports Authority has been very successful with recruiting events like Dew Action Sports, Bassmaster Tournaments, and the National Senior games to the Commonwealth.

## **Policy**

The Executive Budget provides Restricted Funds of \$1,000,000 in each fiscal year of the 2008-2010 biennium for tourism marketing and development on behalf of coal producing counties. The agency receipts originate from the calculations for the Local Government Economic Development Fund, Multi-county Fund.

The Executive Budget provides General Fund resources of \$50,000 in each fiscal year of the 2008-2010 biennium for grants to the Bluegrass State Games.

**Commerce**

**Parks**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	31,145,400	47,146,900	66,424,200	30,045,900	30,664,900
Current Year Appropriation	5,000,000				
Salary Compensation Fund	1,164,700				
<b>Total General Fund</b>	<b>37,310,100</b>	<b>47,146,900</b>	<b>66,424,200</b>	<b>30,045,900</b>	<b>30,664,900</b>
<b>Restricted Funds</b>					
Balance Forward		151,100	152,200	157,100	1,057,700
Current Receipts	56,486,700	57,858,400	57,679,600	57,858,400	57,679,600
Non-Revenue Receipts		-200		-200	
<b>Total Restricted Funds</b>	<b>56,486,700</b>	<b>58,009,300</b>	<b>57,831,800</b>	<b>58,015,300</b>	<b>58,737,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>93,796,800</b>	<b>105,156,200</b>	<b>124,256,000</b>	<b>88,061,200</b>	<b>89,402,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	58,109,800	71,617,200	76,058,500	57,468,200	57,932,500
Operating Expenses	32,171,800	33,056,800	33,076,300	29,344,200	29,119,900
Grants, Loans or Benefits	191,100	300,000	350,000	191,100	191,100
Debt Service	2,794,000		14,567,700		619,000
Capital Outlay		30,000	30,000		
<b>TOTAL EXPENDITURES</b>	<b>93,266,700</b>	<b>105,004,000</b>	<b>124,082,500</b>	<b>87,003,500</b>	<b>87,862,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	36,937,100	47,146,900	66,424,200	30,045,900	30,664,900
Restricted Funds	56,329,600	57,857,100	57,658,300	56,957,600	57,197,600
<b>TOTAL EXPENDITURES</b>	<b>93,266,700</b>	<b>105,004,000</b>	<b>124,082,500</b>	<b>87,003,500</b>	<b>87,862,500</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	13,397,800	13,231,600	28,517,600	10,701,600	11,418,300
Resort Parks	59,027,000	67,393,700	70,226,500	57,510,600	57,401,500
Recreation Parks and Historic Sites	18,726,000	21,951,000	22,784,700	16,655,500	16,876,400
Cafeterias	1,924,800	2,177,700	2,253,700	1,944,700	1,975,200
Breaks Interstate Park	191,100	250,000	300,000	191,100	191,100
<b>TOTAL EXPENDITURES</b>	<b>93,266,700</b>	<b>105,004,000</b>	<b>124,082,500</b>	<b>87,003,500</b>	<b>87,862,500</b>

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

The activities of the Department include the operation and maintenance of 17 resort parks, 24 recreational parks, 11 historic sites, one interstate park, one historic inn, and the three cafeterias in Frankfort. The Park System provides overnight lodging to 442,000 guests, food service for 1,245,000 meals for dining patrons, camping for 470,000 guests, golfing for 222,000 players, along with other park amenities and activities.

**Commerce**

**Parks**

**General Administration and Support**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,505,400	12,890,200	28,176,200	10,360,200	11,076,900
<b>Total General Fund</b>	<b>13,505,400</b>	<b>12,890,200</b>	<b>28,176,200</b>	<b>10,360,200</b>	<b>11,076,900</b>
<b>Restricted Funds</b>					
Balance Forward		1,200	800	1,200	800
Current Receipts	140,000	100,000	120,000	100,000	120,000
Non-Revenue Receipts	126,600	241,000	221,000	241,000	221,000
<b>Total Restricted Funds</b>	<b>266,600</b>	<b>342,200</b>	<b>341,800</b>	<b>342,200</b>	<b>341,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,772,000</b>	<b>13,232,400</b>	<b>28,518,000</b>	<b>10,702,400</b>	<b>11,418,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	7,994,900	10,285,400	11,003,700	8,119,000	8,429,500
Operating Expenses	2,608,900	2,946,200	2,946,200	2,582,600	2,369,800
Debt Service	2,794,000		14,567,700		619,000
<b>TOTAL EXPENDITURES</b>	<b>13,397,800</b>	<b>13,231,600</b>	<b>28,517,600</b>	<b>10,701,600</b>	<b>11,418,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	13,132,400	12,890,200	28,176,200	10,360,200	11,076,900
Restricted Funds	265,400	341,400	341,400	341,400	341,400
<b>TOTAL EXPENDITURES</b>	<b>13,397,800</b>	<b>13,231,600</b>	<b>28,517,600</b>	<b>10,701,600</b>	<b>11,418,300</b>

The General Administration and Support program provides an organizational and administrative system to maintain and operate the 57 park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with central maintenance and minor construction support, are included in this program.

All currently authorized General Fund debt service costs are budgeted in the Finance and Administration Cabinet in the 2008-2010 biennium.

**Policy**

The Executive Budget provides additional General Fund resources of \$354,000 in fiscal year 2009-2010 for debt service related to the capital budget recommendation of \$8,000,000 in fiscal year 2008-2009 for the Parks Renovation Pool.

The Executive Budget provides General Fund resources of \$265,000 in fiscal year 2009-2010 for debt service related to the capital budget recommendation of \$4,000,000 in fiscal year 2008-2009 for the Parks Maintenance Pool.



**Commerce  
Parks  
Resort Parks**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,755,100	21,763,000	24,594,600	12,244,500	12,115,200
Current Year Appropriation	3,667,000				
<b>Total General Fund</b>	<b>14,422,100</b>	<b>21,763,000</b>	<b>24,594,600</b>	<b>12,244,500</b>	<b>12,115,200</b>
<b>Restricted Funds</b>					
Balance Forward		125,500	107,700	125,500	472,300
Current Receipts	45,857,000	46,846,800	46,848,000	46,846,800	46,848,000
Non-Revenue Receipts	-1,126,600	-1,233,900	-1,213,700	-1,233,900	-1,213,700
<b>Total Restricted Funds</b>	<b>44,730,400</b>	<b>45,738,400</b>	<b>45,742,000</b>	<b>45,738,400</b>	<b>46,106,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>59,152,500</b>	<b>67,501,400</b>	<b>70,336,600</b>	<b>57,982,900</b>	<b>58,221,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	36,379,900	45,029,200	47,842,500	36,554,100	36,360,400
Operating Expenses	22,647,100	22,284,500	22,304,000	20,956,500	21,041,100
Grants, Loans or Benefits		50,000	50,000		
Capital Outlay		30,000	30,000		
<b>TOTAL EXPENDITURES</b>	<b>59,027,000</b>	<b>67,393,700</b>	<b>70,226,500</b>	<b>57,510,600</b>	<b>57,401,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	14,422,100	21,763,000	24,594,600	12,244,500	12,115,200
Restricted Funds	44,604,900	45,630,700	45,631,900	45,266,100	45,286,300
<b>TOTAL EXPENDITURES</b>	<b>59,027,000</b>	<b>67,393,700</b>	<b>70,226,500</b>	<b>57,510,600</b>	<b>57,401,500</b>

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 17 resort parks and one historic inn. The resort parks and their locations are:

Barren River Resort Park - Barren County  
 Benham School House Inn - Harlan County  
 Blue Licks Battlefield State Park - Robertson County  
 Buckhorn Lake Resort Park - Perry County  
 Carter Caves Resort Park - Carter County  
 Cumberland Falls Resort Park - Whitley County  
 Dale Hollow Resort Park - Cumberland and Clinton Counties  
 General Butler Resort Park - Carroll County  
 Greenbo Lake Resort Park - Greenup County  
 Jenny Wiley Resort Park - Floyd County

Kenlake Resort Park - Marshall County  
 Kentucky Dam Village Resort Park - Marshall County  
 Lake Barkley Resort Park - Trigg County  
 Lake Cumberland Resort Park - Russell County  
 Natural Bridge Resort Park - Powell County  
 Pennyrile Forest Resort Park - Christian County  
 Pine Mountain Resort Park - Bell County  
 Rough River Resort Park - Grayson County

**Commerce**

**Parks**

**Recreation Parks and Historic Sites**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,479,400	11,804,900	12,838,600	7,035,700	7,067,300
Current Year Appropriation	1,333,000				
Salary Compensation Fund	1,164,700				
<b>Total General Fund</b>	<b>8,977,100</b>	<b>11,804,900</b>	<b>12,838,600</b>	<b>7,035,700</b>	<b>7,067,300</b>
<b>Restricted Funds</b>					
Balance Forward					526,300
Current Receipts	8,748,900	9,153,400	8,953,400	9,153,400	8,953,400
Non-Revenue Receipts	1,000,000	992,700	992,700	992,700	992,700
<b>Total Restricted Funds</b>	<b>9,748,900</b>	<b>10,146,100</b>	<b>9,946,100</b>	<b>10,146,100</b>	<b>10,472,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>18,726,000</b>	<b>21,951,000</b>	<b>22,784,700</b>	<b>17,181,800</b>	<b>17,539,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	12,835,000	15,161,900	15,995,600	11,875,200	12,192,200
Operating Expenses	5,891,000	6,789,100	6,789,100	4,780,300	4,684,200
<b>TOTAL EXPENDITURES</b>	<b>18,726,000</b>	<b>21,951,000</b>	<b>22,784,700</b>	<b>16,655,500</b>	<b>16,876,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,977,100	11,804,900	12,838,600	7,035,700	7,067,300
Restricted Funds	9,748,900	10,146,100	9,946,100	9,619,800	9,809,100
<b>TOTAL EXPENDITURES</b>	<b>18,726,000</b>	<b>21,951,000</b>	<b>22,784,700</b>	<b>16,655,500</b>	<b>16,876,400</b>

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines.

**Recreation Park Facilities**

- |  |   |
|--|---|
| Ben Hawes State Park - Daviess County                    | Kingdom Come State Park - Harlan County                 |
| Big Bone Lick State Park - Boone County                  | Lake Malone State Park - Muhlenberg County              |
| Carr Creek State Park - Knott County                     | Levi Jackson Wilderness Road State Park - Laurel County |
| Columbus-Belmont Battlefield State Park - Hickman County | Lincoln Homestead State Park - Washington County        |
| E. P. "Tom" Sawyer State Park - Jefferson County         | Mineral Mound State Park - Lyon County                  |
| Fish Trap Lake State Park - Pike County                  | My Old Kentucky Home State Park - Nelson County         |
| Fort Boonesborough State Park - Madison County           | Nolin Lake State Park - Edmonson County                 |
| General Burnside State Park - Pulaski County             | Old Fort Harrod State Park - Mercer County              |
| Grayson Lake State Park - Elliott and Carter Counties    | Paintsville Lake State Park - Johnson County            |
| Green River Lake State Park - Taylor County              | Pine Mountain Trail State Park - Harlan & Bell Counties |
| John James Audubon State Park - Henderson County         | Taylorsville Lake State Park - Spencer County           |
| Kincaid Lake State Park - Pendleton County               | Yatesville Lake State Park - Lawrence County            |

**Historic Sites**

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

**Commerce  
Parks  
Cafeterias**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	214,400	438,800	514,800	214,400	214,400
<b>Total General Fund</b>	<b>214,400</b>	<b>438,800</b>	<b>514,800</b>	<b>214,400</b>	<b>214,400</b>
<b>Restricted Funds</b>					
Balance Forward		24,400	43,700	30,400	58,300
Current Receipts	1,740,800	1,758,200	1,758,200	1,758,200	1,758,200
<b>Total Restricted Funds</b>	<b>1,740,800</b>	<b>1,782,600</b>	<b>1,801,900</b>	<b>1,788,600</b>	<b>1,816,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,955,200</b>	<b>2,221,400</b>	<b>2,316,700</b>	<b>2,003,000</b>	<b>2,030,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	900,000	1,140,700	1,216,700	919,900	950,400
Operating Expenses	1,024,800	1,037,000	1,037,000	1,024,800	1,024,800
<b>TOTAL EXPENDITURES</b>	<b>1,924,800</b>	<b>2,177,700</b>	<b>2,253,700</b>	<b>1,944,700</b>	<b>1,975,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	214,400	438,800	514,800	214,400	214,400
Restricted Funds	1,710,400	1,738,900	1,738,900	1,730,300	1,760,800
<b>TOTAL EXPENDITURES</b>	<b>1,924,800</b>	<b>2,177,700</b>	<b>2,253,700</b>	<b>1,944,700</b>	<b>1,975,200</b>

The Cafeteria program provides food service in the Capitol Annex, Transportation building, and the Health and Family Services building for members of the General Assembly, state employees, and visitors to the state offices in Frankfort. The cafeterias also provide catering service for special local events. The cafeterias generated sales of approximately \$ 1,677,000 in fiscal year 2006-2007.

**Commerce  
Parks  
Breaks Interstate Park**

	<b>Revised FY 2008</b>	<b>Requested FY 2009</b>	<b>Requested FY 2010</b>	<b>Recommended FY 2009</b>	<b>Recommended FY 2010</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	191,100	250,000	300,000	191,100	191,100
<b>Total General Fund</b>	191,100	250,000	300,000	191,100	191,100
<b>TOTAL SOURCE OF FUNDS</b>	191,100	250,000	300,000	191,100	191,100
<b>EXPENDITURES BY CLASS</b>					
Grants, Loans or Benefits	191,100	250,000	300,000	191,100	191,100
<b>TOTAL EXPENDITURES</b>	191,100	250,000	300,000	191,100	191,100
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	191,100	250,000	300,000	191,100	191,100
<b>TOTAL EXPENDITURES</b>	191,100	250,000	300,000	191,100	191,100

Breaks Interstate Park, created by KRS 148.220 in 1954 by joint action of the Kentucky and Virginia legislatures, is governed by the Breaks Interstate Park Commission. The Commission is composed of three members from each state appointed by their respective governors. Kentucky provides financial support for the park in the form of a grant to the Commission.

The park, which contains 4,500 acres of woodlands, mountains, and the largest canyon east of the Mississippi River, attracts approximately 380,000 visitors each year. Breaks Interstate Park provides recreation for the people of Kentucky and Virginia in an area where recreational opportunities are limited.

**Commerce  
Horse Park Commission**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,034,200	7,006,000	4,857,600	1,448,200	1,448,200
Budget Reduction	-50,000				
Salary Compensation Fund	60,500				
<b>Total General Fund</b>	<b>5,044,700</b>	<b>7,006,000</b>	<b>4,857,600</b>	<b>1,448,200</b>	<b>1,448,200</b>
<b>Restricted Funds</b>					
Balance Forward	588,500	588,500	588,500	433,800	190,200
Current Receipts	6,771,500	6,956,500	7,396,500	6,956,500	7,396,500
Fund Transfers	-40,000				
<b>Total Restricted Funds</b>	<b>7,320,000</b>	<b>7,545,000</b>	<b>7,985,000</b>	<b>7,390,300</b>	<b>7,586,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>12,364,700</b>	<b>14,551,000</b>	<b>12,842,600</b>	<b>8,838,500</b>	<b>9,034,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,046,100	6,502,500	7,600,700	5,182,400	5,292,700
Operating Expenses	3,459,800	3,873,000	4,438,400	3,439,900	3,452,400
Debt Service	3,399,000	3,522,000	139,000		
Capital Outlay	26,000	65,000	76,000	26,000	26,000
<b>TOTAL EXPENDITURES</b>	<b>11,930,900</b>	<b>13,962,500</b>	<b>12,254,100</b>	<b>8,648,300</b>	<b>8,771,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,044,700	7,006,000	4,857,600	1,448,200	1,448,200
Restricted Funds	6,886,200	6,956,500	7,396,500	7,200,100	7,322,900
<b>TOTAL EXPENDITURES</b>	<b>11,930,900</b>	<b>13,962,500</b>	<b>12,254,100</b>	<b>8,648,300</b>	<b>8,771,100</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Horse Park	11,930,900	13,962,500	12,254,100	8,648,300	8,771,100
<b>TOTAL EXPENDITURES</b>	<b>11,930,900</b>	<b>13,962,500</b>	<b>12,254,100</b>	<b>8,648,300</b>	<b>8,771,100</b>

The Kentucky Horse Park (KRS 148.250) is comprised of 1,224 acres on which are situated over 110 structures, 34 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

**Equine Theme Park**-The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, horseback riding, horse drawn tours, and other activities. Approximately 150,000 people visit annually generating \$3.1million in revenue.

**Events**-The Horse Park is the host venue for both equine and non-equine special events. Horse shows are central to the mission of the park and comprise the majority of special event activities. Sixty annual equine events utilize 21 pole barns (1,086 stalls), a 1,200 seat covered arena, show office complex, six hunter-jumper rings, five dressage rings, a 7,800-yard cross country course, steeplechase course, and other ancillary structures. In 2007, horse events attracted approximately 427,000 people and \$1.7 million in revenue. The park also hosts non-equine events that include soccer, high school cross country, dog shows, "Old Kentucky Nights" evening programs, "Southern Lights" holiday lights show, and many other events.

**Campground**-The popular campground is made up of 260 campsites with water/electric hookups, grocery store, two bathhouses, pool, tennis courts, playground, primitive camping, and covered pavilion. Each year more than 102,000 people camp at the Horse Park, generating more than \$1.3 million in annual direct income.

**National Horse Center**-Another area of remarkable growth has been the National Horse Center (NHC), a collection of the

nation's and the state's leading equestrian organizations. The NHC now includes 33 distinct organizations contained in ten office buildings. The NHC has solidified the key role of the Horse Park in making Kentucky the "Horse Capital of the World."

### **Policy**

Support for the Federation Equestre Internationale (FEI) World Equestrian Games has been provided for the expansion of the new indoor arena and the construction of a new outdoor stadium. In addition to these previous investments, the Governor's recommended budget provides a Transportation Cabinet capital budget recommendation of \$10,300,000 in the 2008-2010 biennium for new roads and road repair at the Kentucky Horse Park in preparation for the World Equestrian Games in 2010.

The Executive Budget provides additional investment income resources of \$2,000,000 in the 2008-2010 biennial capital budget for critical maintenance projects throughout the Park in preparation for the 2010 games.

**Commerce  
State Fair Board**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	553,800	9,501,900	10,034,000		181,000
Budget Reduction	-150,000				
<b>Total General Fund</b>	403,800	9,501,900	10,034,000		181,000
<b>Restricted Funds</b>					
Balance Forward	652,700	365,900	881,900	1,361,400	2,883,900
Current Receipts	41,248,600	41,916,400	43,828,000	40,326,900	41,138,600
Non-Revenue Receipts	-1,500,000		-1,500,000		-1,500,000
<b>Total Restricted Funds</b>	40,401,300	42,282,300	43,209,900	41,688,300	42,522,500
<b>TOTAL SOURCE OF FUNDS</b>	40,805,100	51,784,200	53,243,900	41,688,300	42,703,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	21,353,500	25,057,200	26,704,900	20,951,300	21,429,600
Operating Expenses	11,135,400	12,349,900	12,457,400	10,994,300	11,056,600
Grants, Loans or Benefits	1,638,100	1,638,100	1,638,100	1,638,100	1,638,100
Debt Service	4,424,400	10,561,400	10,561,400	4,424,400	4,605,400
Capital Outlay	796,300	1,295,700	1,210,700	796,300	796,300
<b>TOTAL EXPENDITURES</b>	39,347,700	50,902,300	52,572,500	38,804,400	39,526,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	307,800	9,501,900	10,034,000		181,000
Restricted Funds	39,039,900	41,400,400	42,538,500	38,804,400	39,345,000
<b>TOTAL EXPENDITURES</b>	39,347,700	50,902,300	52,572,500	38,804,400	39,526,000
<b>EXPENDITURES BY UNIT</b>					
Kentucky Fair and Exposition Center	30,247,400	34,175,500	35,197,300	29,461,300	29,901,200
Kentucky International Convention Center	4,675,900	6,165,400	6,813,800	4,918,700	5,019,400
Debt Service	4,424,400	10,561,400	10,561,400	4,424,400	4,605,400
<b>TOTAL EXPENDITURES</b>	39,347,700	50,902,300	52,572,500	38,804,400	39,526,000

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

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

The Kentucky Fair and Exposition Center is a completely air-conditioned complex that includes one million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South Wing Exposition Facility and Conference Center, a smaller exposition pavilion, a 600-seat amphitheater, a 5,000-seat Livestock and Horse Show Arena, and a 37,000-seat stadium.

Also serving the Kentucky Fair and Exposition Center are the adjacent Executive Inn East, Executive Inn West, Executive Bowl, and the Kentucky Kingdom Amusement Park, all of which are long-term lessees of the State Fair Board. An expansion of the South Wing, approved by the 2003 General Assembly, recently opened.

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

The Center includes approximately 200,000 square feet of exhibit space, a 30,000 square foot ballroom, and nearly 70,000 square feet of meeting space along both sides of Third Street. The exhibit and meeting areas are linked by public concourses spanning Third Street.

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

**Debt Service** - The Debt Service program is responsible for the annual debt service payments on Fair Board bonds issued by the State Property and Buildings Commission.

Restricted Funds in the amount of \$ 4,424,400 in fiscal year 2008-2009 and \$ 4,424,400 in fiscal year 2009-2010 are included for State Property and Building Commission Projects 81 and 86 debt service payments. Projects 81 and 86 provided funding for an expansion of South Wing C and East Wing Hall.

All previously authorized General Fund debt service costs are budgeted in the Finance and Administration Cabinet in the 2008-2010 biennium.

## **Policy**

The Executive Budget provides Restricted Funds of \$396,800 in each fiscal year of the 2008-2010 biennium for the North American International Livestock Exposition program.

The Executive Budget provides General Fund resources in the amount of \$181,000 in fiscal year 2009-2010 for debt service on \$2,000,000 in bonds in fiscal year 2008-2009 to upgrade HVAC systems.



**Commerce**  
**Fish and Wildlife Resources**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation					442,000
<b>Total General Fund</b>					442,000
<b>Restricted Funds</b>					
Balance Forward	44,971,800	42,104,800	37,975,400	46,644,000	34,519,900
Current Receipts	38,976,500	37,872,200	37,979,200	30,826,800	28,888,800
Non-Revenue Receipts	-9,700,000	-6,600,000	-6,600,000	-6,600,000	-6,600,000
Fund Transfers				-10,000,000	
<b>Total Restricted Funds</b>	74,248,300	73,377,000	69,354,600	60,870,800	56,808,700
<b>Federal Funds</b>					
Balance Forward	7,260,900	7,260,900	5,260,900	8,957,500	8,598,600
Current Receipts	11,968,100	13,986,000	14,443,800	11,975,200	11,850,500
Non-Revenue Receipts		-500,000	-500,000	-500,000	-500,000
<b>Total Federal Funds</b>	19,229,000	20,746,900	19,204,700	20,432,700	19,949,100
<b>TOTAL SOURCE OF FUNDS</b>	93,477,300	94,123,900	88,559,300	81,303,500	77,199,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	30,278,600	40,273,600	42,927,900	30,598,200	31,535,100
Operating Expenses	6,831,800	8,677,100	8,779,300	6,821,400	6,828,700
Grants, Loans or Benefits	765,400	850,000	850,000	765,400	765,400
Debt Service					442,000
Capital Outlay		1,086,900	995,100		
<b>TOTAL EXPENDITURES</b>	37,875,800	50,887,600	53,552,300	38,185,000	39,571,200
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund					442,000
Restricted Funds	27,604,300	35,401,600	37,608,500	26,350,900	27,147,200
Federal Funds	10,271,500	15,486,000	15,943,800	11,834,100	11,982,000
<b>TOTAL EXPENDITURES</b>	37,875,800	50,887,600	53,552,300	38,185,000	39,571,200
<b>EXPENDITURES BY UNIT</b>					
Administration and Support	5,054,400	6,328,800	6,706,300	4,920,200	5,482,900
Wildlife Management	10,124,900	14,728,000	15,444,900	10,289,700	10,519,300
Fisheries Management	6,601,700	8,879,200	9,330,400	6,738,100	6,897,500
Information and Education	5,360,400	6,973,000	7,330,400	5,468,600	5,597,100
Law Enforcement	10,734,400	13,978,600	14,740,300	10,768,400	11,074,400
<b>TOTAL EXPENDITURES</b>	37,875,800	50,887,600	53,552,300	38,185,000	39,571,200

The Department of Fish and Wildlife Resources, established by KRS Chapter 150, is responsible for the conservation and management of fish and wildlife resources in Kentucky. A Departmental Commissioner is appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine member bipartisan body appointed by the Governor from a list of candidates provided by sportsmen in each of nine districts.

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

The Department owns approximately 120,000 acres of land in Kentucky which are used to further its program activities.

The acreage includes the State Game Farm, 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 712,355 acres of land and water are under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

The Department consists of five program areas: Administration and Support, Wildlife Management, Fisheries Management, Information and Education, and Law Enforcement.

**Administration and Support** - Three separate divisions are included in the Administration and Support program area. The Division of Administrative Services manages the day-to-day operations of the Department including maintaining accounting records, ensuring proper purchasing and inventory procedures, and administering hunting and fishing license sales and revenue collections. The Public Affairs Division facilitates public involvement in departmental policy and regulations. The Engineering Division provides the labor and technical engineering services required for small construction projects, such as building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

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

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

**Information and Education** - The Information and Education program is responsible for educating and informing the public about our wildlife resources and the importance of conservation, and the recreational opportunities the fish and wildlife resources provide. The information and education program is essential to provide the general and sporting public timely and accurate information directly and through the media. Additionally, the dissemination of regulatory information is necessary for the sporting public to comply with applicable laws and regulations. The program also provides classroom instruction on wildlife conservation, hunter education, aquatic education, and administers a summer camp for children.

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

## **Policy**

The Executive Budget provides General Fund resources of \$442,000 in fiscal year 2009-2010 for debt service related to Bond Fund resources of \$10,000,000 in fiscal year 2008-2009 for Kentucky Wetland and Stream Mitigation Fund capital projects.

**Commerce  
Historical Society**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	8,045,500	9,577,000	9,778,500	7,154,200	7,154,200
Budget Reduction	-191,000				
Salary Compensation Fund	61,200				
<b>Total General Fund</b>	<b>7,915,700</b>	<b>9,577,000</b>	<b>9,778,500</b>	<b>7,154,200</b>	<b>7,154,200</b>
<b>Restricted Funds</b>					
Balance Forward	304,900	250,300	248,500	300	16,400
Current Receipts	765,000	773,100	904,100	773,100	904,100
Fund Transfers	-274,600				
<b>Total Restricted Funds</b>	<b>795,300</b>	<b>1,023,400</b>	<b>1,152,600</b>	<b>773,400</b>	<b>920,500</b>
<b>Federal Funds</b>					
Current Receipts	516,800				
<b>Total Federal Funds</b>	<b>516,800</b>				
<b>TOTAL SOURCE OF FUNDS</b>	<b>9,227,800</b>	<b>10,600,400</b>	<b>10,931,100</b>	<b>7,927,600</b>	<b>8,074,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	4,261,200	5,380,800	5,770,400	4,341,800	4,484,800
Operating Expenses	2,865,500	3,750,600	3,984,500	3,260,900	3,403,400
Grants, Loans or Benefits	2,068,800	1,083,500	948,500	308,500	173,500
Debt Service	32,000				
Capital Outlay		137,000			
<b>TOTAL EXPENDITURES</b>	<b>9,227,500</b>	<b>10,351,900</b>	<b>10,703,400</b>	<b>7,911,200</b>	<b>8,061,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	7,915,700	9,577,000	9,778,500	7,154,200	7,154,200
Restricted Funds	795,000	774,900	924,900	757,000	907,500
Federal Funds	516,800				
<b>TOTAL EXPENDITURES</b>	<b>9,227,500</b>	<b>10,351,900</b>	<b>10,703,400</b>	<b>7,911,200</b>	<b>8,061,700</b>
<b>EXPENDITURES BY UNIT</b>					
Oral History and Educational Outreach	2,513,900	1,969,900	2,119,900	1,244,900	1,240,800
Research and Publications	220,100	220,100	220,100	160,300	160,300
Museums	289,400	214,400	214,400	164,400	164,400
Administration	6,204,100	7,947,500	8,149,000	6,341,600	6,496,200
<b>TOTAL EXPENDITURES</b>	<b>9,227,500</b>	<b>10,351,900</b>	<b>10,703,400</b>	<b>7,911,200</b>	<b>8,061,700</b>

The Kentucky Historical Society (KHS) engages people in the exploration of the Commonwealth's diverse heritage. Through comprehensive and innovative services, interpretive programs, and stewardship, it provides connections to the past, perspective on the present, and inspiration for the future.

The Kentucky Historical Society's statutory mandate, pursuant to KRS 171.311, is to collect and preserve for future generations materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of, and appreciation for, the Commonwealth and its heritage. The agency operates four divisions: Administration, Research and Publications, Museums, and Oral History and Educational Outreach.

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following functional teams: development, director's office, finance and human resources, and marketing and public relations.

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society's two journals- *The Register of the Kentucky Historical Society* and *Kentucky Ancestors*-and assists with the publication of the quarterly newsletter, *The Chronicle*. The team also administers the highway marker program. The museum collections and exhibitions team is responsible for the operation of the Historical Society's three museum facilities-the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. The team is also responsible for the 200,000+ artifact collection. The design studio is responsible for museum exhibition design and production.

The Museum Division is responsible for special collections and reference services. The division operates the Martin F. Schmidt Research Library housed in the History Center. It also administers the Kentucky Oral History Commission program.

The Oral History and Educational Outreach Division includes the following units: community services, folklife program, museum education, off-site teacher/student programming, and visitor services. Community Services consists of the local history program, the Lincoln Bicentennial Commission, The Lewis & Clark Bicentennial Commission, and the Cemetery Preservation program. The folklife program's mission is to document the living cultural traditions of Kentuckians and to encourage their perpetuation through education and celebration. A primary activity of the folklife program is sponsorship of the Kentucky Folklife Festival. Museum Education focus is on learning. The group conducts school tours, administers the museum theatre program, and provides other educational activities for adults and children. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Visitors services staff manage museum admission and provide introductory information to visitors to the Historical Society's three facilities. Since 1999 these facilities have hosted over 1,000,000 visitors.

**Commerce  
Arts Council**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,182,500	6,231,900	6,670,600	3,719,500	3,831,400
Budget Reduction	-66,000				
Salary Compensation Fund	12,100				
<b>Total General Fund</b>	<b>4,128,600</b>	<b>6,231,900</b>	<b>6,670,600</b>	<b>3,719,500</b>	<b>3,831,400</b>
<b>Restricted Funds</b>					
Balance Forward	352,200	89,500	36,800	89,500	36,800
Current Receipts	690,000	280,000	215,000	280,000	215,000
<b>Total Restricted Funds</b>	<b>1,042,200</b>	<b>369,500</b>	<b>251,800</b>	<b>369,500</b>	<b>251,800</b>
<b>Federal Funds</b>					
Balance Forward	166,600	102,500	39,100	102,500	39,100
Current Receipts	675,900	675,900	675,900	675,900	675,900
<b>Total Federal Funds</b>	<b>842,500</b>	<b>778,400</b>	<b>715,000</b>	<b>778,400</b>	<b>715,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>6,013,300</b>	<b>7,379,800</b>	<b>7,637,400</b>	<b>4,867,400</b>	<b>4,798,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,241,900	1,834,900	2,029,800	1,250,800	1,286,100
Operating Expenses	877,700	1,075,900	1,260,600	738,600	733,000
Grants, Loans or Benefits	3,701,700	4,293,100	3,850,100	2,802,100	2,733,100
<b>TOTAL EXPENDITURES</b>	<b>5,821,300</b>	<b>7,203,900</b>	<b>7,140,500</b>	<b>4,791,500</b>	<b>4,752,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,128,600	6,131,900	6,224,600	3,719,500	3,831,400
Restricted Funds	952,700	332,700	210,900	332,700	215,800
Federal Funds	740,000	739,300	705,000	739,300	705,000
<b>TOTAL EXPENDITURES</b>	<b>5,821,300</b>	<b>7,203,900</b>	<b>7,140,500</b>	<b>4,791,500</b>	<b>4,752,200</b>
<b>EXPENDITURES BY UNIT</b>					
Arts Council	1,718,400	2,259,700	2,240,300	1,594,200	1,597,100
Support Grants	3,569,800	4,411,100	4,367,100	2,676,100	2,633,900
Programs and Education	239,000	239,000	239,000	236,000	236,000
Arts Marketing	294,100	294,100	294,100	285,200	285,200
<b>TOTAL EXPENDITURES</b>	<b>5,821,300</b>	<b>7,203,900</b>	<b>7,140,500</b>	<b>4,791,500</b>	<b>4,752,200</b>

The Kentucky Arts Council's legislated purpose is to develop and promote a broadly conceived state policy of support for the arts in Kentucky, pursuant to KRS 153.210 to 153.235. As the official state arts agency, the Kentucky Arts Council (KAC) is the sole Kentucky state agency designated to receive partnership funding from the National Endowment for the Arts for any programs related to the arts. All of the KAC's programs, services, initiatives, events and activities support its mission to "create opportunities for the people of Kentucky to value, participate in, and benefit from the arts".

The Kentucky Arts Council manages a multitude of programs, activities and services for the Commonwealth by working in partnership with arts organizations, educational facilities, communities, local government, and individual artists. The work of the KAC encourages the growth and stability of the arts across the state, the promotion of cultural tourism and economic development, the enhancement of quality of life in Kentucky, and the provision of strong arts education programs.

Major program areas include community arts development, arts infrastructure capacity building, individual artists, folk arts,

arts education, and arts marketing. The KAC offers an extensive array of technical assistance and training programs, public events, information services and resources, business development services, sales and performance venues, and grant programs to help ensure that the arts community in Kentucky is strong and viable. The grant funds invested by the KAC across the Commonwealth serves as an important catalyst in community building, and leverages significant funding from other sources.

**Commerce  
Heritage Council**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	900,000	3,524,000	3,509,600	908,100	952,100
Current Year Appropriation		38,600	38,600		
Salary Compensation Fund	8,100				
<b>Total General Fund</b>	908,100	3,562,600	3,548,200	908,100	952,100
<b>Restricted Funds</b>					
Balance Forward	477,800				
Current Receipts	856,800	532,700	481,500	320,300	255,300
Non-Revenue Receipts	40,000				
<b>Total Restricted Funds</b>	1,374,600	532,700	481,500	320,300	255,300
<b>Federal Funds</b>					
Current Receipts	770,100	752,300	752,300	752,300	752,300
<b>Total Federal Funds</b>	770,100	752,300	752,300	752,300	752,300
<b>Road Fund</b>					
Regular Appropriation				140,000	145,000
<b>Total Road Fund</b>				140,000	145,000
<b>TOTAL SOURCE OF FUNDS</b>	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,294,900	2,421,300	2,463,900	1,379,800	1,423,800
Operating Expenses	726,000	1,161,600	1,053,400	676,200	616,200
Grants, Loans or Benefits	1,031,900	1,264,700	1,264,700	64,700	64,700
<b>TOTAL EXPENDITURES</b>	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	908,100	3,562,600	3,548,200	908,100	952,100
Restricted Funds	1,374,600	532,700	481,500	320,300	255,300
Federal Funds	770,100	752,300	752,300	752,300	752,300
Road Fund				140,000	145,000
<b>TOTAL EXPENDITURES</b>	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
<b>EXPENDITURES BY UNIT</b>					
Kentucky Heritage Council	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700
<b>TOTAL EXPENDITURES</b>	3,052,800	4,847,600	4,782,000	2,120,700	2,104,700

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program including site identification and evaluation, site development and site protection.

The Council administers national historic preservation activities in Kentucky, distributes Federal Funds, offers services on all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

Major program activities include surveying historic sites, nominating sites to the National Register of Historic Places, administering the Kentucky Main Street program in partnership with Renaissance on Main, overseeing federal and state investment tax credit programs and Restoration Grants program, conducting archaeological investigations, and reviewing all federal funded, licensed, and permitted projects.

Attached to the Heritage Council for administration and programmatic services are the African American Heritage

Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.380.

**Policy**

The Executive Budget provides Road Fund appropriation of \$140,000 if fiscal year 2009 and \$145,000 in fiscal year 2010 to fund mandated reviews for transportation projects.



**Commerce**  
**Kentucky Center for the Arts**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
<b>Total General Fund</b>	<b>1,264,400</b>	<b>2,913,850</b>	<b>3,673,250</b>	<b>1,112,700</b>	<b>1,112,700</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,264,400</b>	<b>2,913,850</b>	<b>3,673,250</b>	<b>1,112,700</b>	<b>1,112,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	138,400	112,100	122,400	36,700	47,000
Operating Expenses	489,600	1,565,900	1,555,600	515,900	505,600
Grants, Loans or Benefits	636,400	1,093,850	1,252,250	560,100	560,100
Debt Service		142,000	743,000		
<b>TOTAL EXPENDITURES</b>	<b>1,264,400</b>	<b>2,913,850</b>	<b>3,673,250</b>	<b>1,112,700</b>	<b>1,112,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,264,400	2,913,850	3,673,250	1,112,700	1,112,700
<b>TOTAL EXPENDITURES</b>	<b>1,264,400</b>	<b>2,913,850</b>	<b>3,673,250</b>	<b>1,112,700</b>	<b>1,112,700</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Center for the Arts	628,000	2,120,000	2,721,000	552,600	552,600
Governor's School for the Arts	636,400	793,850	952,250	560,100	560,100
<b>TOTAL EXPENDITURES</b>	<b>1,264,400</b>	<b>2,913,850</b>	<b>3,673,250</b>	<b>1,112,700</b>	<b>1,112,700</b>

Kentucky Center for the Arts ("The Kentucky Center") is the Commonwealth's premier performing arts center. Over 400,000 people attend events at The Kentucky Center each year. It is the performance home of the state's largest orchestra, opera, ballet, Broadway and children's theatre productions. In addition, The Kentucky Center presents a variety of national and international artists.

The Kentucky Center houses three theaters: the 2,479-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, a 190-seat restaurant and spaces for social and business events. All areas of the facility are accessible to those with physical disabilities, and nationally award-winning services for patrons who are hearing or visually impaired are available during performances.

The Kentucky Center provides a wide range of nationally recognized educational programs including professional development for teachers, partnerships with schools and community centers, and opportunities for artists to work in classrooms. The Center is also a leader in providing award-winning access services that make the theater experience possible for patrons with disabilities. The Kentucky Center, in partnership with the Kentucky Arts Council, provides access and technical consulting services for arts and cultural organizations across Kentucky. The Kentucky Center's management also provides theatrical consulting services throughout the state.

The Governor's School for the Arts (GSA) addresses the needs of an underserved population - the state's artistically gifted and talented young people - and supports the Kentucky Education Reform Act's mission to recognize the widest possible range of learning styles and capabilities. Many of its students come from rural areas of Kentucky where specialized arts instruction is not available. GSA is a model program, recognized nationally by the President's Committee on the Arts & Humanities and the National Endowment for the Arts.

# Economic Development

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## Economic Development

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	30,446,100	57,014,000	63,594,400	24,065,300	26,504,100
Special Appropriation	22,366,800				
Continuing Appropriation	10,376,200				
Budget Reduction	-1,371,300				
Salary Compensation Fund	57,300				
Base Deduction	-548,300				
<b>Total General Fund</b>	<b>61,326,800</b>	<b>57,014,000</b>	<b>63,594,400</b>	<b>24,065,300</b>	<b>26,504,100</b>
<b>Restricted Funds</b>					
Balance Forward	3,514,100	2,021,100	1,325,700		
Current Receipts	1,699,100	1,040,000	900,000	1,601,300	1,611,300
Non-Revenue Receipts	2,197,700	3,109,400	3,240,200	1,654,300	1,681,200
Fund Transfers	-3,439,500				
<b>Total Restricted Funds</b>	<b>3,971,400</b>	<b>6,170,500</b>	<b>5,465,900</b>	<b>3,255,600</b>	<b>3,292,500</b>
<b>Federal Funds</b>					
Balance Forward	31,000				
Current Receipts	124,400			199,900	204,300
Non-Revenue Receipts		155,400	155,400		
<b>Total Federal Funds</b>	<b>155,400</b>	<b>155,400</b>	<b>155,400</b>	<b>199,900</b>	<b>204,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>65,453,600</b>	<b>63,339,900</b>	<b>69,215,700</b>	<b>27,520,800</b>	<b>30,000,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	12,133,000	24,034,700	25,067,500	11,583,900	11,841,000
Operating Expenses	1,587,500	1,998,900	1,798,900	1,562,800	1,575,600
Grants, Loans or Benefits	44,572,600	35,980,600	38,845,600	14,374,100	14,374,300
Debt Service	7,160,500		4,585,000		2,210,000
<b>TOTAL EXPENDITURES</b>	<b>65,453,600</b>	<b>62,014,200</b>	<b>70,297,000</b>	<b>27,520,800</b>	<b>30,000,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	61,326,800	57,014,000	65,161,400	24,065,300	26,504,100
Restricted Funds	3,971,400	4,844,800	4,980,200	3,255,600	3,292,500
Federal Funds	155,400	155,400	155,400	199,900	204,300
<b>TOTAL EXPENDITURES</b>	<b>65,453,600</b>	<b>62,014,200</b>	<b>70,297,000</b>	<b>27,520,800</b>	<b>30,000,900</b>
<b>EXPENDITURES BY UNIT</b>					
Secretary	21,221,400	31,675,400	38,132,600	17,236,200	17,351,700
New Business Development	1,999,400	2,442,300	2,522,700	1,802,400	1,824,600
Financial Incentives	38,575,600	22,078,000	23,694,500	4,938,400	7,199,400
Existing Business Development	3,657,200	5,818,500	5,947,200	3,543,800	3,625,200
<b>TOTAL EXPENDITURES</b>	<b>65,453,600</b>	<b>62,014,200</b>	<b>70,297,000</b>	<b>27,520,800</b>	<b>30,000,900</b>

The Cabinet for Economic Development is governed by the Kentucky Economic Development Partnership, pursuant to KRS 154.

The Partnership board has 11 voting members and two non-voting members. The 11 voting members are the Governor, who is chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Environmental and Public Protection Cabinet, and eight private sector members representing all facets of the economic development community who are appointed by the Governor. The Secretary of the Cabinet for Economic Development (nominated by the Economic Development Partnership and appointed by the Governor) and the Secretary of the Commerce Cabinet serve as non-voting members.

The Cabinet has three main objectives:

- Create an atmosphere that encourages open communication between the Cabinet and the general public,
- Increase awareness of the link between education and economic development, and
- Propel Kentucky's new economy initiatives to a higher level.

The budgetary resources for the Cabinet are organized in four appropriation units: Office of the Secretary, New Business Development, Financial Incentives, and Existing Business Development. The Department for Commercialization and Innovation's budget is imbedded within of the Office of the Secretary.

**Economic Development  
Secretary**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	21,550,200	30,335,400	36,792,600	16,024,900	16,140,400
Budget Reduction	-1,321,300				
Salary Compensation Fund	18,200				
Base Deduction	-237,000				
<b>Total General Fund</b>	20,010,100	30,335,400	36,792,600	16,024,900	16,140,400
<b>Restricted Funds</b>					
Balance Forward	2,620,900	2,015,700	1,325,700		
Current Receipts	1,119,100	450,000	300,000	1,011,300	1,011,300
Non-Revenue Receipts	200,000	200,000	200,000	200,000	200,000
Fund Transfers	-2,728,700				
<b>Total Restricted Funds</b>	1,211,300	2,665,700	1,825,700	1,211,300	1,211,300
<b>TOTAL SOURCE OF FUNDS</b>	21,221,400	33,001,100	38,618,300	17,236,200	17,351,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	5,247,100	10,794,300	11,568,500	5,085,800	5,188,300
Operating Expenses	722,500	1,000,500	800,500	694,300	707,100
Grants, Loans or Benefits	14,225,800	19,880,600	22,745,600	11,456,100	11,456,300
Debt Service	1,026,000		3,018,000		
<b>TOTAL EXPENDITURES</b>	21,221,400	31,675,400	38,132,600	17,236,200	17,351,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	20,010,100	30,335,400	36,792,600	16,024,900	16,140,400
Restricted Funds	1,211,300	1,340,000	1,340,000	1,211,300	1,211,300
<b>TOTAL EXPENDITURES</b>	21,221,400	31,675,400	38,132,600	17,236,200	17,351,700
<b>EXPENDITURES BY UNIT</b>					
Executive Policy & Management	2,027,400	3,349,200	3,209,700	1,513,600	1,543,100
Commercialization & Innovation	16,873,400	25,181,500	31,740,300	13,335,800	13,349,000
Research and Information Technology	1,500,000	2,034,500	2,104,500	1,529,500	1,572,600
Administration and Support	820,600	1,110,200	1,078,100	857,300	887,000
<b>TOTAL EXPENDITURES</b>	21,221,400	31,675,400	38,132,600	17,236,200	17,351,700

The Secretary's Office provides management of the programs and entities within the Cabinet under the direction of the Kentucky Economic Development Partnership Board. Staff and administrative functions within the Office include communication and marketing services, general counsel, legislative initiatives and special projects.

The Office of Research and Information Technology provides Cabinet-wide support in the areas of information technology, research services and strategic planning support. The staff in this division maintain current data on available industrial sites and buildings in the state; compile data on taxes, transportation, education, labor force availability and industrial services; and provide general economic and demographic statistics for all Kentucky communities.

The Office of Administrative Services provides accounting, budgeting, procurement, and personnel services for all of the agencies within the Cabinet.

The Department for Commercialization and Innovation (DCI) is within the Office of the Secretary. This department is

statutorily established in KRS 154.12-278 with the mission to implement the Kentucky Innovation Act passed by the 2000 General Assembly, which mandates creation of the infrastructure necessary to support knowledge-based and technology-driven firms in the Commonwealth of Kentucky. Such New Economy businesses need pure research from universities and other institutions, laboratory and technology resources, a workforce with current scientific and technical skills, and high-speed communications capability. Just as the industrial firms of the manufacturing economy tended to locate near steel mills and electricity generators, these new firms tend to grow in clusters around their necessary resources. The Department uses grants, loans, training and information to make available those raw materials of the New Economy, and provides assistance to existing and start-up firms in bringing their knowledge-based products to commercial viability. The Commissioner of DCI works closely with the state universities, the Council on Postsecondary Education, and the Governor's Office for Agricultural Policy, among others, to build a thriving entrepreneurial climate in Kentucky.

The Commissioner of DCI and the Kentucky Economic Development Finance Authority administer the high tech construction and high tech investment pools, as prescribed in KRS 154.12-278.

**Economic Development  
New Business Development**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,377,500	1,695,300	1,775,700	1,502,400	1,524,600
Salary Compensation Fund	6,400				
Base Deduction	-131,500				
<b>Total General Fund</b>	<b>1,252,400</b>	<b>1,695,300</b>	<b>1,775,700</b>	<b>1,502,400</b>	<b>1,524,600</b>
<b>Restricted Funds</b>					
Balance Forward	752,400	5,400			
Non-Revenue Receipts	694,600	741,600	747,000	300,000	300,000
Fund Transfers	-700,000				
<b>Total Restricted Funds</b>	<b>747,000</b>	<b>747,000</b>	<b>747,000</b>	<b>300,000</b>	<b>300,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,999,400</b>	<b>2,442,300</b>	<b>2,522,700</b>	<b>1,802,400</b>	<b>1,824,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,590,800	1,956,400	2,036,800	1,371,500	1,393,700
Operating Expenses	408,600	485,900	485,900	430,900	430,900
<b>TOTAL EXPENDITURES</b>	<b>1,999,400</b>	<b>2,442,300</b>	<b>2,522,700</b>	<b>1,802,400</b>	<b>1,824,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,252,400	1,695,300	1,775,700	1,502,400	1,524,600
Restricted Funds	747,000	747,000	747,000	300,000	300,000
<b>TOTAL EXPENDITURES</b>	<b>1,999,400</b>	<b>2,442,300</b>	<b>2,522,700</b>	<b>1,802,400</b>	<b>1,824,600</b>
<b>EXPENDITURES BY UNIT</b>					
Business Development	1,999,400	2,442,300	2,522,700	1,802,400	1,824,600
<b>TOTAL EXPENDITURES</b>	<b>1,999,400</b>	<b>2,442,300</b>	<b>2,522,700</b>	<b>1,802,400</b>	<b>1,824,600</b>

The Department for New Business Development is responsible for recruiting businesses to locate new facilities in Kentucky. This task includes targeting and contacting specific industries and businesses outside of Kentucky, meeting and corresponding with business representatives, and coordinating site location referrals and visits. The Department coordinates the exchange of information concerning financing, workforce availability and training assistance, and regulatory requirements.



**Economic Development  
Financial Incentives**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	4,015,000	19,530,200	19,444,300	3,194,100	5,418,200
Special Appropriation	22,366,800				
Continuing Appropriation	10,376,200				
Salary Compensation Fund	14,500				
<b>Total General Fund</b>	<b>36,772,500</b>	<b>19,530,200</b>	<b>19,444,300</b>	<b>3,194,100</b>	<b>5,418,200</b>
<b>Restricted Funds</b>					
Balance Forward	113,700				
Current Receipts	580,000	590,000	600,000	590,000	600,000
Non-Revenue Receipts	1,109,400	1,957,800	2,083,200	1,154,300	1,181,200
<b>Total Restricted Funds</b>	<b>1,803,100</b>	<b>2,547,800</b>	<b>2,683,200</b>	<b>1,744,300</b>	<b>1,781,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>38,575,600</b>	<b>22,078,000</b>	<b>22,127,500</b>	<b>4,938,400</b>	<b>7,199,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	1,976,900	6,937,000	6,986,500	1,908,900	1,959,900
Operating Expenses	117,400	141,000	141,000	111,500	111,500
Grants, Loans or Benefits	30,346,800	15,000,000	15,000,000	2,918,000	2,918,000
Debt Service	6,134,500		1,567,000		2,210,000
<b>TOTAL EXPENDITURES</b>	<b>38,575,600</b>	<b>22,078,000</b>	<b>23,694,500</b>	<b>4,938,400</b>	<b>7,199,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	36,772,500	19,530,200	21,011,300	3,194,100	5,418,200
Restricted Funds	1,803,100	2,547,800	2,683,200	1,744,300	1,781,200
<b>TOTAL EXPENDITURES</b>	<b>38,575,600</b>	<b>22,078,000</b>	<b>23,694,500</b>	<b>4,938,400</b>	<b>7,199,400</b>
<b>EXPENDITURES BY UNIT</b>					
Financial Incentives	7,683,300	5,877,300	7,495,900	1,490,000	3,736,900
Bluegrass State Skills	30,892,300	16,200,700	16,198,600	3,448,400	3,462,500
<b>TOTAL EXPENDITURES</b>	<b>38,575,600</b>	<b>22,078,000</b>	<b>23,694,500</b>	<b>4,938,400</b>	<b>7,199,400</b>

The Department of Financial Incentives coordinates all of the financial assistance programs and tax credits available to businesses locating and expanding in Kentucky.

Staff in the Department administer the decisions of the Kentucky Economic Development Finance Authority (KEDFA). KEDFA encourages economic development, business expansion, and job creation by providing loans and grants for building new plants; expanding existing facilities; and recruiting and training Kentuckians for new and better-paying jobs. Members of KEDFA include six private citizens appointed by the Kentucky Economic Development Partnership Board, and the Secretary of the Finance and Administration Cabinet who is an *ex officio* appointee. The repayable and forgivable loans, grants and credits that KEDFA provides are authorized in the statutes to address a variety of economic situations such as chronic high levels of unemployment; lack of job skills in the available workforce; and lack of adequate physical, communications, and transportation infrastructure. Some of the programs are available to firms statewide, while others are targeted to areas that meet specific needs criteria.

- Small Business Loan Program (KRS 154.12-330)
- The Economic Development Bond Program (KRS 154.12-100)
- The Direct Loan Program (KRS 154.20-030)

- The Kentucky Investment Fund Act (KRS 154.20-256)
- The Kentucky Rural Economic Development Act (KRS 154.22)
- The Kentucky Economic Opportunity Zone Act (KRS 154.23)
- The Kentucky Enterprise Initiative Act (KRS 154.20 - 200-216)
- The Kentucky Jobs Development Act (KRS 154.24-010)
- The Kentucky Jobs Retention Act (KRS 154.25)
- The Kentucky Industrial Revitalization Act (KRS 154.26)
- Incentives for Energy Independence (KRS 154.27)
- The Kentucky Industrial Development Act (KRS 154.28)
- The Kentucky Reinvestment Act (KRS 154.34)
- Tax Increment Financing (KRS 65.6971 and KRS 65.6972)
- New Economy Grants (KRS 154.12-278)
- Industrial Revenue Bonds (issued or reviewed under the authority of KRS 103.210)

Bluegrass State Skills Corporation (BSSC) is an independent corporation created in KRS 154.12-204 through 154.12-208 and attached for administrative purposes to the Cabinet for Economic Development. The Corporation stimulates economic development by funding the cost of training employees and upgrading their skills. Individual firms and business consortia that want to upgrade the training of their workers can apply for cost reimbursement from BSSC. In addition to underwriting the cost of training, BSSC works with the Department for Workforce Investment and the Kentucky Community and Technical College System to develop curricula and provide teachers to meet the specific needs of a firm and its employees.

The Economic Development Bond program as authorized in KRS 154.12-100 uses bond proceeds to leverage private investment to promote the overall economic development of the Commonwealth. This includes the development of public projects such as industrial parks, river ports, and tourism facilities.

## **Policy**

General Fund appropriations for the Bluegrass State Skills Corporation's grants shall not lapse to the credit of the General Fund, but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

The Governor's recommended budget includes a General Fund appropriation of \$2,210,000 in fiscal year 2010 for debt service on \$50 million in new bonds for economic development. In addition to any statutorily allowed uses, these bonds are intended to be a resource to assist the local communities in and around the Fort Knox area with water and sewer infrastructure associated with the anticipated increase in population due to the relocation of several U.S. Army missions from other states.

**Economic Development**  
**Existing Business Development**

	Revised FY 2008	Requested FY 2009	Requested FY 2010	Recommended FY 2009	Recommended FY 2010
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,503,400	5,453,100	5,581,800	3,343,900	3,420,900
Budget Reduction	-50,000				
Salary Compensation Fund	18,200				
Base Deduction	-179,800				
<b>Total General Fund</b>	<b>3,291,800</b>	<b>5,453,100</b>	<b>5,581,800</b>	<b>3,343,900</b>	<b>3,420,900</b>
<b>Restricted Funds</b>					
Balance Forward	27,100				
Non-Revenue Receipts	193,700	210,000	210,000		
Fund Transfers	-10,800				
<b>Total Restricted Funds</b>	<b>210,000</b>	<b>210,000</b>	<b>210,000</b>		
<b>Federal Funds</b>					
Balance Forward	31,000				
Current Receipts	124,400			199,900	204,300
Non-Revenue Receipts		155,400	155,400		
<b>Total Federal Funds</b>	<b>155,400</b>	<b>155,400</b>	<b>155,400</b>	<b>199,900</b>	<b>204,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>3,657,200</b>	<b>5,818,500</b>	<b>5,947,200</b>	<b>3,543,800</b>	<b>3,625,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Cost	3,318,200	4,347,000	4,475,700	3,217,700	3,299,100
Operating Expenses	339,000	371,500	371,500	326,100	326,100
Grants, Loans or Benefits		1,100,000	1,100,000		
<b>TOTAL EXPENDITURES</b>	<b>3,657,200</b>	<b>5,818,500</b>	<b>5,947,200</b>	<b>3,543,800</b>	<b>3,625,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,291,800	5,453,100	5,581,800	3,343,900	3,420,900
Restricted Funds	210,000	210,000	210,000		
Federal Funds	155,400	155,400	155,400	199,900	204,300
<b>TOTAL EXPENDITURES</b>	<b>3,657,200</b>	<b>5,818,500</b>	<b>5,947,200</b>	<b>3,543,800</b>	<b>3,625,200</b>
<b>EXPENDITURES BY UNIT</b>					
Small Business Advocacy	217,500	338,100	360,000	198,900	203,500
Executive Policy & Management	1,380,100	1,682,300	1,749,700	1,191,200	1,212,700
Small Business Services	943,300	2,261,500	2,309,000	989,600	1,011,200
Regional Offices	1,116,300	1,536,600	1,528,500	1,164,100	1,197,800
<b>TOTAL EXPENDITURES</b>	<b>3,657,200</b>	<b>5,818,500</b>	<b>5,947,200</b>	<b>3,543,800</b>	<b>3,625,200</b>

The Department of Existing Business Development is responsible for the retention and expansion of existing businesses. It seeks to expand Kentucky's entrepreneurial capacity and to help communities realize their economic potential. The Department includes the Division of Small Business Services, the regional development offices and the Division of International Trade. The Commission on Small Business Advocacy, an independent agency, is attached to the Department for administrative purposes. The Commission monitors statutory and regulatory changes for their impact on small business enterprises.

The Small Business Services Division promotes small business development through entrepreneurial support programs. Kentucky Procurement Assistance provides technical assistance to businesses competing for federal and state government contracts. Small and Minority Business serves as a resource center for business owners/managers and establishes

educational programs to address the needs of minority enterprises. The Minority Entrepreneurship program provides business development mentoring in Louisville.

The regional economic development offices foster the retention and expansion of Kentucky's manufacturing and value-added business base. The Division has offices in Madisonville, Frankfort and Prestonsburg. Staff in these offices provide a statewide industry visitation program to help Kentucky's business and industry improve their competitive positions and to access state incentive programs. Regional staff also assist communities and local economic development groups to improve their business infrastructure and to develop industrial sites.

The International Trade Division enables Kentucky companies to become more competitive in global markets. The Division emphasizes trade awareness and education. Staff provide assistance to Kentucky companies on trade-related issues and participate in trade missions. The Division demonstrates how local economic development groups might develop trade assistance programs.

- The Kentucky Agricultural and Commercial Trade Office located in Guadalajara, Mexico, promotes exports of Kentucky manufactured goods, services, and agricultural products throughout Mexico. This office is funded and operated cooperatively by the Cabinet for Economic Development and the Kentucky Department of Agriculture.
- The Kentucky South America Trade Office located in Santiago, Chile, assists Kentucky companies in large and important markets throughout South America. The Chile Free Trade Agreement offers Kentucky export sectors improved market access and streamlined custom services to fast-growing Chilean markets.
- The Kentucky China Trade Center in Beijing links Kentucky exporters to the tremendous potential market of mainland China. Recent activities include promotion of Kentucky hardwoods and bourbon, as well as hosting an investment delegation from Chinese energy, steel, chemical, and automotive industries as well as financial services representatives.

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