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**Commonwealth of Kentucky**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Enacted FY 2011</b>	<b>Enacted FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,700,594,100	10,590,066,400	11,768,019,800	8,591,061,400	9,526,311,100
Special Appropriation	16,945,400				
Current Year Appropriation		1,794,300	2,476,300		
Continuing Approp.-General Fund	66,185,495	30,131,200	14,147,400	28,991,900	28,328,500
Budget Reduction-General Fund	-1,109,772,700				
Mandated Expenditure Reductions	-242,710,700				
Mandated Allotments	34,969,142				
Other	7,087,200	-225,000	-225,000		
Current Receipts		5,067,500	5,067,500		
SFSF Receipts		223,038,700	223,038,700		
<b>Total General Fund</b>	<b>8,473,297,937</b>	<b>10,849,873,100</b>	<b>12,012,524,700</b>	<b>8,620,053,300</b>	<b>9,554,639,600</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	121,580,000	123,886,901	120,348,520	114,318,100	105,714,800
Continuing Approp.-Tobacco Settlement	32,747,100	14,068,400	10,341,500	22,840,100	11,871,900
<b>Total Tobacco Fund</b>	<b>154,327,100</b>	<b>137,955,301</b>	<b>130,690,020</b>	<b>137,158,200</b>	<b>117,586,700</b>
<b>Restricted Funds</b>					
Regular Appropriation		360,500	628,700		
Balance Forward	588,641,255	292,813,000	241,209,700	267,236,700	216,361,400
Current Receipts	5,082,035,108	5,075,330,600	5,257,242,300	5,083,738,300	5,263,091,600
Non-Revenue Receipts	1,287,119,300	753,941,300	768,538,200	904,512,100	1,231,902,200
Fund Transfers	-97,998,100	-1,462,800	-1,464,000	-69,087,400	-97,831,800
<b>Total Restricted Funds</b>	<b>6,859,797,563</b>	<b>6,120,982,600</b>	<b>6,266,154,900</b>	<b>6,186,399,700</b>	<b>6,613,523,400</b>
<b>Federal Funds</b>					
Regular Appropriation		6,449,100	4,742,600		
Balance Forward	71,863,656	25,180,800	16,122,600	25,204,900	17,780,600
Current Receipts	10,391,538,856	10,475,517,000	10,818,496,900	10,026,924,200	10,432,448,200
Non-Revenue Receipts	-6,745,300	-11,529,400	-7,862,500	-11,565,800	-7,900,000
ARRA Receipts	1,382,482,400	682,515,600	141,245,600	901,475,100	146,660,700
SFSF Receipts	383,238,000			268,103,700	
<b>Total Federal Funds</b>	<b>12,222,377,612</b>	<b>11,178,133,100</b>	<b>10,972,745,200</b>	<b>11,210,142,100</b>	<b>10,588,989,500</b>
<b>Road Fund</b>					
Regular Appropriation	1,400,953,400	1,288,170,600	1,375,609,400	1,265,159,800	1,347,081,000
Budget Reduction-Road Fund	-172,841,800				
Other	-33,161,600				
<b>Total Road Fund</b>	<b>1,194,950,000</b>	<b>1,288,170,600</b>	<b>1,375,609,400</b>	<b>1,265,159,800</b>	<b>1,347,081,000</b>
<b>Highway Bonds</b>					
Non-Revenue Receipts				56,000,000	456,000,000
<b>Total Highway Bonds</b>				<b>56,000,000</b>	<b>456,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>28,904,750,212</b>	<b>29,575,114,701</b>	<b>30,757,724,220</b>	<b>27,474,913,100</b>	<b>28,677,820,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,692,267,500	6,133,473,900	6,407,733,800	5,764,711,800	5,809,227,400
Operating Expenses	2,755,881,309	2,965,216,731	3,057,671,731	2,837,131,431	2,996,278,031
Grants Loans Benefits	17,255,015,805	18,158,639,569	18,729,231,569	16,372,244,269	16,650,705,869
Debt Service	537,462,500	935,104,967	1,173,755,600	804,571,400	867,440,600

Capital Outlay	260,267,500	207,330,900	199,769,500	262,249,200	253,083,900
Construction	2,049,938,000	893,244,600	927,816,300	1,130,705,300	1,860,256,500
<b>TOTAL EXPENDITURES</b>	<b>28,550,832,614</b>	<b>29,293,010,667</b>	<b>30,495,978,500</b>	<b>27,171,613,400</b>	<b>28,436,992,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,439,921,337	10,835,975,700	12,005,653,400	8,574,710,600	9,510,074,800
Tobacco Fund	126,227,700	124,321,667	121,046,100	122,278,200	105,028,400
Restricted Funds	6,592,560,877	5,879,813,600	6,060,725,100	5,970,038,300	6,456,289,100
Federal Funds	12,197,172,700	11,162,010,500	10,962,232,600	11,192,361,500	10,572,354,000
Road Fund	1,194,950,000	1,288,170,600	1,375,609,400	1,256,224,800	1,337,246,000
Highway Bonds				56,000,000	456,000,000
<b>TOTAL EXPENDITURES</b>	<b>28,550,832,614</b>	<b>29,290,292,067</b>	<b>30,525,266,600</b>	<b>27,171,613,400</b>	<b>28,436,992,300</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Branch	28,156,666,814	28,846,784,467	30,046,643,500	26,792,238,400	28,028,808,400
Legislative Branch	54,548,100	60,865,600	68,980,700	50,600,200	53,919,400
Judicial Branch	339,617,700	382,642,000	409,642,400	328,774,800	354,264,500
<b>TOTAL EXPENDITURES</b>	<b>28,550,832,614</b>	<b>29,290,292,067</b>	<b>30,525,266,600</b>	<b>27,171,613,400</b>	<b>28,436,992,300</b>

**Executive Branch**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Enacted FY 2011</b>	<b>Enacted FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	9,349,255,700	10,191,669,800	11,321,819,400	8,249,328,500	9,156,172,200
Special Appropriation	16,945,400				
Current Year Appropriation		1,794,300	2,476,300		
Continuing Approp.-General Fund	43,175,895	7,139,300	6,000,000	6,000,000	5,000,000
Budget Reduction-General Fund	-1,082,301,800				
Mandated Expenditure Reductions	-242,710,700				
Mandated Allotments	34,969,142				
Other	7,087,200	-225,000	-225,000		
Current Receipts		5,067,500	5,067,500		
SFSF Receipts		223,038,700	223,038,700		
<b>Total General Fund</b>	<b>8,126,420,837</b>	<b>10,428,484,600</b>	<b>11,558,176,900</b>	<b>8,255,328,500</b>	<b>9,161,172,200</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	121,580,000	123,886,901	120,348,520	114,318,100	105,714,800
Continuing Approp.-Tobacco Settlement	32,747,100	14,068,400	10,341,500	22,840,100	11,871,900
<b>Total Tobacco Fund</b>	<b>154,327,100</b>	<b>137,955,301</b>	<b>130,690,020</b>	<b>137,158,200</b>	<b>117,586,700</b>
<b>Restricted Funds</b>					
Regular Appropriation		360,500	628,700		
Balance Forward	552,905,655	291,734,100	240,230,800	266,157,800	215,335,500
Current Receipts	5,063,204,308	5,056,519,800	5,238,431,500	5,057,493,900	5,236,520,900
Non-Revenue Receipts	1,272,612,100	744,534,100	759,131,000	895,538,500	1,223,254,900
Fund Transfers	-97,998,100	-1,462,800	-1,464,000	-69,087,400	-97,831,800
<b>Total Restricted Funds</b>	<b>6,790,723,963</b>	<b>6,091,685,700</b>	<b>6,236,958,000</b>	<b>6,150,102,800</b>	<b>6,577,279,500</b>
<b>Federal Funds</b>					
Regular Appropriation		6,449,100	4,742,600		
Balance Forward	71,863,656	25,180,800	16,122,600	25,204,900	17,780,600
Current Receipts	10,389,252,956	10,473,568,500	10,816,485,300	10,024,216,500	10,429,740,500
Non-Revenue Receipts	-6,745,300	-11,529,400	-7,862,500	-11,565,800	-7,900,000
ARRA Receipts	1,382,482,400	682,515,600	141,245,600	901,475,100	146,660,700
SFSF Receipts	383,238,000			268,103,700	
<b>Total Federal Funds</b>	<b>12,220,091,712</b>	<b>11,176,184,600</b>	<b>10,970,733,600</b>	<b>11,207,434,400</b>	<b>10,586,281,800</b>
<b>Road Fund</b>					
Regular Appropriation	1,400,953,400	1,288,170,600	1,375,609,400	1,265,159,800	1,347,081,000
Budget Reduction-Road Fund	-172,841,800				
Other	-33,161,600				
<b>Total Road Fund</b>	<b>1,194,950,000</b>	<b>1,288,170,600</b>	<b>1,375,609,400</b>	<b>1,265,159,800</b>	<b>1,347,081,000</b>
<b>Highway Bonds</b>					
Non-Revenue Receipts				56,000,000	456,000,000
<b>Total Highway Bonds</b>				<b>56,000,000</b>	<b>456,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>28,486,513,612</b>	<b>29,122,480,801</b>	<b>30,272,167,920</b>	<b>27,071,183,700</b>	<b>28,245,401,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,440,754,100	5,855,015,000	6,107,706,800	5,523,167,800	5,564,230,100
Operating Expenses	2,613,607,909	2,802,094,831	2,883,792,131	2,699,745,431	2,833,586,431
Grants Loans Benefits	17,255,015,805	18,158,639,569	18,729,231,569	16,372,244,269	16,650,705,869
Debt Service	537,462,500	935,104,967	1,173,755,600	804,571,400	867,440,600

Capital Outlay	259,888,500	206,885,900	199,274,500	261,804,200	252,588,900
Construction	2,049,938,000	893,244,600	927,816,300	1,130,705,300	1,860,256,500
<b>TOTAL EXPENDITURES</b>	<b>28,156,666,814</b>	<b>28,850,984,867</b>	<b>30,021,576,900</b>	<b>26,792,238,400</b>	<b>28,028,808,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,116,036,137	10,422,734,600	11,557,456,900	8,233,314,300	9,139,935,900
Tobacco Fund	126,227,700	124,321,667	121,046,100	122,278,200	105,028,400
Restricted Funds	6,524,566,177	5,851,495,600	6,032,310,100	5,934,767,300	6,420,951,800
Federal Funds	12,194,886,800	11,160,062,000	10,960,221,000	11,189,653,800	10,569,646,300
Road Fund	1,194,950,000	1,288,170,600	1,375,609,400	1,256,224,800	1,337,246,000
Highway Bonds				56,000,000	456,000,000
<b>TOTAL EXPENDITURES</b>	<b>28,156,666,814</b>	<b>28,846,784,467</b>	<b>30,046,643,500</b>	<b>26,792,238,400</b>	<b>28,028,808,400</b>
<b>EXPENDITURES BY UNIT</b>					
General Government	1,281,923,900	1,443,589,700	1,473,231,500	1,080,838,000	1,021,923,600
Economic Development	46,645,400	51,865,800	56,496,500	26,791,800	36,885,600
Department of Education	4,891,903,998	5,388,993,500	5,467,549,400	4,880,201,500	4,684,866,000
Education and Workforce Development	2,581,566,300	2,613,875,700	2,618,859,200	2,586,538,100	2,588,499,400
Energy and Environment	294,613,400	307,893,700	284,333,100	287,485,200	257,829,100
Finance and Administration	498,312,300	814,796,167	838,607,500	656,554,200	612,324,400
Health and Family Services	8,253,255,900	8,596,012,500	9,132,164,000	7,783,391,400	8,377,374,400
Justice and Public Safety	891,903,316	1,010,615,600	1,046,948,900	897,065,100	887,601,300
Labor	208,801,500	223,835,000	228,433,200	213,989,700	216,068,400
Personnel	53,793,500	59,010,800	63,161,700	94,368,000	119,266,000
Postsecondary Education	5,684,075,700	5,927,354,900	6,325,070,900	5,776,127,800	5,935,438,200
Public Protection	114,456,500	120,380,200	121,772,500	110,754,300	109,264,700
Tourism, Arts and Heritage	229,273,000	251,377,500	265,606,900	218,993,500	220,479,600
Transportation	3,126,142,100	2,037,183,400	2,124,408,200	2,179,139,800	2,960,987,700
<b>TOTAL EXPENDITURES</b>	<b>28,156,666,814</b>	<b>28,846,784,467</b>	<b>30,046,643,500</b>	<b>26,792,238,400</b>	<b>28,028,808,400</b>

# General Government

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**General Government**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Enacted FY 2011</b>	<b>Enacted FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	589,056,600	936,280,300	1,047,161,100	577,898,000	611,613,100
Salary and Health Insurance	2,988,800				
Adjustments					
Special Appropriation	4,498,400				
Continuing Approp.-General Fund	254,300				
Budget Reduction-General Fund	-14,253,400				
Mandated Expenditure Reductions	-8,409,900				
Mandated Allotments	42,094,300				
Other	7,087,200				
<b>Total General Fund</b>	<b>623,316,300</b>	<b>936,280,300</b>	<b>1,047,161,100</b>	<b>577,898,000</b>	<b>611,613,100</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	27,403,600	27,403,600	27,403,600	30,529,000	17,691,600
Continuing Approp.-Tobacco Settlement	19,392,300	11,342,900	7,616,000	11,342,900	11,871,900
<b>Total Tobacco Fund</b>	<b>46,795,900</b>	<b>38,746,500</b>	<b>35,019,600</b>	<b>41,871,900</b>	<b>29,563,500</b>
<b>Restricted Funds</b>					
Regular Appropriation		45,800	49,300		
Balance Forward	48,632,247	41,079,600	30,077,900	41,874,900	28,645,100
Current Receipts	108,946,353	128,016,600	142,921,300	120,757,100	139,939,800
Non-Revenue Receipts	42,096,500	48,448,000	53,579,900	47,225,300	47,726,000
Fund Transfers	-2,144,200			-800,000	-800,000
<b>Total Restricted Funds</b>	<b>197,530,900</b>	<b>217,590,000</b>	<b>226,628,400</b>	<b>209,057,300</b>	<b>215,510,900</b>
<b>Federal Funds</b>					
Regular Appropriation		21,300	21,300		
Balance Forward	19,363,544	10,687,200	5,115,200	10,687,200	5,115,200
Current Receipts	449,780,756	236,865,300	179,658,000	237,039,300	178,819,800
Non-Revenue Receipts	848,000	663,600	666,800	623,400	623,400
ARRA Receipts	7,693,500	44,998,200	7,932,300	48,793,100	10,566,500
<b>Total Federal Funds</b>	<b>477,685,800</b>	<b>293,235,600</b>	<b>193,393,600</b>	<b>297,143,000</b>	<b>195,124,900</b>
<b>Road Fund</b>					
Regular Appropriation	500,000	505,700	513,500	500,000	500,000
<b>Total Road Fund</b>	<b>500,000</b>	<b>505,700</b>	<b>513,500</b>	<b>500,000</b>	<b>500,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,345,828,900</b>	<b>1,486,358,100</b>	<b>1,502,716,200</b>	<b>1,126,470,200</b>	<b>1,052,312,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	260,186,300	288,800,500	304,119,700	254,569,700	255,520,300
Operating Expenses	83,836,000	94,618,900	88,266,500	79,601,200	76,915,800
Grants Loans Benefits	825,231,200	923,295,900	917,870,500	543,445,300	444,295,600
Debt Service	108,601,600	129,857,800	159,509,000	193,648,800	240,840,700
Capital Outlay	4,068,800	9,667,000	6,728,200	9,573,000	4,351,200
<b>TOTAL EXPENDITURES</b>	<b>1,281,923,900</b>	<b>1,446,240,100</b>	<b>1,476,493,900</b>	<b>1,080,838,000</b>	<b>1,021,923,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	623,316,300	936,280,300	1,047,191,100	577,898,000	611,613,100
Tobacco Fund	35,453,000	31,130,500	31,380,000	30,000,000	20,000,000
Restricted Funds	155,656,000	187,552,800	201,296,600	180,412,200	195,228,900
Federal Funds	466,998,600	288,120,400	192,850,300	292,027,800	194,581,600

Road Fund	500,000	505,700	513,500	500,000	500,000
<b>TOTAL EXPENDITURES</b>	<b>1,281,923,900</b>	<b>1,443,589,700</b>	<b>1,473,231,500</b>	<b>1,080,838,000</b>	<b>1,021,923,600</b>
<b>EXPENDITURES BY UNIT</b>					
Office of the Governor	6,542,800	7,099,000	7,509,400	6,077,800	6,017,000
Office of State Budget Director	3,387,200	3,460,000	3,865,200	3,275,400	3,243,600
State Planning Fund	187,800	193,600	193,600	181,200	179,400
Homeland Security	18,587,000	26,018,100	24,131,700	23,441,600	23,014,400
Department of Veterans' Affairs	43,783,800	49,123,800	52,396,500	44,887,400	45,743,600
Governor's Office of Agricultural Policy	37,112,700	32,245,700	32,352,300	31,105,700	20,951,300
Kentucky Infrastructure Authority	53,037,400	174,195,400	99,143,900	167,626,200	96,755,800
Military Affairs	405,161,000	97,774,600	100,107,400	95,324,500	91,461,300
Commission on Human Rights	2,052,400	2,678,900	2,706,800	1,977,700	1,960,400
Commission on Women	232,300	235,900	252,400	212,100	210,000
Department for Local Government	64,550,600	65,045,000	65,444,700	68,566,200	67,539,800
Local Government Economic Assistance Fund	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
Local Government Economic Development Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
Area Development Fund	590,100	608,400	608,400	569,600	563,900
Executive Branch Ethics Commission	517,600	539,100	570,100	512,700	508,200
Secretary of State	2,770,300	2,956,000	3,117,000	2,852,700	2,846,000
Board of Elections	11,897,000	15,785,700	10,986,800	10,411,900	9,356,700
Registry of Election Finance	1,216,600	1,581,600	1,679,700	1,177,700	1,165,900
Attorney General	25,456,400	28,255,200	28,161,000	24,741,700	23,417,900
Unified Prosecutorial System	69,517,300	75,975,000	80,426,300	68,717,400	67,903,000
Treasury	2,869,100	3,713,200	3,891,700	2,931,600	2,933,000
Agriculture	29,147,300	39,734,700	37,262,600	31,875,400	30,038,300
Auditor of Public Accounts	10,348,100	11,152,500	11,881,700	9,755,300	9,544,000
Personnel Board	793,800	849,600	893,300	777,900	777,900
Kentucky Retirement Systems	26,725,500	29,070,500	29,867,400	26,191,000	26,191,000
Occupational & Professional Boards & Commissions	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300
Kentucky River Authority	2,328,600	5,655,700	4,845,400	4,806,500	4,069,600
School Facilities Construction Commission	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
Teachers' Retirement System	212,103,600	528,938,900	610,837,200	230,920,600	250,667,300
Judgments	151,000				
Appropriations Not Otherwise Classified	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
<b>TOTAL EXPENDITURES</b>	<b>1,281,923,900</b>	<b>1,443,589,700</b>	<b>1,473,231,500</b>	<b>1,080,838,000</b>	<b>1,021,923,600</b>

**General Government  
Office of the Governor**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,722,600	7,099,000	7,509,400	6,077,800	6,017,000
Salary and Health Insurance Adjustments	127,500				
Budget Reduction-General Fund	-865,000				
Mandated Expenditure Reductions	-381,600				
<b>Total General Fund</b>	5,603,500	7,099,000	7,509,400	6,077,800	6,017,000
<b>Restricted Funds</b>					
Balance Forward	682,200				
<b>Total Restricted Funds</b>	682,200				
<b>Federal Funds</b>					
Current Receipts	257,100				
<b>Total Federal Funds</b>	257,100				
<b>TOTAL SOURCE OF FUNDS</b>	6,542,800	7,099,000	7,509,400	6,077,800	6,017,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,124,300	5,763,700	6,174,100	4,965,100	4,904,300
Operating Expenses	1,248,100	1,335,300	1,335,300	1,112,700	1,112,700
Grants Loans Benefits	170,400				
<b>TOTAL EXPENDITURES</b>	6,542,800	7,099,000	7,509,400	6,077,800	6,017,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,603,500	7,099,000	7,509,400	6,077,800	6,017,000
Restricted Funds	682,200				
Federal Funds	257,100				
<b>TOTAL EXPENDITURES</b>	6,542,800	7,099,000	7,509,400	6,077,800	6,017,000
<b>EXPENDITURES BY UNIT</b>					
Governor	5,135,200	5,561,300	5,882,800	4,748,500	4,700,900
Governor's Office Expense Allowance	21,000	21,500	21,500	21,500	21,500
Lieutenant Governor	540,700	651,900	692,100	493,900	488,900
Lt. Governor's Expense Allowance	12,000	12,000	12,000	12,000	12,000
Secretary of the Cabinet	112,500	277,300	295,400	257,500	254,900
Kentucky Commission on Military Affairs	392,600	230,500	241,900	219,800	217,500
Office of Minority Empowerment	198,600	205,900	215,100	195,900	193,900
Faith Based Initiatives	130,200	138,600	148,600	128,700	127,400
<b>TOTAL EXPENDITURES</b>	6,542,800	7,099,000	7,509,400	6,077,800	6,017,000

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 in 2005 pursuant to 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 Office for Faith-Based and Community Nonprofit Social Services was established in 2005 pursuant to KRS 12.510. The Office has 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.

### **Policy**

Included in the Budget of the Commonwealth is a General Fund appropriation in the amount of \$30,000 in fiscal year 2010-2011 and \$30,000 in fiscal year 2011-2012 for the Lieutenant Governor's Office for a housing allowance of up to \$2,500 monthly.

**General Government  
Office of State Budget Director**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,791,900	3,360,000	3,765,200	3,175,400	3,143,600
Salary and Health Insurance Adjustments	49,400				
Budget Reduction-General Fund	-368,800				
Mandated Expenditure Reductions	-170,600				
<b>Total General Fund</b>	<b>3,301,900</b>	<b>3,360,000</b>	<b>3,765,200</b>	<b>3,175,400</b>	<b>3,143,600</b>
<b>Restricted Funds</b>					
Balance Forward	859,300	774,000	674,000	774,000	674,000
<b>Total Restricted Funds</b>	<b>859,300</b>	<b>774,000</b>	<b>674,000</b>	<b>774,000</b>	<b>674,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,161,200</b>	<b>4,134,000</b>	<b>4,439,200</b>	<b>3,949,400</b>	<b>3,817,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,788,600	2,829,100	3,234,300	2,688,900	2,657,100
Operating Expenses	598,600	630,900	630,900	586,500	586,500
<b>TOTAL EXPENDITURES</b>	<b>3,387,200</b>	<b>3,460,000</b>	<b>3,865,200</b>	<b>3,275,400</b>	<b>3,243,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,301,900	3,360,000	3,765,200	3,175,400	3,143,600
Restricted Funds	85,300	100,000	100,000	100,000	100,000
<b>TOTAL EXPENDITURES</b>	<b>3,387,200</b>	<b>3,460,000</b>	<b>3,865,200</b>	<b>3,275,400</b>	<b>3,243,600</b>
<b>EXPENDITURES BY UNIT</b>					
Budget & Policy Analysis	2,703,100	2,738,100	3,098,800	2,605,100	2,580,000
Gov Office for Policy Research	189,100	200,800	212,800	186,300	184,400
Gov Office for Economic Analysis	495,000	521,100	553,600	484,000	479,200
<b>TOTAL EXPENDITURES</b>	<b>3,387,200</b>	<b>3,460,000</b>	<b>3,865,200</b>	<b>3,275,400</b>	<b>3,243,600</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**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Enacted FY 2011</b>	<b>Enacted FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	220,000	193,600	193,600	181,200	179,400
Budget Reduction-General Fund	-22,300				
Mandated Expenditure Reductions	-9,900				
<b>Total General Fund</b>	<b>187,800</b>	<b>193,600</b>	<b>193,600</b>	<b>181,200</b>	<b>179,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>187,800</b>	<b>193,600</b>	<b>193,600</b>	<b>181,200</b>	<b>179,400</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	187,800	193,600	193,600	181,200	179,400
<b>TOTAL EXPENDITURES</b>	<b>187,800</b>	<b>193,600</b>	<b>193,600</b>	<b>181,200</b>	<b>179,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	187,800	193,600	193,600	181,200	179,400
<b>TOTAL EXPENDITURES</b>	<b>187,800</b>	<b>193,600</b>	<b>193,600</b>	<b>181,200</b>	<b>179,400</b>
<b>EXPENDITURES BY UNIT</b>					
State Planning Fund	187,800	193,600	193,600	181,200	179,400
<b>TOTAL EXPENDITURES</b>	<b>187,800</b>	<b>193,600</b>	<b>193,600</b>	<b>181,200</b>	<b>179,400</b>

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  
Homeland Security**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	290,000	2,782,500	1,302,600	212,300	210,200
Salary and Health Insurance Adjustments	7,100				
Budget Reduction-General Fund	-66,000				
Mandated Expenditure Reductions	-11,100				
<b>Total General Fund</b>	220,000	2,782,500	1,302,600	212,300	210,200
<b>Restricted Funds</b>					
Balance Forward	884,200	1,009,400	1,143,900	909,400	1,031,900
Current Receipts	1,292,000	1,340,600	1,401,300	1,328,000	1,370,500
Non-Revenue Receipts	2,100	2,200	2,300	2,200	2,300
<b>Total Restricted Funds</b>	2,178,300	2,352,200	2,547,500	2,239,600	2,404,700
<b>Federal Funds</b>					
Current Receipts	16,848,100	21,771,600	21,314,100	21,771,600	21,314,100
<b>Total Federal Funds</b>	16,848,100	21,771,600	21,314,100	21,771,600	21,314,100
<b>Road Fund</b>					
Regular Appropriation	250,000	255,700	263,500	250,000	250,000
<b>Total Road Fund</b>	250,000	255,700	263,500	250,000	250,000
<b>TOTAL SOURCE OF FUNDS</b>	19,496,400	27,162,000	25,427,700	24,473,500	24,179,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,361,600	3,881,000	2,525,600	2,334,300	2,380,900
Operating Expenses	273,100	293,500	287,000	282,300	275,800
Grants Loans Benefits	15,952,300	24,429,100	24,512,900	20,825,000	20,357,700
<b>TOTAL EXPENDITURES</b>	18,587,000	28,603,600	27,325,500	23,441,600	23,014,400
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	220,000	2,782,500	1,302,600	212,300	210,200
Restricted Funds	1,268,900	1,208,300	1,251,500	1,207,700	1,240,100
Federal Funds	16,848,100	21,771,600	21,314,100	21,771,600	21,314,100
Road Fund	250,000	255,700	263,500	250,000	250,000
<b>TOTAL EXPENDITURES</b>	18,587,000	26,018,100	24,131,700	23,441,600	23,014,400
<b>EXPENDITURES BY UNIT</b>					
Office of Homeland Security	18,587,000	26,018,100	24,131,700	23,441,600	23,014,400
<b>TOTAL EXPENDITURES</b>	18,587,000	26,018,100	24,131,700	23,441,600	23,014,400

The Kentucky Office of Homeland Security (KOHS), administratively attached to the Office of the Governor in accordance with KRS 39G.010, was created to coordinate efforts with public and private partners on issues affecting homeland security. KOHS focuses on preparing Kentucky for man-made 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 pursuant to KRS 65.7623. 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**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	18,783,200	21,452,200	24,323,200	16,651,100	16,976,600
Salary and Health Insurance Adjustments	344,200				
Budget Reduction-General Fund	-1,510,200				
Mandated Expenditure Reductions	-793,100				
<b>Total General Fund</b>	<b>16,824,100</b>	<b>21,452,200</b>	<b>24,323,200</b>	<b>16,651,100</b>	<b>16,976,600</b>
<b>Restricted Funds</b>					
Balance Forward	99,800	100	100	1,062,500	651,900
Current Receipts	28,808,200	27,671,600	28,073,300	27,825,700	28,147,100
Non-Revenue Receipts	-885,800				
<b>Total Restricted Funds</b>	<b>28,022,200</b>	<b>27,671,700</b>	<b>28,073,400</b>	<b>28,888,200</b>	<b>28,799,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>44,846,300</b>	<b>49,123,900</b>	<b>52,396,600</b>	<b>45,539,300</b>	<b>45,775,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	36,690,500	41,142,200	44,192,600	37,808,300	38,424,500
Operating Expenses	6,712,700	7,601,000	7,823,300	6,498,500	6,598,500
Grants Loans Benefits	372,500	372,500	372,500	572,500	572,500
Debt Service					140,000
Capital Outlay	8,100	8,100	8,100	8,100	8,100
<b>TOTAL EXPENDITURES</b>	<b>43,783,800</b>	<b>49,123,800</b>	<b>52,396,500</b>	<b>44,887,400</b>	<b>45,743,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	16,824,100	21,452,200	24,323,200	16,651,100	16,976,600
Restricted Funds	26,959,700	27,671,600	28,073,300	28,236,300	28,767,000
<b>TOTAL EXPENDITURES</b>	<b>43,783,800</b>	<b>49,123,800</b>	<b>52,396,500</b>	<b>44,887,400</b>	<b>45,743,600</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office, Field Serv's & Cemeteries	4,163,000	4,996,200	5,356,000	4,364,200	4,723,500
Kentucky Veterans' Centers	39,620,800	44,127,600	47,040,500	40,523,200	41,020,100
<b>TOTAL EXPENDITURES</b>	<b>43,783,800</b>	<b>49,123,800</b>	<b>52,396,500</b>	<b>44,887,400</b>	<b>45,743,600</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 285-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, and a dietary department.

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 opened in early fiscal year 2009. The Veterans' Cemetery-Northeast in Greenup County is currently under construction and expected open in the fall of 2010. The Veterans Cemetery-Southeast in Leslie County was authorized by the 2006 General Assembly and is 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 General Fund appropriation is \$350,000 in fiscal year 2012 for Veterans' Cemetery - Northeast (Greenup County) operating costs.

Included in the General Fund appropriation is \$140,000 in fiscal year 2012 for new bonds in the capital budget.

Included in the General Fund appropriation is \$100,000 in each fiscal year of the 2010-2012 biennium for grants to the Brain Injury Alliance of Kentucky. Also included in the General Fund appropriation is \$100,000 in each fiscal year of the 2010-2012 biennium for grants to the Epilepsy Foundation of Kentuckiana. These grants are to be used solely for the purpose of working with veterans who have experienced brain trauma and their families.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	27,403,600	27,403,600	27,403,600	30,529,000	17,691,600
Continuing Approp.-Tobacco Settlement	19,392,300	11,342,900	7,616,000	11,342,900	11,871,900
<b>Total Tobacco Fund</b>	46,795,900	38,746,500	35,019,600	41,871,900	29,563,500
<b>Restricted Funds</b>					
Balance Forward	344,900	200,700	40,400	191,200	19,400
Current Receipts	452,000	433,900	433,900	433,900	433,900
<b>Total Restricted Funds</b>	796,900	634,600	474,300	625,100	453,300
<b>Federal Funds</b>					
ARRA Receipts	1,054,000	500,000	500,000	500,000	500,000
<b>Total Federal Funds</b>	1,054,000	500,000	500,000	500,000	500,000
<b>TOTAL SOURCE OF FUNDS</b>	48,646,800	39,881,100	35,993,900	42,997,000	30,516,800
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,450,700	1,552,300	1,663,000	1,526,200	1,570,500
Operating Expenses	333,600	334,100	334,600	334,100	334,600
Grants Loans Benefits	35,328,400	30,359,400	30,354,700	29,245,400	19,046,200
<b>TOTAL EXPENDITURES</b>	37,112,700	32,245,800	32,352,300	31,105,700	20,951,300
<b>EXPENDITURES BY FUND SOURCE</b>					
Tobacco Fund	35,453,000	31,130,500	31,380,000	30,000,000	20,000,000
Restricted Funds	605,700	615,200	472,300	605,700	451,300
Federal Funds	1,054,000	500,000	500,000	500,000	500,000
<b>TOTAL EXPENDITURES</b>	37,112,700	32,245,700	32,352,300	31,105,700	20,951,300
<b>EXPENDITURES BY UNIT</b>					
Governor's Office of Agricultural Policy	37,112,700	32,245,700	32,352,300	31,105,700	20,951,300
<b>TOTAL EXPENDITURES</b>	37,112,700	32,245,700	32,352,300	31,105,700	20,951,300

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 Agricultural Finance Corporation, the Kentucky Tobacco Settlement Trust Corporation, the Governor's Commission on Family Farms, and the Kentucky Agricultural Resource Development Authority 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 sixteen members, described in KRS 248.707(2). They are the Governor, Commissioner of Agriculture, Secretary of the Cabinet for Economic Development, Director of the University of Kentucky Cooperative Extension Service and President of Kentucky State University, 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, the Kentucky Agricultural Heritage Center, improvements to 4-H camps and FFA Leadership Center, funding for a viticulture and oenology program at the University of Kentucky, and funding for land conservation programs.

Thirty-five percent of funds received into the Agriculture Development Fund are allocated for projects at 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, water resources, technology and timber production and marketing. Funds are provided as matching grants.

In addition to their work with Phase I, 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 provides staffing for 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**

The Budget of the Commonwealth suspends KRS 248.703(1)(a), and directs that the counties' portion of the Tobacco Settlement-Phase I payments will be \$16,419,375 in fiscal year 2011 and fiscal year 2012.

**General Government**  
**Kentucky Infrastructure Authority**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,758,100	1,634,400	7,262,400	2,429,900	5,739,600
Salary and Health Insurance Adjustments	17,000				
Budget Reduction-General Fund	-146,700				
Mandated Expenditure Reductions	-43,000				
<b>Total General Fund</b>	<b>1,585,400</b>	<b>1,634,400</b>	<b>7,262,400</b>	<b>2,429,900</b>	<b>5,739,600</b>
<b>Restricted Funds</b>					
Balance Forward	64,300	43,600	43,600	6,400	6,400
Current Receipts	1,258,700	22,283,800	34,975,400	14,927,100	34,136,600
Fund Transfers	-37,200				
<b>Total Restricted Funds</b>	<b>1,285,800</b>	<b>22,327,400</b>	<b>35,019,000</b>	<b>14,933,500</b>	<b>34,143,000</b>
<b>Federal Funds</b>					
Current Receipts	50,172,600	110,197,200	50,226,100	110,189,200	50,199,600
ARRA Receipts		40,080,000	6,680,000	40,080,000	6,680,000
<b>Total Federal Funds</b>	<b>50,172,600</b>	<b>150,277,200</b>	<b>56,906,100</b>	<b>150,269,200</b>	<b>56,879,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>53,043,800</b>	<b>174,239,000</b>	<b>99,187,500</b>	<b>167,632,600</b>	<b>96,762,200</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,894,200	3,256,900	3,638,400	3,126,200	3,430,800
Operating Expenses	143,200	188,500	188,500	188,500	188,500
Grants Loans Benefits	50,000,000	150,080,000	56,680,000	150,080,000	56,680,000
Debt Service		20,670,000	38,637,000	14,231,500	36,456,500
<b>TOTAL EXPENDITURES</b>	<b>53,037,400</b>	<b>174,195,400</b>	<b>99,143,900</b>	<b>167,626,200</b>	<b>96,755,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,585,400	1,634,400	7,262,400	2,429,900	5,739,600
Restricted Funds	1,279,400	22,283,800	34,975,400	14,927,100	34,136,600
Federal Funds	50,172,600	150,277,200	56,906,100	150,269,200	56,879,600
<b>TOTAL EXPENDITURES</b>	<b>53,037,400</b>	<b>174,195,400</b>	<b>99,143,900</b>	<b>167,626,200</b>	<b>96,755,800</b>
<b>EXPENDITURES BY UNIT</b>					
Kentucky Infrastructure Authority	53,037,400	174,195,400	99,143,900	167,626,200	96,755,800
<b>TOTAL EXPENDITURES</b>	<b>53,037,400</b>	<b>174,195,400</b>	<b>99,143,900</b>	<b>167,626,200</b>	<b>96,755,800</b>

The Kentucky Infrastructure Authority (KIA) pursuant to KRS Chapter 224A funds the acquisition and construction of infrastructure projects as defined in KRS 224A.011(16) and the remediation of property owned by governmental agencies. KIA also coordinates regional infrastructure planning to promote higher levels of technical, managerial and financial capacity of water based utilities. KIA with the assistance of the Area Development Districts coordinates water and wastewater planning by the Area Water Management Councils. The Councils establish water planning areas, develop and maintain the regional water management plan and identify and prioritize water and wastewater projects. The authority is administratively attached to the Department for Local Government.

The agency is authorized to issues notes and bonds to provide infrastructure financing for governmental agencies and to a limited extent 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 Kentucky Division of Water in the Energy and Environment Cabinet, loans are provided to governmental agencies at below-market interest rates.

**Fund B Revolving Loan/Grant Program** - 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 at better terms than could be obtained on an independent basis. Loans are available at terms of up to thirty years for any eligible infrastructure project 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 in the Energy and Environment Cabinet from the Project Priority List and must be financially feasible as determined by KIA staff.

**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, 2006 and 2008 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.

**Local Government Economic Development Fund** - (Coal Severance Tax Projects) - These funds were authorized by the 2008 General Assembly from the respective single county fund for projects in coal-producing counties. The Authority coordinates the process of implementation and provides project administration for the water and sewer related projects funded in this program. The program is administered jointly with the Department for Local Government.

## **Policy**

The Budget of the Commonwealth includes General Fund appropriations in the amount of \$370,000 in fiscal year 2011 and \$370,000 in fiscal year 2012 from the Local Government Economic Development Fund to support services provided to coal producing counties by KIA.

Included in the General Fund appropriation is \$561,500 in fiscal year 2011 and \$1,607,000 in fiscal year 2012 for debt service to support \$20,000,000 in bonds to match an estimated \$90,000,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$338,000 in fiscal year 2011 and \$967,500 in fiscal year 2012 for debt service to support \$12,000,000 in bonds to match an estimated \$60,000,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

Included in the General Fund appropriation is \$1,650,000 in fiscal year 2012 to support \$17,029,800 in bonds for previously over-programmed water and wastewater infrastructure pools from the 2006-2008 and 2008-2010 biennia.

Included in the capital budget is authorization for the Kentucky Infrastructure Authority to expend loan repayment receipts on deposit at the trustee bank to support agency bonds for the Drinking Water Revolving Loan Program (Fund F) and the Federally Assisted Wastewater Program (Fund A).

**General Government**  
**Military Affairs**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,833,800	16,061,100	16,658,800	9,678,500	8,947,900
Salary and Health Insurance Adjustments	172,900				
Budget Reduction-General Fund	-1,186,200				
Mandated Expenditure Reductions	-478,400				
Mandated Allotments	33,550,000				
<b>Total General Fund</b>	42,892,100	16,061,100	16,658,800	9,678,500	8,947,900
<b>Restricted Funds</b>					
Balance Forward	12,645,500	12,143,500	8,471,500	11,882,400	7,148,700
Current Receipts	36,946,300	36,210,500	37,115,800	37,166,600	37,416,600
Non-Revenue Receipts	376,700	-1,052,000	2,442,900	1,060,500	837,000
<b>Total Restricted Funds</b>	49,968,500	47,302,000	48,030,200	50,109,500	45,402,300
<b>Federal Funds</b>					
Regular Appropriation		21,300	21,300		
Current Receipts	323,997,000	42,861,700	43,691,500	42,685,200	42,685,200
ARRA Receipts	185,800				
<b>Total Federal Funds</b>	324,182,800	42,883,000	43,712,800	42,685,200	42,685,200
<b>TOTAL SOURCE OF FUNDS</b>	417,043,400	106,246,100	108,401,800	102,473,200	97,035,400
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	32,840,300	32,728,200	35,059,400	33,282,000	33,333,600
Operating Expenses	38,006,300	39,322,400	39,324,000	34,133,200	33,865,100
Grants Loans Benefits	330,333,900	20,224,000	20,224,000	20,442,700	20,244,100
Debt Service	1,419,000	1,500,000	1,500,000	1,984,600	1,983,500
Capital Outlay	2,561,500	4,000,000	4,000,000	5,482,000	2,035,000
<b>TOTAL EXPENDITURES</b>	405,161,000	97,774,600	100,107,400	95,324,500	91,461,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	42,892,100	16,061,100	16,658,800	9,678,500	8,947,900
Restricted Funds	38,086,100	38,830,500	39,735,800	42,960,800	39,828,200
Federal Funds	324,182,800	42,883,000	43,712,800	42,685,200	42,685,200
<b>TOTAL EXPENDITURES</b>	405,161,000	97,774,600	100,107,400	95,324,500	91,461,300
<b>EXPENDITURES BY UNIT</b>					
Statutory State Operations	23,934,900	7,373,200	7,373,200	23,599,300	23,601,800
Emergency Management	336,118,500	703,800	703,800	26,713,600	26,620,800
National Guard Operations	200,000	5,977,800	5,977,800	3,423,500	200,000
Emergency & Public Safety Operations	5,550,000			640,300	
Bluegrass Station	9,200,000	9,200,000	9,200,000	10,790,200	10,881,100
Central Clothing Distribution	26,568,400	26,568,400	26,568,400	26,568,400	26,568,400
Federal & Grant Operations	3,589,200	47,951,400	50,284,200	3,589,200	3,589,200
<b>TOTAL EXPENDITURES</b>	405,161,000	97,774,600	100,107,400	95,324,500	91,461,300

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 Kentucky National Guard and appoints the Adjutant General. The Adjutant General commands the Kentucky National Guard and directs and coordinates all programs in the Department.

Units of the Kentucky National Guard 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 has the responsibility for organizing, equipping, training, and housing these units.

The Department consists of the following organizational units: The Division of Emergency Management; the Office of Kentucky Community Crisis Response; and the Office of Management and Administration, which contains the Division of Administrative Services, Division of Facilities, Logistics Operations Division, Bluegrass Station Division, and the Youth Challenge Program.

The Division of Emergency Management is responsible for all aspects of emergency management including planning, assessment, mitigation, response, and recovery in the Commonwealth. The Division works with local emergency management programs to maintain a coordinated program and operates field offices across the state. The Emergency Operations Center in Frankfort is the hub for coordination during an emergency and is operated by the Division. The Center operates on a twenty-four hour basis and serves as a warning point, communications and command center.

The Kentucky Community Crisis Response Board oversees the delivery of crisis response services including consultation, risk assessment, referral, and on site crisis intervention services to persons impacted by an emergency or disaster.

The Division of Facilities is responsible for maintaining nearly 50 armories across the state as well as the facilities at Wendell H. Ford Regional Training Center in Muhlenberg County, the Emergency Operations Center in Frankfort, and various other facilities statewide.

The Department also operates Bluegrass Station in Fayette County, formerly AVON Army Depot. The property was acquired by the Commonwealth in 1989 under the Base Re-alignment and Closure Act. Bluegrass Station houses the Logistic Operations Division's Central Clothing Distribution Facility as well as several other tenants, primarily United States Department of Defense contractors.

The Youth Challenge Program is a 22-week residential development and training program for youth between 16 - 18 years of age who are high school dropouts, drug-free, unemployed and free of serious involvement in the criminal justice system. The program is operated by the Kentucky National Guard and supports approximately 200 participants annually.

## **Policy**

In January 2009, the Commonwealth experienced a severe winter storm that severely hampered communication and transportation in many areas of the state and caused over 750,000 Kentuckians to lose power and over 250,000 Kentuckians to be without water for several days. The Governor made the largest call up of the Kentucky National Guard in history and the Division of Emergency Management was in full operation throughout the duration of the disaster to provide rescue and relief services across the state. Efforts to file for reimbursement from the Federal Emergency Management Agency for expenses incurred during the disaster are ongoing.

Included in the General Fund appropriation is \$640,300 in fiscal year 2011 to support the efforts of the Kentucky National Guard during the 2010 Alltech FEI World Equestrian Games which will be held in Lexington in October 2010. The Kentucky National Guard will provide security and logistics support 24 hours per day during the event which lasts three weeks.

House Bill 302, signed by the Governor on February 8, 2010, authorized \$4,000,000 in agency bonds for the Department to construct a hangar at Bluegrass Station. The bill also included a Restricted funds appropriation in the amount of \$500,000 in each fiscal year for debt service on the bonds, which is reflected in the total Restricted funds expenditures above.

**General Government**  
**Commission on Human Rights**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,060,400	2,422,700	2,450,700	1,721,500	1,704,300
Salary and Health Insurance Adjustments	31,400				
Budget Reduction-General Fund	-247,000				
Mandated Expenditure Reductions	-76,100				
<b>Total General Fund</b>	<b>1,768,700</b>	<b>2,422,700</b>	<b>2,450,700</b>	<b>1,721,500</b>	<b>1,704,300</b>
<b>Federal Funds</b>					
Balance Forward	39,300	12,300	6,100	12,300	6,100
Current Receipts	256,700	250,000	250,000	250,000	250,000
<b>Total Federal Funds</b>	<b>296,000</b>	<b>262,300</b>	<b>256,100</b>	<b>262,300</b>	<b>256,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,064,700</b>	<b>2,685,000</b>	<b>2,706,800</b>	<b>1,983,800</b>	<b>1,960,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,669,000	2,177,700	2,325,800	1,601,200	1,605,400
Operating Expenses	383,400	489,200	369,000	376,500	355,000
Capital Outlay		12,000	12,000		
<b>TOTAL EXPENDITURES</b>	<b>2,052,400</b>	<b>2,678,900</b>	<b>2,706,800</b>	<b>1,977,700</b>	<b>1,960,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,768,700	2,422,700	2,450,700	1,721,500	1,704,300
Federal Funds	283,700	256,200	256,100	256,200	256,100
<b>TOTAL EXPENDITURES</b>	<b>2,052,400</b>	<b>2,678,900</b>	<b>2,706,800</b>	<b>1,977,700</b>	<b>1,960,400</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	914,600	1,219,200	1,150,000	927,300	927,300
Enforcement Branch	523,100	688,000	739,000	488,600	471,300
Research and Information	389,000	408,100	432,600	350,500	350,500
Legal Affairs	225,700	363,600	385,200	211,300	211,300
<b>TOTAL EXPENDITURES</b>	<b>2,052,400</b>	<b>2,678,900</b>	<b>2,706,800</b>	<b>1,977,700</b>	<b>1,960,400</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 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	237,900	235,900	252,400	212,100	210,000
Salary and Health Insurance Adjustments	5,700				
Budget Reduction-General Fund	-15,100				
Mandated Expenditure Reductions	-10,800				
<b>Total General Fund</b>	217,700	235,900	252,400	212,100	210,000
<b>Restricted Funds</b>					
Balance Forward	14,600				
<b>Total Restricted Funds</b>	14,600				
<b>TOTAL SOURCE OF FUNDS</b>	232,300	235,900	252,400	212,100	210,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	214,700	274,700	294,800	201,500	201,500
Operating Expenses	17,600	26,000	26,200	10,600	8,500
<b>TOTAL EXPENDITURES</b>	232,300	300,700	321,000	212,100	210,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	217,700	235,900	252,400	212,100	210,000
Restricted Funds	14,600				
<b>TOTAL EXPENDITURES</b>	232,300	235,900	252,400	212,100	210,000
<b>EXPENDITURES BY UNIT</b>					
Commission on Women	232,300	235,900	252,400	212,100	210,000
<b>TOTAL EXPENDITURES</b>	232,300	235,900	252,400	212,100	210,000

The Kentucky Commission on Women (KCW), authorized in KRS 344.510, consults with and advises the Governor and the agencies, department, boards and commissions of the state and local and municipal governments on matters pertaining to, and of interest to women. The KCW promotes, encourages, and provides advisory assistance in the establishment of local volunteer community improvement programs for, and of interest to women. The KCW conducts programs, studies, seminars, and conferences, and encourages state and local women's business, professional, and civic organizations to do likewise, to educate the public to the problems of women. The KCW cooperates with the federal government and with the governments of other states in programs relating to women.

The KCW maintains and provides a clearinghouse for information and referrals on a variety of issues affecting women, and may serve as a resource for the executive branch on various legislative matters pertaining to women.

The KCW maintains the watercolor Kentucky Women Remembered Exhibit in the West Wing of the Capitol. The KCW staff coordinates state-wide collaborative efforts, such as the Women's Leadership Council and the Kentucky Women's Health Coalition, in order to communicate to the executive branch the challenges and resources that exist for Kentucky women.

**General Government**  
**Department for Local Government**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,443,800	9,234,200	9,583,600	8,558,500	8,766,900
Salary and Health Insurance Adjustments	110,900				
Budget Reduction-General Fund	-2,653,000				
Mandated Expenditure Reductions	-218,400				
<b>Total General Fund</b>	<b>8,683,300</b>	<b>9,234,200</b>	<b>9,583,600</b>	<b>8,558,500</b>	<b>8,766,900</b>
<b>Restricted Funds</b>					
Balance Forward	103,100				
Current Receipts	200,000	200,000	200,000	200,000	200,000
<b>Total Restricted Funds</b>	<b>303,100</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Federal Funds</b>					
Balance Forward	2,153,844				
Current Receipts	48,316,256	53,427,700	55,661,100	53,624,600	55,872,900
ARRA Receipts	5,094,100	2,183,100		6,183,100	2,700,000
<b>Total Federal Funds</b>	<b>55,564,200</b>	<b>55,610,800</b>	<b>55,661,100</b>	<b>59,807,700</b>	<b>58,572,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>64,550,600</b>	<b>65,045,000</b>	<b>65,444,700</b>	<b>68,566,200</b>	<b>67,539,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,166,000	5,565,900	5,965,600	5,288,600	5,303,200
Operating Expenses	737,500	737,500	737,500	744,200	744,200
Grants Loans Benefits	58,647,100	58,741,600	58,741,600	62,533,400	61,198,400
Debt Service					294,000
<b>TOTAL EXPENDITURES</b>	<b>64,550,600</b>	<b>65,045,000</b>	<b>65,444,700</b>	<b>68,566,200</b>	<b>67,539,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	8,683,300	9,234,200	9,583,600	8,558,500	8,766,900
Restricted Funds	303,100	200,000	200,000	200,000	200,000
Federal Funds	55,564,200	55,610,800	55,661,100	59,807,700	58,572,900
<b>TOTAL EXPENDITURES</b>	<b>64,550,600</b>	<b>65,045,000</b>	<b>65,444,700</b>	<b>68,566,200</b>	<b>67,539,800</b>
<b>EXPENDITURES BY UNIT</b>					
Operations	5,414,900	5,811,600	6,161,000	5,297,500	5,540,900
Grants	59,135,700	59,233,400	59,283,700	63,268,700	61,998,900
<b>TOTAL EXPENDITURES</b>	<b>64,550,600</b>	<b>65,045,000</b>	<b>65,444,700</b>	<b>68,566,200</b>	<b>67,539,800</b>

Governor and local units of government. It coordinates and resolves local government issues and concerns. 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, the Neighborhood The Department for Local Government (DLG), 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 09-540. DLG serves as the liaison between the

Stabilization Program, the Land and Water Conservation Fund and the Kentucky Recreational Trails program. Moreover, the Office 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 provides 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 Office of State Grants promotes economic development in Kentucky's localities. It is responsible for financial management, accounting, and fund allocation and reporting of the Local Government Economic Development Fund (LGEDF) which contains the Local Government Economic Development Program (LGEDP) and the Local Government Economic Assistance Fund (LGEAF) The agency also reviews and approves LGEDF statutory grant applications. In addition, the Office of State Grants oversees additional programs assigned by the General Assembly through the budget and as requested by other State agencies.

## **Policy**

The Budget of the Commonwealth 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 in the General Fund appropriation for fiscal year 2012 is \$294,000 for debt service to support bonds in the amount of \$3,000,000 for the Flood Control Matching Fund.

Included in the Restricted Fund appropriation in each fiscal year of the biennium is \$200,000 for support of the 12 Multi-County Regional Industrial Park Authorities funded from the Local Government Economic Development Fund's Multi-County account.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	56,989,350	51,697,000	58,378,100	54,422,100	67,281,600
Other	-3,539,250				
<b>Total General Fund</b>	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
<b>TOTAL SOURCE OF FUNDS</b>	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
<b>TOTAL EXPENDITURES</b>	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
<b>TOTAL EXPENDITURES</b>	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
<b>EXPENDITURES BY UNIT</b>					
County Coal Severance	25,228,400	26,371,000	26,951,500	25,687,200	31,756,900
Cities Coal Severance	2,870,400	2,930,100	2,994,600	2,922,500	3,613,100
County Mineral Severance	22,817,800	20,156,300	25,588,800	23,232,800	28,722,500
Cities Mineral Severance	2,533,500	2,239,600	2,843,200	2,579,600	3,189,100
<b>TOTAL EXPENDITURES</b>	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600

The Local Government Economic Assistance Fund (LGEAF) in KRS 42.450-42.495 is a revenue sharing program that was created by the 1980 Regular Session of the General Assembly to return 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 incorporated 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 66 counties and approximately 285 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 99 counties and approximately 348 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 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	46,256,050	45,525,400	47,030,400	39,313,000	37,743,300
Other	10,626,450				
<b>Total General Fund</b>	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
<b>TOTAL SOURCE OF FUNDS</b>	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
<b>TOTAL EXPENDITURES</b>	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
<b>TOTAL EXPENDITURES</b>	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
<b>EXPENDITURES BY UNIT</b>					
Economic Development Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
<b>TOTAL EXPENDITURES</b>	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300

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, 36 of the 45 original counties receive coal severance allocations.

The Department for Local Government (DLG) is responsible for LGEDF financial management, accounting, and fund allocation and reporting. It also reviews and approves LGEDF grant applications for both the Single County and Multi-County Accounts. DLG oversees those projects and others authorized by the General Assembly through the budget. Administration of the Multi-County account was transferred from the Cabinet for Economic Development to DLG in Executive Order 09-543.

**Policy**

The accompanying chart illustrates the policy described below.

**Off-the-Top Funding Items:** Notwithstanding KRS 342.122(1) (c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2011 and fiscal year 2012.

Notwithstanding KRS 42.4582 and KRS 42.4585, \$901,800 in fiscal year 2011 and \$872,500 in fiscal year 2012 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 Department for Local Government, and \$4,300,000 in fiscal year 2011 and \$4,400,000 in fiscal year 2012 is provided to the Mine Safety and Licensing budget unit to help implement mine safety statutory requirements.

**Out-of-the-Middle Funding Items:** The Budget of the Commonwealth provides funding to support the Read to Achieve Program in the Department of Education of \$3,000,000 each year, support services provided to coal producing counties by DLG and the Kentucky Infrastructure Authority by allocating \$1,039,700 in each fiscal year, allocation of \$300,000 each year for a Mining Engineering Scholarship Program at the University of Kentucky, funding for the Robinson Scholars Program in the amount of \$1,000,000 in each fiscal year to the University of Kentucky, \$2,500,000 in each fiscal year to the Department of Education for purpose of enhancing education technology in local school districts within coal-producing counties, debt

service support of \$4,617,900 each year for \$54,700,000 in schools facilities construction projects (2002-04), debt service support of \$4,091,400 each year for \$54,765,000 for KIA water and sewer projects (2002-04), debt service support of \$694,200 in fiscal year 2012 for part of the \$80,000,000 in KIA water and sewer projects (2004-06), debt service support of \$8,676,300 in fiscal year 2011 and \$8,562,300 in fiscal year 2012 for part of the \$100,000,000 in KIA water and sewer projects (2006-08), and debt service support of \$7,557,600 in fiscal year 2011 and \$7,538,000 in fiscal year 2012 for part of \$75,000,000 in KIA water and sewer projects (2008-10).

**Multi-County Fund Items:** The Budget of the Commonwealth includes the transfer of \$6,480,900 in fiscal year 2011 and \$5,778,500 from the Multi-County Fund to the General Fund to pay the debt service on the \$80,000,000 Infrastructure for Economic Development Fund for Coal-Producing Counties Bond Pool (2004-2006), \$2,000,000 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 in coal-producing counties, \$1,800,000 in each fiscal year from the LGEDF Multi-County Fund to the Justice and Public Safety Cabinet's Office of Drug Control Policy to support the Drug Court program serving coal-producing counties, \$3,500,000 in each fiscal year from the LGEDF Multi-County Fund to the Department for Energy Development and Independence to support energy research and development projects targeted solely to Kentucky's LGEDF eligible counties, and \$200,000 in each fiscal year from the LGEDF Multi-County Fund to the Department for Local Government to be distributed to the 12 Multi-County Regional Industrial Park Authorities.

Notwithstanding KRS 42.4588(2), LGEDF allocations from the Single County Funds 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.

House Bill 2 from the 2010 Special Session established a coal county pharmacy scholarship program to be funded from "off-the-top" coal severance tax funds. Scholarships will go to Kentucky residents enrolled or accepted for enrollment in a Pharm.D program at an accredited or provisionally accredited institution in the Commonwealth, with preference to students residing in coal-producing counties. The scholarship recipient agrees to practice pharmacy in a coal-producing county in the Commonwealth for each year of scholarship provided in lieu of repayment. The Kentucky Higher Education Assistance Authority expects to begin administration of this program in fiscal year 2012.

**General Government  
Area Development Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	691,200	608,400	608,400	569,600	563,900
Budget Reduction-General Fund	-70,000				
Mandated Expenditure Reductions	-31,100				
<b>Total General Fund</b>	590,100	608,400	608,400	569,600	563,900
<b>TOTAL SOURCE OF FUNDS</b>	590,100	608,400	608,400	569,600	563,900
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	590,100	608,400	608,400	569,600	563,900
<b>TOTAL EXPENDITURES</b>	590,100	608,400	608,400	569,600	563,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	590,100	608,400	608,400	569,600	563,900
<b>TOTAL EXPENDITURES</b>	590,100	608,400	608,400	569,600	563,900
<b>EXPENDITURES BY UNIT</b>					
Area Development Fund	590,100	608,400	608,400	569,600	563,900
<b>TOTAL EXPENDITURES</b>	590,100	608,400	608,400	569,600	563,900

The Area Development Fund is a revenue sharing program that was created by the 1976 Regular Session of the General Assembly to fund capital projects in accordance with KRS 42.350 (2) in communities within each of the 15 Area Development Districts. The Area Development Districts rank and recommend projects that they consider eligible for funding to the Commissioner of the Department for Local Government.

**General Government  
Executive Branch Ethics Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	448,500	478,100	509,100	451,700	447,200
Salary and Health Insurance Adjustments	8,100				
<b>Total General Fund</b>	456,600	478,100	509,100	451,700	447,200
<b>Restricted Funds</b>					
Balance Forward	34,500	23,000	11,500	23,000	11,500
Current Receipts	49,500	49,500	49,500	49,500	49,500
<b>Total Restricted Funds</b>	84,000	72,500	61,000	72,500	61,000
<b>TOTAL SOURCE OF FUNDS</b>	540,600	550,600	570,100	524,200	508,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	462,400	485,600	516,100	458,500	454,000
Operating Expenses	55,200	53,500	54,000	54,200	54,200
<b>TOTAL EXPENDITURES</b>	517,600	539,100	570,100	512,700	508,200
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	456,600	478,100	509,100	451,700	447,200
Restricted Funds	61,000	61,000	61,000	61,000	61,000
<b>TOTAL EXPENDITURES</b>	517,600	539,100	570,100	512,700	508,200
<b>EXPENDITURES BY UNIT</b>					
Executive Branch Ethics Commission	517,600	539,100	570,100	512,700	508,200
<b>TOTAL EXPENDITURES</b>	517,600	539,100	570,100	512,700	508,200

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 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,050,000	1,995,000	2,126,000	1,771,400	1,753,700
Salary and Health Insurance	42,900				
Adjustments					
Budget Reduction-General Fund	-191,300				
Mandated Expenditure Reductions	-92,300				
<b>Total General Fund</b>	1,809,300	1,995,000	2,126,000	1,771,400	1,753,700
<b>Restricted Funds</b>					
Balance Forward	207,200	99,200	1,208,200	99,200	287,900
Current Receipts	2,200,000	2,070,000	2,012,000	2,070,000	2,012,000
Fund Transfers	-1,347,000			-800,000	-800,000
<b>Total Restricted Funds</b>	1,060,200	2,169,200	3,220,200	1,369,200	1,499,900
<b>TOTAL SOURCE OF FUNDS</b>	2,869,500	4,164,200	5,346,200	3,140,600	3,253,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,154,000	2,318,500	2,477,800	2,180,300	2,174,400
Operating Expenses	616,300	637,500	639,200	672,400	671,600
<b>TOTAL EXPENDITURES</b>	2,770,300	2,956,000	3,117,000	2,852,700	2,846,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,809,300	1,995,000	2,156,000	1,771,400	1,753,700
Restricted Funds	961,000	961,000	961,000	1,081,300	1,092,300
<b>TOTAL EXPENDITURES</b>	2,770,300	2,956,000	3,117,000	2,852,700	2,846,000
<b>EXPENDITURES BY UNIT</b>					
General Administration	1,578,000	1,660,800	1,760,100	1,562,200	1,551,600
General Operations	1,146,100	1,245,500	1,303,400	1,244,300	1,248,200
Restoration of Land Grant Books	46,200	49,700	53,500	46,200	46,200
<b>TOTAL EXPENDITURES</b>	2,770,300	2,956,000	3,117,000	2,852,700	2,846,000

The Secretary of State, a constitutional officer as provided in Section 91 of the Kentucky Constitution, directs the Department of State of the Commonwealth. KRS 117.015 designates the Secretary of State as the chief Election Officer of the Commonwealth and the chair of the State Board of Elections. In addition, the Secretary of State appoints notaries public; issues Kentucky Colonel Commissions; is the keeper of the Seal of the Commonwealth of Kentucky; and maintains records of all official acts of the Governor as well as all legislation passed by the General Assembly.

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 the 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 Fund 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 Budget of the Commonwealth directs \$800,000 in fiscal year 2011 and \$800,000 in fiscal year 2012 be transferred to the General Fund.

**General Government  
Board of Elections**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,847,400	9,304,300	5,521,300	3,930,500	3,891,200
Salary and Health Insurance Adjustments	17,600				
Budget Reduction-General Fund	-176,700				
Mandated Allotments	94,300				
<b>Total General Fund</b>	<b>2,782,600</b>	<b>9,304,300</b>	<b>5,521,300</b>	<b>3,930,500</b>	<b>3,891,200</b>
<b>Restricted Funds</b>					
Balance Forward	643,500	362,100	275,900	362,100	275,900
Current Receipts	119,700	70,000	40,000	89,700	59,700
Non-Revenue Receipts	73,900				
<b>Total Restricted Funds</b>	<b>837,100</b>	<b>432,100</b>	<b>315,900</b>	<b>451,800</b>	<b>335,600</b>
<b>Federal Funds</b>					
Balance Forward	17,170,400	10,674,900	5,109,100	10,674,900	5,109,100
Current Receipts	2,143,900	739,700	739,700	739,700	739,700
<b>Total Federal Funds</b>	<b>19,314,300</b>	<b>11,414,600</b>	<b>5,848,800</b>	<b>11,414,600</b>	<b>5,848,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>22,934,000</b>	<b>21,151,000</b>	<b>11,686,000</b>	<b>15,796,900</b>	<b>10,075,600</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,036,800	1,104,800	1,171,600	1,028,900	1,002,000
Operating Expenses	1,104,000	4,815,800	809,900	557,900	552,000
Grants Loans Benefits	9,756,200	9,865,100	9,005,300	8,825,100	7,802,700
<b>TOTAL EXPENDITURES</b>	<b>11,897,000</b>	<b>15,785,700</b>	<b>10,986,800</b>	<b>10,411,900</b>	<b>9,356,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,782,600	9,304,300	5,521,300	3,930,500	3,891,200
Restricted Funds	475,000	175,900	160,000	175,900	160,000
Federal Funds	8,639,400	6,305,500	5,305,500	6,305,500	5,305,500
<b>TOTAL EXPENDITURES</b>	<b>11,897,000</b>	<b>15,785,700</b>	<b>10,986,800</b>	<b>10,411,900</b>	<b>9,356,700</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	1,426,500	1,614,100	1,675,000	1,280,300	1,247,500
State Share of County Election Expenses	20,400	2,145,600	2,214,600	1,408,500	1,425,400
State Share of Voter Registration Expenses	1,337,700	1,620,500	1,701,700	1,317,600	1,288,300
Election Fund	9,112,400	10,405,500	5,395,500	6,405,500	5,395,500
<b>TOTAL EXPENDITURES</b>	<b>11,897,000</b>	<b>15,785,700</b>	<b>10,986,800</b>	<b>10,411,900</b>	<b>9,356,700</b>

The State Board of Elections administers the election laws of the state pursuant to KRS Chapters 116, 117, 118, 118A, 119, and 120; supervises the registration and purgation of voters; appoints the political party representatives to the 120 county boards of elections; and certifies official election results.

KRS 117.015 designates the Secretary of State as the chair of the Board. 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.

The State Board of Elections' online 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 county fiscal courts the state's share of county election expenses pursuant to KRS 117.345(2).

The state currently has 3,565 precincts with over 2.9 million registered voters. The number of precincts increases as voter 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 for newly registered voters 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) became law 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 initially 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 voter 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.

The State Board of Elections received an additional HAVA disbursement in the last biennium in the amount of \$3.0 million which was matched with state funds at a rate of five percent. These additional HAVA funds will be used to further improve the election process.

### **Policy**

The Budget of the Commonwealth includes General Fund in the amount of \$1,408,500 in fiscal year 2011 and \$1,425,400 in fiscal year 2012 for the State Share of County Election Expenses.

Notwithstanding KRS 116.145, the State Board of Elections shall set a rate for the fee for new voter registration paid to the county clerks within the available appropriated resources. The State Board of Elections shall also set a fixed rate for the expenses outlined in KRS 117.343 within the available appropriated resources. Notwithstanding KRS 117.345(2), the State Board of Elections shall set a rate for the expenses outlined in KRS 117.345(2) for precincts with a voting machine within the available resources, not to exceed \$300 per precinct per election.

**General Government  
Registry of Election Finance**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,382,200	1,581,600	1,679,700	1,177,700	1,165,900
Salary and Health Insurance Adjustments	21,900				
Budget Reduction-General Fund	-126,900				
Mandated Expenditure Reductions	-60,600				
<b>Total General Fund</b>	<b>1,216,600</b>	<b>1,581,600</b>	<b>1,679,700</b>	<b>1,177,700</b>	<b>1,165,900</b>
<b>Restricted Funds</b>					
Balance Forward	100	100	100	100	100
<b>Total Restricted Funds</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,216,700</b>	<b>1,581,700</b>	<b>1,679,800</b>	<b>1,177,800</b>	<b>1,166,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,055,800	1,376,800	1,474,900	1,006,600	994,800
Operating Expenses	160,800	204,800	204,800	171,100	171,100
<b>TOTAL EXPENDITURES</b>	<b>1,216,600</b>	<b>1,581,600</b>	<b>1,679,700</b>	<b>1,177,700</b>	<b>1,165,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,216,600	1,581,600	1,679,700	1,177,700	1,165,900
<b>TOTAL EXPENDITURES</b>	<b>1,216,600</b>	<b>1,581,600</b>	<b>1,679,700</b>	<b>1,177,700</b>	<b>1,165,900</b>
<b>EXPENDITURES BY UNIT</b>					
Registry of Election Finance	1,216,600	1,581,600	1,679,700	1,177,700	1,165,900
<b>TOTAL EXPENDITURES</b>	<b>1,216,600</b>	<b>1,581,600</b>	<b>1,679,700</b>	<b>1,177,700</b>	<b>1,165,900</b>

The role of the Kentucky Registry of Election Finance is to ensure 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 public office, except federal office, as well as political issues committees, permanent committees, state and local party executive committees, inaugural committees, and caucus campaign committees. The Registry also receives, compiles, and maintains financial disclosure reports of elected officials and candidates for specified offices as provided in KRS Chapter 61.

Regulatory functions of the Registry include: educating candidates and committees on campaign finance laws; 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; conducting desk reviews and random audits; investigating complaints; and adjudicating charges of administrative violations of campaign finance laws.

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

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).

**General Government  
Attorney General**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,284,000	13,835,200	14,852,400	10,861,200	10,752,500
Salary and Health Insurance Adjustments	219,200				
Budget Reduction-General Fund	-1,640,900				
Mandated Expenditure Reductions	-579,300				
<b>Total General Fund</b>	<b>11,283,000</b>	<b>13,835,200</b>	<b>14,852,400</b>	<b>10,861,200</b>	<b>10,752,500</b>
<b>Restricted Funds</b>					
Balance Forward	3,805,547	2,137,700	1,450,800	2,222,700	1,535,800
Current Receipts	2,082,553	1,612,000	1,612,000	1,612,000	1,612,000
Non-Revenue Receipts	6,661,500	7,479,400	7,607,800	6,939,900	6,964,600
<b>Total Restricted Funds</b>	<b>12,549,600</b>	<b>11,229,100</b>	<b>10,670,600</b>	<b>10,774,600</b>	<b>10,112,400</b>
<b>Federal Funds</b>					
Current Receipts	2,486,900	2,611,700	2,724,300	2,611,700	2,724,300
ARRA Receipts	1,359,600	2,030,000	686,500	2,030,000	686,500
<b>Total Federal Funds</b>	<b>3,846,500</b>	<b>4,641,700</b>	<b>3,410,800</b>	<b>4,641,700</b>	<b>3,410,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>27,679,100</b>	<b>29,706,000</b>	<b>28,933,800</b>	<b>26,277,500</b>	<b>24,275,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	16,740,300	19,035,900	19,149,600	17,113,600	16,056,100
Operating Expenses	2,899,400	2,969,400	2,711,500	1,788,200	1,521,900
Grants Loans Benefits	5,816,700	6,249,900	6,299,900	5,839,900	5,839,900
<b>TOTAL EXPENDITURES</b>	<b>25,456,400</b>	<b>28,255,200</b>	<b>28,161,000</b>	<b>24,741,700</b>	<b>23,417,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,283,000	13,835,200	14,852,400	10,861,200	10,752,500
Restricted Funds	10,326,900	9,778,300	9,897,800	9,238,800	9,254,600
Federal Funds	3,846,500	4,641,700	3,410,800	4,641,700	3,410,800
<b>TOTAL EXPENDITURES</b>	<b>25,456,400</b>	<b>28,255,200</b>	<b>28,161,000</b>	<b>24,741,700</b>	<b>23,417,900</b>
<b>EXPENDITURES BY UNIT</b>					
Administrative Services	4,260,700	5,283,400	4,169,200	4,570,000	3,228,200
Criminal Services	8,469,200	8,806,300	9,320,000	7,728,000	7,765,000
Advocacy Services	3,755,500	4,257,500	4,474,800	3,485,200	3,400,400
Civil Services	2,071,000	2,428,600	2,589,200	2,018,600	2,059,700
Uninsured Employers Fund	6,900,000	7,479,400	7,607,800	6,939,900	6,964,600
<b>TOTAL EXPENDITURES</b>	<b>25,456,400</b>	<b>28,255,200</b>	<b>28,161,000</b>	<b>24,741,700</b>	<b>23,417,900</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 ten organizational units to support the mission of the office.

The duties of the Office of Administrative Services include: personnel, payroll, fiscal, budget, information systems, state and federal grants, and employee training. The duties of the Office of Prosecutors Advisory Council 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 represents the Commonwealth in all state and federal criminal appeals in which the Commonwealth has an interest. The Office of Medicaid Fraud and Abuse Control investigates and prosecutes cases of

Medicaid Provider fraud pursuant to KRS 194A.505 and KRS 205, and further complaints of abuse, neglect, and exploitation of residents in Medicaid facilities. The Department of Criminal Investigations investigates specialized, primarily white-collar criminal activity, identity theft, and computer crimes. The Office of Special Prosecutions pursuant to KRS 15.190-215, 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 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; provides hearing officer services and mediation to state agencies; 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 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 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	33,147,800	39,417,000	41,774,300	35,628,300	35,272,000
Salary and Health Insurance Adjustments	725,000				
Special Appropriation	2,291,300				
<b>Total General Fund</b>	<b>36,164,100</b>	<b>39,417,000</b>	<b>41,774,300</b>	<b>35,628,300</b>	<b>35,272,000</b>
<b>Restricted Funds</b>					
Balance Forward	562,900	482,500	395,500	482,500	395,500
Current Receipts	1,353,900	1,440,800	1,538,600	1,366,500	1,407,700
Non-Revenue Receipts	-11,800				
<b>Total Restricted Funds</b>	<b>1,905,000</b>	<b>1,923,300</b>	<b>1,934,100</b>	<b>1,849,000</b>	<b>1,803,200</b>
<b>Federal Funds</b>					
Current Receipts	114,300	82,100	82,400	284,400	145,100
Non-Revenue Receipts		40,200	43,400		
ARRA Receipts		205,100	65,800		
<b>Total Federal Funds</b>	<b>114,300</b>	<b>327,400</b>	<b>191,600</b>	<b>284,400</b>	<b>145,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>38,183,400</b>	<b>41,667,700</b>	<b>43,900,000</b>	<b>37,761,700</b>	<b>37,220,300</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	32,814,700	36,158,300	38,466,200	33,000,000	33,000,000
Operating Expenses	4,866,200	5,082,100	5,039,800	4,334,400	3,851,300
Grants Loans Benefits	20,000	31,800	31,000	31,800	6,000
<b>TOTAL EXPENDITURES</b>	<b>37,700,900</b>	<b>41,272,200</b>	<b>43,537,000</b>	<b>37,366,200</b>	<b>36,857,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	36,164,100	39,417,000	41,774,300	35,628,300	35,272,000
Restricted Funds	1,422,500	1,527,800	1,571,100	1,453,500	1,440,200
Federal Funds	114,300	327,400	191,600	284,400	145,100
<b>TOTAL EXPENDITURES</b>	<b>37,700,900</b>	<b>41,272,200</b>	<b>43,537,000</b>	<b>37,366,200</b>	<b>36,857,300</b>
<b>EXPENDITURES BY UNIT</b>					
Commonwealth's Attorneys	37,700,900	41,272,200	43,537,000	37,366,200	36,857,300
<b>TOTAL EXPENDITURES</b>	<b>37,700,900</b>	<b>41,272,200</b>	<b>43,537,000</b>	<b>37,366,200</b>	<b>36,857,300</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 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Enacted FY 2011</b>	<b>Enacted FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	28,153,200	33,846,000	35,989,800	30,547,600	30,242,100
Salary and Health Insurance Adjustments	652,500				
Special Appropriation	2,207,100				
<b>Total General Fund</b>	<b>31,012,800</b>	<b>33,846,000</b>	<b>35,989,800</b>	<b>30,547,600</b>	<b>30,242,100</b>
<b>Restricted Funds</b>					
Balance Forward	383,200	283,800	198,100	283,800	198,100
Current Receipts	204,300	230,500	237,700	218,000	221,600
<b>Total Restricted Funds</b>	<b>587,500</b>	<b>514,300</b>	<b>435,800</b>	<b>501,800</b>	<b>419,700</b>
<b>Federal Funds</b>					
Current Receipts	499,900	540,600	579,700	499,900	499,900
<b>Total Federal Funds</b>	<b>499,900</b>	<b>540,600</b>	<b>579,700</b>	<b>499,900</b>	<b>499,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>32,100,200</b>	<b>34,900,900</b>	<b>37,005,300</b>	<b>31,549,300</b>	<b>31,161,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	30,044,200	33,054,100	35,257,900	30,100,000	30,100,000
Operating Expenses	1,772,200	1,648,700	1,631,400	1,251,200	945,700
<b>TOTAL EXPENDITURES</b>	<b>31,816,400</b>	<b>34,702,800</b>	<b>36,889,300</b>	<b>31,351,200</b>	<b>31,045,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	31,012,800	33,846,000	35,989,800	30,547,600	30,242,100
Restricted Funds	303,700	316,200	319,800	303,700	303,700
Federal Funds	499,900	540,600	579,700	499,900	499,900
<b>TOTAL EXPENDITURES</b>	<b>31,816,400</b>	<b>34,702,800</b>	<b>36,889,300</b>	<b>31,351,200</b>	<b>31,045,700</b>
<b>EXPENDITURES BY UNIT</b>					
County Attorneys	31,816,400	34,702,800	36,889,300	31,351,200	31,045,700
<b>TOTAL EXPENDITURES</b>	<b>31,816,400</b>	<b>34,702,800</b>	<b>36,889,300</b>	<b>31,351,200</b>	<b>31,045,700</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 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Enacted FY 2011</b>	<b>Enacted FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	1,927,600	2,466,000	2,611,200	1,646,200	1,629,700
Salary and Health Insurance Adjustments	36,200				
Budget Reduction-General Fund	-184,300				
Mandated Expenditure Reductions	-86,700				
<b>Total General Fund</b>	<b>1,692,800</b>	<b>2,466,000</b>	<b>2,611,200</b>	<b>1,646,200</b>	<b>1,629,700</b>
<b>Restricted Funds</b>					
Regular Appropriation		45,800	49,300		
Balance Forward	187,000	61,800		61,800	
Non-Revenue Receipts	801,100	889,600	981,200	973,600	1,053,300
<b>Total Restricted Funds</b>	<b>988,100</b>	<b>997,200</b>	<b>1,030,500</b>	<b>1,035,400</b>	<b>1,053,300</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>2,930,900</b>	<b>3,713,200</b>	<b>3,891,700</b>	<b>2,931,600</b>	<b>2,933,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,508,300	2,962,200	3,140,700	2,560,100	2,561,500
Operating Expenses	360,800	751,000	751,000	371,500	371,500
<b>TOTAL EXPENDITURES</b>	<b>2,869,100</b>	<b>3,713,200</b>	<b>3,891,700</b>	<b>2,931,600</b>	<b>2,933,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	1,692,800	2,466,000	2,611,200	1,646,200	1,629,700
Restricted Funds	926,300	997,200	1,030,500	1,035,400	1,053,300
Road Fund	250,000	250,000	250,000	250,000	250,000
<b>TOTAL EXPENDITURES</b>	<b>2,869,100</b>	<b>3,713,200</b>	<b>3,891,700</b>	<b>2,931,600</b>	<b>2,933,000</b>
<b>EXPENDITURES BY UNIT</b>					
General Administration and Support	1,274,800	1,938,800	2,028,900	1,236,900	1,227,100
Disbursements and Accounting	668,000	777,200	832,300	659,300	652,600
Abandoned Property Administration	926,300	997,200	1,030,500	1,035,400	1,053,300
<b>TOTAL EXPENDITURES</b>	<b>2,869,100</b>	<b>3,713,200</b>	<b>3,891,700</b>	<b>2,931,600</b>	<b>2,933,000</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 \$1,035,400 in fiscal year 2011 and \$1,053,300 in fiscal year 2012. 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 Budget of the Commonwealth includes \$277,000 in capital construction investment income appropriations in the capital budget in each fiscal year of the biennium for the replacement of two laser check printers and two fold sealers through a lease purchase.

**General Government  
Agriculture**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	21,249,200	24,954,700	24,144,600	17,095,800	16,924,800
Salary and Health Insurance Adjustments	266,300				
Continuing Approp.-General Fund	253,300				
Budget Reduction-General Fund	-2,871,000				
Mandated Expenditure Reductions	-911,600				
<b>Total General Fund</b>	<b>17,986,200</b>	<b>24,954,700</b>	<b>24,144,600</b>	<b>17,095,800</b>	<b>16,924,800</b>
<b>Restricted Funds</b>					
Balance Forward	3,882,200	6,523,000	3,185,000	6,523,000	2,862,300
Current Receipts	5,960,300	5,806,000	5,720,900	5,483,100	5,386,700
Non-Revenue Receipts	2,305,600	629,600	648,000	629,400	647,500
<b>Total Restricted Funds</b>	<b>12,148,100</b>	<b>12,958,600</b>	<b>9,553,900</b>	<b>12,635,500</b>	<b>8,896,500</b>
<b>Federal Funds</b>					
Current Receipts	4,688,000	4,383,000	4,389,100	4,383,000	4,389,000
Non-Revenue Receipts	848,000	623,400	623,400	623,400	623,400
<b>Total Federal Funds</b>	<b>5,536,000</b>	<b>5,006,400</b>	<b>5,012,500</b>	<b>5,006,400</b>	<b>5,012,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>35,670,300</b>	<b>42,919,700</b>	<b>38,711,000</b>	<b>34,737,700</b>	<b>30,833,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	16,096,800	19,792,800	21,133,200	16,128,100	16,476,600
Operating Expenses	6,644,900	11,168,800	8,928,200	9,788,700	8,403,100
Grants Loans Benefits	5,630,600	6,302,900	5,526,200	4,660,400	3,883,600
Capital Outlay	775,000	2,470,200	1,675,000	1,298,200	1,275,000
<b>TOTAL EXPENDITURES</b>	<b>29,147,300</b>	<b>39,734,700</b>	<b>37,262,600</b>	<b>31,875,400</b>	<b>30,038,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	17,986,200	24,954,700	24,144,600	17,095,800	16,924,800
Restricted Funds	5,625,100	9,773,600	8,105,500	9,773,200	8,101,100
Federal Funds	5,536,000	5,006,400	5,012,500	5,006,400	5,012,400
<b>TOTAL EXPENDITURES</b>	<b>29,147,300</b>	<b>39,734,700</b>	<b>37,262,600</b>	<b>31,875,400</b>	<b>30,038,300</b>
<b>EXPENDITURES BY UNIT</b>					
Strategic Planning and Administration	3,428,700	4,211,800	4,027,300	3,381,300	3,381,300
Motor Fuel Inspection and Testing	821,700	1,339,300	1,039,000	826,100	829,000
Consumer and Environmental Programs	11,900,300	17,445,500	17,555,600	14,455,200	14,874,900
State Veterinarian	3,668,500	5,009,700	4,441,700	4,116,700	3,473,000
Animal Control	151,200	110,200	110,200	110,200	110,200
Universities	800,000	800,000	800,000		
Market Promotion and Protection	86,000	90,800	97,200	90,400	92,800
Mexico Office	100,000	100,000	100,000	100,000	100,000
Farmland Preservation	525,000	948,200	925,000	548,200	525,000
Agriculture Marketing and Product Promotion	7,053,600	9,275,900	7,759,200	7,847,300	6,252,100
Small Winery Support Fund	612,300	403,300	407,400	400,000	400,000
<b>TOTAL EXPENDITURES</b>	<b>29,147,300</b>	<b>39,734,700</b>	<b>37,262,600</b>	<b>31,875,400</b>	<b>30,038,300</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 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.

**General Government  
Auditor of Public Accounts**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,660,300	5,935,700	6,828,900	4,625,800	4,579,500
Salary and Health Insurance Adjustments	122,100				
Budget Reduction-General Fund	-791,500				
Mandated Expenditure Reductions	-241,600				
<b>Total General Fund</b>	4,749,300	5,935,700	6,828,900	4,625,800	4,579,500
<b>Restricted Funds</b>					
Current Receipts	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
<b>Total Restricted Funds</b>	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
<b>TOTAL SOURCE OF FUNDS</b>	10,348,100	11,152,500	11,881,700	9,755,300	9,544,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	9,298,500	10,151,600	10,881,400	9,223,700	9,178,000
Operating Expenses	1,049,600	1,000,900	1,000,300	531,600	366,000
<b>TOTAL EXPENDITURES</b>	10,348,100	11,152,500	11,881,700	9,755,300	9,544,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,749,300	5,935,700	6,828,900	4,625,800	4,579,500
Restricted Funds	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
<b>TOTAL EXPENDITURES</b>	10,348,100	11,152,500	11,881,700	9,755,300	9,544,000
<b>EXPENDITURES BY UNIT</b>					
Auditor of Public Accounts	1,151,500	1,229,600	1,310,500	1,226,200	1,213,900
Financial Audit	7,300,000	7,929,600	8,450,700	7,233,900	7,047,800
Technology and Specialized Audits	1,896,600	1,993,300	2,120,500	1,295,200	1,282,300
<b>TOTAL EXPENDITURES</b>	10,348,100	11,152,500	11,881,700	9,755,300	9,544,000

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. Also, the Auditor of Public Accounts has primary responsibility for auditing (per US Office of Management and Budget requirement) the \$3.2 billion of American Recovery and Reinvestment Act funds Kentucky receives, in addition to auditing existing federal programs.

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 Division of Examination and Information Technology is responsible for internal technology systems, data processing systems, special examinations, security consultation and training, as well as performance audits of public entities to increase the effectiveness and reduce the cost of the delivery of services.

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, and circuit clerks 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.

**General Government  
Personnel Board**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	8,800	10,400		10,400	
Current Receipts	795,400	839,200	893,300	767,500	777,900
<b>Total Restricted Funds</b>	804,200	849,600	893,300	777,900	777,900
<b>TOTAL SOURCE OF FUNDS</b>	804,200	849,600	893,300	777,900	777,900
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	688,300	748,300	790,600	677,900	675,200
Operating Expenses	105,500	101,300	102,700	100,000	102,700
<b>TOTAL EXPENDITURES</b>	793,800	849,600	893,300	777,900	777,900
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	793,800	849,600	893,300	777,900	777,900
<b>TOTAL EXPENDITURES</b>	793,800	849,600	893,300	777,900	777,900
<b>EXPENDITURES BY UNIT</b>					
Personnel Board	793,800	849,600	893,300	777,900	777,900
<b>TOTAL EXPENDITURES</b>	793,800	849,600	893,300	777,900	777,900

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. Pursuant to KRS 18A.0551, elections for the two classified employee members of the Board are held every four years.

The Personnel Board serves in a quasi-judicial capacity and assists the Personnel Cabinet in the development of administrative regulations pertaining to the classified service. The 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**

The Personnel Board will coordinate with the Finance and Administration Cabinet to assess each agency of the Executive Branch under KRS 18A based upon the authorized full-time positions of each agency as of July 1.

Pursuant to KRS 18A.0551, the Restricted Fund appropriation in fiscal year 2010 includes funds to support the election of Personnel Board members.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>Restricted Funds</b>					
Balance Forward	2,684,500				
Non-Revenue Receipts	24,041,000	29,070,500	29,867,400	26,191,000	26,191,000
<b>Total Restricted Funds</b>	26,725,500	29,070,500	29,867,400	26,191,000	26,191,000
<b>TOTAL SOURCE OF FUNDS</b>	26,725,500	29,070,500	29,867,400	26,191,000	26,191,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	21,368,700	24,149,700	24,926,600	21,270,200	21,250,200
Operating Expenses	4,906,800	4,505,800	4,525,800	4,505,800	4,525,800
Capital Outlay	450,000	415,000	415,000	415,000	415,000
<b>TOTAL EXPENDITURES</b>	26,725,500	29,070,500	29,867,400	26,191,000	26,191,000
<b>EXPENDITURES BY FUND SOURCE</b>					
Restricted Funds	26,725,500	29,070,500	29,867,400	26,191,000	26,191,000
<b>TOTAL EXPENDITURES</b>	26,725,500	29,070,500	29,867,400	26,191,000	26,191,000
<b>EXPENDITURES BY UNIT</b>					
Kentucky Retirement Systems	26,725,500	29,070,500	29,867,400	26,191,000	26,191,000
<b>TOTAL EXPENDITURES</b>	26,725,500	29,070,500	29,867,400	26,191,000	26,191,000

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.

Restricted Funds providing for the operations of the Kentucky Retirement Systems in the Budget of the Commonwealth 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.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		172,800	99,100		
<b>Total General Fund</b>		172,800	99,100		
<b>Restricted Funds</b>					
Balance Forward	15,841,700	13,861,400	12,023,700	13,917,100	12,411,200
Current Receipts	19,074,200	19,402,900	19,096,400	19,470,000	19,063,500
Fund Transfers	-760,000				
<b>Total Restricted Funds</b>	34,155,900	33,264,300	31,120,100	33,387,100	31,474,700
<b>TOTAL SOURCE OF FUNDS</b>	34,155,900	33,437,100	31,219,200	33,387,100	31,474,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	14,706,700	15,820,200	16,640,200	15,403,800	15,695,700
Operating Expenses	4,885,400	4,711,500	4,694,600	4,690,400	4,685,400
Grants Loans Benefits	552,500	802,500	802,500	802,500	802,500
Capital Outlay	94,200	79,200	77,700	79,200	77,700
<b>TOTAL EXPENDITURES</b>	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		172,800	99,100		
Restricted Funds	20,238,800	21,240,600	22,115,900	20,975,900	21,261,300
<b>TOTAL EXPENDITURES</b>	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300
<b>EXPENDITURES BY UNIT</b>					
Accountancy	619,200	631,300	651,100	630,500	637,500
Certification of Alcohol and Drug Counselors	67,200	67,200	67,200	67,200	67,200
Architects	398,400	417,400	441,800	409,000	416,300
Certification for Professional Art Therapists	11,400	11,400	11,400	11,400	11,400
Auctioneers	400,400	410,100	420,900	403,800	405,700
Barbering	302,500	316,200	333,900	310,000	314,900
Chiropractic Examiners	247,800	290,600	306,100	274,600	279,000
Dentistry	691,800	765,200	780,300	705,400	714,000
Licensure & Cert. for Dietitians & Nutritionists	69,600	69,600	69,600	69,600	69,600
Embalmers and Funeral Directors	366,200	375,300	393,900	366,200	373,100
Licensure for Prof. Engineers and Land Surveyors	1,411,400	1,458,600	1,518,000	1,445,300	1,466,800
Certification of Fee-Based Pastoral Counselors	3,500	3,500	3,500	3,500	3,500
Registration for Professional Geologists	135,000	115,000	115,000	115,000	115,000
Hairdressers and Cosmetologists	1,143,000	1,186,800	1,239,200	1,174,000	1,194,500
Specialists in Hearing Instruments	52,700	52,700	52,700	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	69,500	74,000	76,900	67,700	68,900
Licensure of Marriage and Family Therapists	83,200	83,200	83,200	83,200	83,200

Licensure for Massage Therapy	91,500	120,700	120,700	120,700	120,700
Medical Licensure	2,581,100	2,687,700	2,774,000	2,658,600	2,684,300
Nursing	5,023,100	5,733,800	6,008,900	5,517,700	5,615,500
Licensure for Nursing Home Administrators	47,000	47,000	47,000	47,000	47,000
Licensure for Occupational Therapy	86,000	107,600	107,600	107,600	107,600
Ophthalmic Dispensers	48,700	57,400	57,400	57,400	57,400
Optometric Examiners	176,100	178,000	184,900	179,300	181,800
Pharmacy	1,328,200	1,384,200	1,456,300	1,367,800	1,392,200
Physical Therapy	332,700	400,800	417,300	398,900	407,900
Podiatry	23,200	25,000	25,700	24,700	24,700
Private Investigators	80,000	80,000	80,000	80,000	80,000
Licensed Professional Counselors	126,800	126,800	126,800	126,800	126,800
Proprietary Education	206,800	206,800	206,800	206,800	206,800
Examiners of Psychology	191,100	191,100	191,100	191,100	191,100
Real Estate Appraisers	622,700	694,800	713,600	684,900	694,300
Real Estate Commission	2,420,800	2,196,200	2,268,700	2,174,300	2,200,000
Respiratory Care	183,600	190,000	195,100	190,900	193,800
Social Work	215,600	231,400	242,400	226,300	230,100
Speech-Language Pathology and Audiology	112,200	157,200	157,200	157,200	157,200
Veterinary Examiners	237,800	237,800	237,800	237,800	237,800
<b>TOTAL EXPENDITURES</b>	<b>20,238,800</b>	<b>21,413,400</b>	<b>22,215,000</b>	<b>20,975,900</b>	<b>21,261,300</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 Occupational Boards and Commissions operate solely from agency receipts.

Eighteen of the 38 Boards and Commissions employ the services of the Division of Occupations and Professions in the Public Protection Cabinet to carry out their administrative functions.

**General Government  
Kentucky River Authority**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	304,800	409,500	423,500	257,700	255,100
Salary and Health Insurance Adjustments	5,000				
Budget Reduction-General Fund	-29,100				
Mandated Expenditure Reductions	-13,700				
<b>Total General Fund</b>	267,000	409,500	423,500	257,700	255,100
<b>Restricted Funds</b>					
Balance Forward	2,574,400	3,063,300	955,600	3,063,300	1,134,500
Current Receipts	2,550,500	3,138,500	4,468,400	2,620,000	2,680,000
<b>Total Restricted Funds</b>	5,124,900	6,201,800	5,424,000	5,683,300	3,814,500
<b>TOTAL SOURCE OF FUNDS</b>	5,391,900	6,611,300	5,847,500	5,941,000	4,069,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	612,400	664,700	707,300	627,300	635,300
Operating Expenses	144,600	149,900	150,100	142,100	142,100
Grants Loans Benefits	285,000	300,000	300,000	300,000	300,000
Debt Service	1,256,600	2,016,100	3,313,000	1,604,100	2,617,200
Capital Outlay	30,000	2,525,000	375,000	2,133,000	375,000
<b>TOTAL EXPENDITURES</b>	2,328,600	5,655,700	4,845,400	4,806,500	4,069,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	267,000	409,500	423,500	257,700	255,100
Restricted Funds	2,061,600	5,246,200	4,421,900	4,548,800	3,814,500
<b>TOTAL EXPENDITURES</b>	2,328,600	5,655,700	4,845,400	4,806,500	4,069,600
<b>EXPENDITURES BY UNIT</b>					
General Operations	775,000	1,953,100	1,231,900	2,252,300	1,197,300
Locks and Dams Construction/Maintenance	1,256,600	3,293,100	3,190,000	2,296,500	2,617,200
Locks and Dams Operations	297,000	409,500	423,500	257,700	255,100
<b>TOTAL EXPENDITURES</b>	2,328,600	5,655,700	4,845,400	4,806,500	4,069,600

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 Energy and Environment 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.

**General Government  
School Facilities Construction Commission**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	111,003,200	107,991,700	118,399,400	101,433,100	102,802,000
Salary and Health Insurance Adjustments	5,900				
Budget Reduction-General Fund	-600,000				
Mandated Expenditure Reductions	-4,200,000				
<b>Total General Fund</b>	<b>106,209,100</b>	<b>107,991,700</b>	<b>118,399,400</b>	<b>101,433,100</b>	<b>102,802,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>106,209,100</b>	<b>107,991,700</b>	<b>118,399,400</b>	<b>101,433,100</b>	<b>102,802,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	259,100	2,296,000	2,316,400	259,100	259,100
Operating Expenses	24,000	24,000	24,000	39,100	39,100
Debt Service	105,926,000	105,671,700	116,059,000	101,134,900	102,503,800
<b>TOTAL EXPENDITURES</b>	<b>106,209,100</b>	<b>107,991,700</b>	<b>118,399,400</b>	<b>101,433,100</b>	<b>102,802,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
<b>TOTAL EXPENDITURES</b>	<b>106,209,100</b>	<b>107,991,700</b>	<b>118,399,400</b>	<b>101,433,100</b>	<b>102,802,000</b>
<b>EXPENDITURES BY UNIT</b>					
School Facilities Construction Commission	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
<b>TOTAL EXPENDITURES</b>	<b>106,209,100</b>	<b>107,991,700</b>	<b>118,399,400</b>	<b>101,433,100</b>	<b>102,802,000</b>

The School Facilities Construction Commission (SFCC), 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 Commission is responsible for the distribution of state funds via offers of assistance for approved building or renovation projects. 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.

Offers of assistance are made to eligible local school districts which have demonstrated a reasonable local effort to provide adequate school facilities but still have unmet building needs. Required local effort consists of a levy equivalent to at least five cents per hundred dollars of assessed valuation as well as available funds within a district's capital outlay and building funds and related bonding capacity. Unmet building needs are the costs of projects on a district's facilities plan as approved by the Kentucky Department of Education that remain after the application of local effort. A given district qualifies for offers of assistance based on its unmet need relative to unmet need statewide.

The School Facilities Construction Commission also is charged with distributing state funds allocated to the Kentucky Education Technology System's trust fund to assist local school districts in addressing their unmet education technology needs.

Since the inception of the School Facilities Construction Commission in 1987, bonds totaling more than \$4.6 billion (combined state and local participation) have been sold for school construction.

**Policy**

The Budget of the Commonwealth 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 enacted budget includes \$4,050,000 in fiscal year 2010-2011 and \$12,656,200 in fiscal year 2011-2012 for debt

service for \$150,000,000 in bonds to finance the offers of assistance authorized by the 2008 Regular Session of the General Assembly.

The Budget of the Commonwealth authorizes the School Facilities Construction Commission to make up to \$65,494,000 in additional offers of assistance in support of the Category 5 nickel levy initiative under the Support Education Excellence in Kentucky program. This initiative authorizes local school districts with Category 5 buildings to levy the equivalent of five cents per hundred dollars of assessed property valuation to address their Category 5 needs. Districts with assessed property wealth per pupil of less than 150 percent of the statewide average would qualify for state equalization of their Category 5 levies. If total revenue raised during the 2010-12 biennium by the nickel equivalent levy, state equalization funds and any escrowed or additional offers of assistance from SFCC is insufficient to cash fund or sufficiently support required debt service for a district's Category 5 project, the district may be granted an offer of assistance sufficient to fully fund the project.

Finally, the enacted budget authorizes the School Facilities Construction Commission to make an additional \$100,000,000 in new offers of assistance during the 2010-12 biennium in anticipation of debt service availability during the 2012-14 biennium.

**General Government  
Teachers' Retirement System**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	201,252,600	517,510,200	598,806,900	219,491,900	238,637,000
<b>Total General Fund</b>	201,252,600	517,510,200	598,806,900	219,491,900	238,637,000
<b>Restricted Funds</b>					
Balance Forward	2,118,800				
Non-Revenue Receipts	8,732,200	11,428,700	12,030,300	11,428,700	12,030,300
<b>Total Restricted Funds</b>	10,851,000	11,428,700	12,030,300	11,428,700	12,030,300
<b>TOTAL SOURCE OF FUNDS</b>	212,103,600	528,938,900	610,837,200	230,920,600	250,667,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	8,874,800	9,324,300	9,810,600	9,324,300	9,810,600
Operating Expenses	1,826,200	1,946,900	2,054,300	1,946,900	2,054,300
Grants Loans Benefits	201,252,600	517,510,200	598,806,900	144,798,200	141,791,300
Debt Service				74,693,700	96,845,700
Capital Outlay	150,000	157,500	165,400	157,500	165,400
<b>TOTAL EXPENDITURES</b>	212,103,600	528,938,900	610,837,200	230,920,600	250,667,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	201,252,600	517,510,200	598,806,900	219,491,900	238,637,000
Restricted Funds	10,851,000	11,428,700	12,030,300	11,428,700	12,030,300
<b>TOTAL EXPENDITURES</b>	212,103,600	528,938,900	610,837,200	230,920,600	250,667,300
<b>EXPENDITURES BY UNIT</b>					
Teachers' Retirement System	212,103,600	528,938,900	610,837,200	230,920,600	250,667,300
<b>TOTAL EXPENDITURES</b>	212,103,600	528,938,900	610,837,200	230,920,600	250,667,300

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 employer contribution rate at 9.855 percent of gross salary for persons other than university faculty members joining the system prior to July 1, 2008. Persons joining on or after that date contribute 10.855 percent of gross salary with the employer contributing the same amount. University faculty

members who joined the system prior to July 1, 2008 contribute 8.375 percent of gross salary and their employer matches this amount. University faculty members joining on or after that date contribute 9.375 percent of gross salary with the employer matching that 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.

HB 540 enacted by the 2010 Regular Session of the General Assembly requires additional contributions to ensure the solvency and stability of the retirement system's medical insurance fund. In addition to the above-referenced contribution rates, members hired prior to July 1, 2008 will contribute an additional 0.25% in fiscal 2011, an additional 0.5% in fiscal 2012, an additional 1.0% in fiscal 2013, an additional 1.5% in fiscal 2014, an additional 2.25% in fiscal 2015 and an additional 3.0% in fiscal 2016. Members hired July 1, 2008 or later will contribute an additional 0.5% in fiscal 2014, an additional 1.25% in fiscal 2015, and an additional 2.0% in fiscal 2016. This will bring total member medical insurance contributions to 3.75% in fiscal 2016 for all members. As with other employee contributions, employers will match these amounts.

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 Budget of the Commonwealth includes General Funds in the amount of \$74,693,700 in fiscal year 2011 and \$95,281,200 in fiscal year 2012 for debt service on bonds issued 1) to fulfill existing state obligations to the State Accumulation Fund (the Pension fund) due to borrowings from the fund on behalf of the Medical Insurance Fund during the period of fiscal year 2005 through fiscal year 2010, and 2) meet the projected needs of the Medical Insurance Fund during the 2010-12 biennium. This alternative will finance a cumulative \$460,090,000 liability and a projected medical cost liability of \$268,400,000 for the 2010-2012 biennium at a lower interest rate than the current 7.5 percent interest rate. This refinancing of an existing hard liability is estimated to save \$87 million over the 10-year term.

The enacted 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 Budget of the Commonwealth budget includes \$6,516,600 in fiscal year 2011 and \$13,674,800 in fiscal year 2012 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2010-2012 biennium who are eligible to add accrued sick leave to their final year of service.

Also included in the enacted budget is \$2,574,100 in General Funds in fiscal year 2011 and \$2,574,100 in fiscal year 2012 for amortization payments to cover the 2008-10 biennial cost of the medical insurance subsidy for dependent spouses of retirees under the age of 65. The budget also includes \$1,564,500 for an initial amortization payment to cover the dependent spouse subsidy during the 2010-12 biennium. The subsidy was initially started by House Bill 1 enacted by the October 2004 Extraordinary Session of the General Assembly.

**General Government  
Judgments**

	<u>Revised FY 2010</u>	<u>Requested FY 2011</u>	<u>Requested FY 2012</u>	<u>Enacted FY 2011</u>	<u>Enacted FY 2012</u>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Continuing Approp.-General Fund	1,000				
Mandated Allotments	150,000				
<b>Total General Fund</b>	<u>151,000</u>				
<b>TOTAL SOURCE OF FUNDS</b>	151,000				
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	79,600				
Operating Expenses	71,400				
<b>TOTAL EXPENDITURES</b>	<u>151,000</u>				
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	151,000				
<b>TOTAL EXPENDITURES</b>	<u>151,000</u>				
<b>EXPENDITURES BY UNIT</b>					
Judgments	151,000				
<b>TOTAL EXPENDITURES</b>	<u>151,000</u>				

The timing of payments of judgments is dependent on many factors beyond the control of the Commonwealth. As provided in the Appropriations Act, any judgments or contingent liabilities for the 2010-2012 biennium will be paid from the General Fund Surplus Account (unappropriated surplus) or the Budget Reserve Trust Fund.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,267,500	14,076,100	14,076,100	5,776,100	5,776,100
Budget Reduction-General Fund	-491,400				
Mandated Allotments	8,300,000				
<b>Total General Fund</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>5,776,100</b>	<b>5,776,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>5,776,100</b>	<b>5,776,100</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	10,185,000	10,185,000	10,185,000	1,385,000	1,385,000
Operating Expenses	3,888,600	3,888,600	3,888,600	4,388,600	4,388,600
Grants Loans Benefits	2,500	2,500	2,500	2,500	2,500
<b>TOTAL EXPENDITURES</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>5,776,100</b>	<b>5,776,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
<b>TOTAL EXPENDITURES</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>5,776,100</b>	<b>5,776,100</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	9,900,000	9,900,000	9,900,000	1,100,000	1,100,000
Prior Year Claims	400,000	400,000	400,000	758,600	758,600
Unredeemed Checks Refunded	1,500,000	1,500,000	1,500,000	1,700,000	1,700,000
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	508,600	508,600	508,600	480,000	480,000
Med Malpractice Liability Ins Reimb	185,000	185,000	185,000	185,000	185,000
Blanket Employee Bonds	100,000	100,000	100,000	70,000	70,000
<b>TOTAL EXPENDITURES</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>14,076,100</b>	<b>5,776,100</b>	<b>5,776,100</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.

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# Economic Development

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## Economic Development

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	26,092,100	48,631,600	49,160,900	23,570,100	29,617,500
Salary and Health Insurance Adjustments	127,000				
Continuing Approp.-General Fund	20,723,700	6,000,000	5,000,000	6,000,000	5,000,000
Budget Reduction-General Fund	-1,156,600				
Mandated Expenditure Reductions	-1,120,200				
<b>Total General Fund</b>	44,666,000	54,631,600	54,160,900	29,570,100	34,617,500
<b>Restricted Funds</b>					
Balance Forward	1,583,800	744,500		744,500	
Current Receipts	310,000	325,000	350,000	325,000	350,000
Non-Revenue Receipts	2,245,100	1,009,300	1,830,200	996,800	1,762,700
<b>Total Restricted Funds</b>	4,138,900	2,078,800	2,180,200	2,066,300	2,112,700
<b>Federal Funds</b>					
Balance Forward	29,600				
Current Receipts	4,555,400	155,400	155,400	155,400	155,400
<b>Total Federal Funds</b>	4,585,000	155,400	155,400	155,400	155,400
<b>TOTAL SOURCE OF FUNDS</b>	53,389,900	56,865,800	56,496,500	31,791,800	36,885,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	9,908,600	10,470,500	11,078,900	9,334,300	9,153,900
Operating Expenses	2,281,700	2,231,400	2,253,700	2,286,700	2,299,400
Grants Loans Benefits	34,455,100	17,337,900	21,337,900	13,009,300	17,009,300
Debt Service		21,826,000	21,826,000	2,161,500	8,423,000
<b>TOTAL EXPENDITURES</b>	46,645,400	51,865,800	56,496,500	26,791,800	36,885,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	38,666,000	49,631,600	54,160,900	24,570,100	34,617,500
Restricted Funds	3,394,400	2,078,800	2,180,200	2,066,300	2,112,700
Federal Funds	4,585,000	155,400	155,400	155,400	155,400
<b>TOTAL EXPENDITURES</b>	46,645,400	51,865,800	56,496,500	26,791,800	36,885,600
<b>EXPENDITURES BY UNIT</b>					
Secretary	19,355,600	14,324,000	14,559,400	13,705,400	14,147,400
Business Development	5,584,200	5,558,800	5,825,200	5,185,200	5,137,900
Financial Incentives	21,705,600	31,983,000	36,111,900	7,901,200	17,600,300
<b>TOTAL EXPENDITURES</b>	46,645,400	51,865,800	56,496,500	26,791,800	36,885,600

The Cabinet for Economic Development is governed by the Kentucky Economic Development Partnership. 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 Energy and Environment 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 Tourism, Arts and Heritage Cabinet serve as non-voting members.

The budgetary resources for the Cabinet are organized in three appropriation units: Office of the Secretary, Business Development, and Financial Incentives. The budget for the Department for Commercialization and Innovation is in the Office of the Secretary.

**Economic Development  
Secretary**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	15,796,900	14,137,200	14,359,400	13,518,600	13,947,400
Salary and Health Insurance Adjustments	64,500				
Budget Reduction-General Fund	-612,100				
Mandated Expenditure Reductions	-901,400				
Reorganization Adjustment	-408,200				
<b>Total General Fund</b>	<b>13,939,700</b>	<b>14,137,200</b>	<b>14,359,400</b>	<b>13,518,600</b>	<b>13,947,400</b>
<b>Restricted Funds</b>					
Balance Forward	992,700	186,800		186,800	
Current Receipts	10,000				
Non-Revenue Receipts	200,000		200,000		200,000
<b>Total Restricted Funds</b>	<b>1,202,700</b>	<b>186,800</b>	<b>200,000</b>	<b>186,800</b>	<b>200,000</b>
<b>Federal Funds</b>					
Current Receipts	4,400,000				
<b>Total Federal Funds</b>	<b>4,400,000</b>				
<b>TOTAL SOURCE OF FUNDS</b>	<b>19,542,400</b>	<b>14,324,000</b>	<b>14,559,400</b>	<b>13,705,400</b>	<b>14,147,400</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	3,514,900	3,657,800	3,874,400	2,980,400	2,845,700
Operating Expenses	1,316,900	1,320,600	1,339,400	1,379,400	1,392,100
Grants Loans Benefits	14,523,800	9,345,600	9,345,600	9,345,600	9,345,600
Debt Service					564,000
<b>TOTAL EXPENDITURES</b>	<b>19,355,600</b>	<b>14,324,000</b>	<b>14,559,400</b>	<b>13,705,400</b>	<b>14,147,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	13,939,700	14,137,200	14,359,400	13,518,600	13,947,400
Restricted Funds	1,015,900	186,800	200,000	186,800	200,000
Federal Funds	4,400,000				
<b>TOTAL EXPENDITURES</b>	<b>19,355,600</b>	<b>14,324,000</b>	<b>14,559,400</b>	<b>13,705,400</b>	<b>14,147,400</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy & Management	7,109,800	2,519,500	2,625,700	2,204,700	2,153,000
Commercialization & Innovation	10,627,200	10,091,800	10,126,200	9,973,000	10,511,300
Administration and Support	1,618,600	1,712,700	1,807,500	1,527,700	1,483,100
<b>TOTAL EXPENDITURES</b>	<b>19,355,600</b>	<b>14,324,000</b>	<b>14,559,400</b>	<b>13,705,400</b>	<b>14,147,400</b>

The Secretary's Office manages the programs and activities of the Cabinet under the direction of the Kentucky Economic Development Partnership Board. Staff and administrative functions within the Office include communication and marketing services and special projects.

The Office of Legal Services handles all legal issues for the Cabinet, including drafting and review of incentive agreements, contracts and other legal documents; oversight of outside counsel; and review and drafting of legislation.

The Office of Administrative Services provides accounting, budgeting, procurement, personnel and information technology 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 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. The infrastructure required by New Economy businesses includes pure research from universities and other institutions, laboratory and technology resources, a workforce with current scientific and technical skills, and high-speed communications capability. The Department uses grants, loans, training and information to develop and 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.

In the 2010 Regular Session, the General Assembly enacted HB 28 to create the Water Transportation Advisory Board. The Board is authorized to make grants from the riverport marketing assistance trust fund, which is to be administered by the Cabinet for Economic Development; however, no funds have been appropriated to the trust fund.

### **Policy**

The Budget of the Commonwealth provides General Fund of \$564,000 in fiscal year 2012 for debt service on \$5 million in new bonds for the High Tech Construction/Investment Pool. Included in the General Fund appropriation in each year of the biennium is \$420,800 for the Louisville Waterfront Development Corporation.

Notwithstanding KRS 154.12-278, interest earned on the balances in the high tech pools and repayments of loans from the pools is appropriated for the support of the Department for Commercialization and Innovation.

**Economic Development  
Business Development**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,094,700	5,103,400	5,369,800	4,729,800	4,682,500
Salary and Health Insurance Adjustments	51,900				
Budget Reduction-General Fund	-534,100				
Reorganization Adjustment	408,200				
Mandated Expenditure Reductions	-218,800				
<b>Total General Fund</b>	<b>4,801,900</b>	<b>5,103,400</b>	<b>5,369,800</b>	<b>4,729,800</b>	<b>4,682,500</b>
<b>Restricted Funds</b>					
Balance Forward	333,400				
Non-Revenue Receipts	263,900	300,000	300,000	300,000	300,000
<b>Total Restricted Funds</b>	<b>597,300</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Federal Funds</b>					
Balance Forward	29,600				
Current Receipts	155,400	155,400	155,400	155,400	155,400
<b>Total Federal Funds</b>	<b>185,000</b>	<b>155,400</b>	<b>155,400</b>	<b>155,400</b>	<b>155,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,584,200</b>	<b>5,558,800</b>	<b>5,825,200</b>	<b>5,185,200</b>	<b>5,137,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,427,300	4,742,700	5,005,600	4,372,600	4,325,300
Operating Expenses	859,600	816,100	819,600	812,600	812,600
Grants Loans Benefits	297,300				
<b>TOTAL EXPENDITURES</b>	<b>5,584,200</b>	<b>5,558,800</b>	<b>5,825,200</b>	<b>5,185,200</b>	<b>5,137,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	4,801,900	5,103,400	5,369,800	4,729,800	4,682,500
Restricted Funds	597,300	300,000	300,000	300,000	300,000
Federal Funds	185,000	155,400	155,400	155,400	155,400
<b>TOTAL EXPENDITURES</b>	<b>5,584,200</b>	<b>5,558,800</b>	<b>5,825,200</b>	<b>5,185,200</b>	<b>5,137,900</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy & Management	2,560,200	2,373,100	2,454,000	2,192,800	2,174,900
Regional Offices	643,200	682,000	726,600	637,300	631,200
Procurement Assistance	341,800	360,000	381,400	338,100	334,700
Research	777,000	823,100	880,200	769,800	762,200
Small and Minority Business	489,100	524,000	560,100	484,300	479,600
International Trade	772,900	796,600	822,900	762,900	755,300
<b>TOTAL EXPENDITURES</b>	<b>5,584,200</b>	<b>5,558,800</b>	<b>5,825,200</b>	<b>5,185,200</b>	<b>5,137,900</b>

The Department for Business Development is responsible for coordinating the recruitment of new companies that will enhance the overall viability of the state's economy, as well as encouraging job retention and growth of existing Kentucky businesses. The Commissioner and project managers work throughout the United States to provide information concerning available sites, financing, workforce availability and training and regulatory requirements to firms who might be interested in locating in the Commonwealth. Within Kentucky, staff based in Madisonville, Frankfort and Prestonsburg visit existing industries and assist communities with local development efforts. The Department also has a full-time representative in Tokyo, Japan.

The Division of International Trade provides opportunities for increased export sales of Kentucky-produced goods

and services, including livestock and other agriculture products, computer accessories, machinery, manufactured metals, chemicals, transportation equipment, hardwood lumber and distilled spirits. The Division operates trade offices in Guadalajara, Mexico and Beijing, China. The Mexico office is a joint venture with the Kentucky Department of Agriculture.

The Division of Small Business Services coordinates technical, financial, and procurement services to promote small business development in Kentucky. The Procurement Assistance Branch, which is partially supported by a Federal grant, helps Kentucky businesses sell their goods and services to Federal, state and local government agencies. The Small and Minority Business Branch provides a centralized information source on business regulations, licenses, permits and support programs for small businesses. The Division also provides staff support to the Commission on Small Business Advocacy, a 30-member advisory board that serves as a liaison between government and the small business community.

The Office of Research provides economic, demographic and geographic information about Kentucky and its various regions and communities. The Site Evaluation Branch maintains an on-line searchable database of shovel-ready sites and vacant buildings for firms looking for a Kentucky home.

**Economic Development  
Financial Incentives**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	5,200,500	29,391,000	29,431,700	5,321,700	10,987,600
Salary and Health Insurance Adjustments	10,600				
Continuing Approp.-General Fund	20,723,700	6,000,000	5,000,000	6,000,000	5,000,000
Budget Reduction-General Fund	-10,400				
<b>Total General Fund</b>	25,924,400	35,391,000	34,431,700	11,321,700	15,987,600
<b>Restricted Funds</b>					
Balance Forward	257,700	557,700		557,700	
Current Receipts	300,000	325,000	350,000	325,000	350,000
Non-Revenue Receipts	1,781,200	709,300	1,330,200	696,800	1,262,700
<b>Total Restricted Funds</b>	2,338,900	1,592,000	1,680,200	1,579,500	1,612,700
<b>TOTAL SOURCE OF FUNDS</b>	28,263,300	36,983,000	36,111,900	12,901,200	17,600,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,966,400	2,070,000	2,198,900	1,981,300	1,982,900
Operating Expenses	105,200	94,700	94,700	94,700	94,700
Grants Loans Benefits	19,634,000	7,992,300	11,992,300	3,663,700	7,663,700
Debt Service		21,826,000	21,826,000	2,161,500	7,859,000
<b>TOTAL EXPENDITURES</b>	21,705,600	31,983,000	36,111,900	7,901,200	17,600,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	19,924,400	30,391,000	34,431,700	6,321,700	15,987,600
Restricted Funds	1,781,200	1,592,000	1,680,200	1,579,500	1,612,700
<b>TOTAL EXPENDITURES</b>	21,705,600	31,983,000	36,111,900	7,901,200	17,600,300
<b>EXPENDITURES BY UNIT</b>					
Financial Incentives	3,519,200	25,410,300	25,498,500	3,741,000	9,471,700
Bluegrass State Skills	18,186,400	6,572,700	10,613,400	4,160,200	8,128,600
<b>TOTAL EXPENDITURES</b>	21,705,600	31,983,000	36,111,900	7,901,200	17,600,300

The Department of Financial Incentives coordinates financial assistance and tax incentive programs available to businesses and industry in Kentucky. These incentives 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. Programs are available to firms statewide, with some enhanced benefits in counties that face more economic challenges.

Incentives are approved by the Kentucky Economic Development Finance Authority (KEDFA) upon recommendation of the Department's staff. KEDFA members 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* member. Incentives are authorized under the following programs:

- The Kentucky Business Investment Program (KRS 154.32)
- The Kentucky Reinvestment Act (KRS 154.34)
- The Kentucky Enterprise Initiative Act (KRS 154.31)
- The Kentucky Industrial Revitalization Act (KRS 154.26)
- The Kentucky Environmental Stewardship Act (KRS 154.48)
- The Kentucky Jobs Retention Act (KRS 154.25)
- Incentives for Energy Independence (KRS 154.27)

- Emergency Small Business Jobs Stimulus Act (KRS 154.60)
- 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)
- Tax Increment Financing (KRS 65.6971-6972 and KRS 154.30)

In the 2009 Extraordinary Session, the General Assembly enacted HB 3, a long-overdue comprehensive restructuring of all of Kentucky's economic development incentives. In addition to the traditional income tax credits for firms that make capital investments and create new jobs, there are also tax credits available for firms that renovate their existing Kentucky facilities to remain competitive and preserve employment here. There is a new sales and use tax refund available for companies that make extensive use of computer and telecommunications equipment, and the Kentucky Enterprise Initiative Act refund is now available for investments in electronic processing systems that cost at least \$50,000.

As a result of additional changes enacted in the 2010 Regular Session and the Extraordinary Session, there will be available for tax years beginning in 2011 a credit for small businesses that create just one new job and invest at least \$5,000 in new equipment. The Cabinet was given authority to extend up to 25 years the time for companies in distressed counties to claim tax credits under certain circumstances. Finally, companies that had previously been approved for environmental stewardship credits are permitted to recalculate the amount of the credit based on lower incomes and tax liabilities.

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.

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 to BSSC for reimbursement of up to 50% of their eligible training costs. Firms may also be approved for a skills training tax credit authorized in KRS 154.12-2084 to 154.12-2089. 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.

## **Policy**

The Budget of the Commonwealth includes General Fund of \$2,161,500 in fiscal year 2011 and \$7,859,000 in fiscal year 2012 for debt service on new bonds. These include \$38,495,000 for water and sewer projects in communities near Ft. Knox that are experiencing rapid growth due to the U.S. Army's Human Resource Command relocating from Virginia and Missouri. Also included are \$25,000,000 in fiscal year 2011 for KEDFA loans and \$7,500,000 in fiscal year 2011 for the economic development bond program.

Notwithstanding KRS 45.229, 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 to the extent that any balance is unexpended.

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# Department of Education

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**Department of Education**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Enacted FY 2011</b>	<b>Enacted FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	3,907,626,300	4,126,600,400	4,388,829,900	3,657,868,800	3,828,830,200
Salary and Health Insurance Adjustments	279,700				
Continuing Approp.-General Fund	7,780,821				
Budget Reduction-General Fund	-284,869,100				
Mandated Expenditure Reductions	-1,343,600				
SFSF Receipts		223,038,700	223,038,700		
<b>Total General Fund</b>	<b>3,629,474,121</b>	<b>4,349,639,100</b>	<b>4,611,868,600</b>	<b>3,657,868,800</b>	<b>3,828,830,200</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	1,525,000	1,525,000	1,525,000	2,150,000	2,050,000
Continuing Approp.-Tobacco Settlement	886,500				
<b>Total Tobacco Fund</b>	<b>2,411,500</b>	<b>1,525,000</b>	<b>1,525,000</b>	<b>2,150,000</b>	<b>2,050,000</b>
<b>Restricted Funds</b>					
Balance Forward	1,686,139	29,400	29,400	27,800	27,800
Current Receipts	3,374,538	5,731,300	5,731,300	5,601,400	5,632,400
<b>Total Restricted Funds</b>	<b>5,060,677</b>	<b>5,760,700</b>	<b>5,760,700</b>	<b>5,629,200</b>	<b>5,660,200</b>
<b>Federal Funds</b>					
Current Receipts	749,777,800	751,698,100	751,924,500	751,695,100	751,853,400
ARRA Receipts	282,169,000	280,400,000	96,500,000	280,400,000	96,500,000
SFSF Receipts	223,038,700			182,486,200	
<b>Total Federal Funds</b>	<b>1,254,985,500</b>	<b>1,032,098,100</b>	<b>848,424,500</b>	<b>1,214,581,300</b>	<b>848,353,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>4,891,931,798</b>	<b>5,389,022,900</b>	<b>5,467,578,800</b>	<b>4,880,229,300</b>	<b>4,684,893,800</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	72,805,200	87,060,200	92,480,500	76,354,000	71,249,900
Operating Expenses	28,984,409	42,123,431	42,165,031	20,170,831	19,791,431
Grants Loans Benefits	4,790,114,389	5,259,809,869	5,332,903,869	4,783,676,669	4,593,824,669
<b>TOTAL EXPENDITURES</b>	<b>4,891,903,998</b>	<b>5,388,993,500</b>	<b>5,467,549,400</b>	<b>4,880,201,500</b>	<b>4,684,866,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	3,629,474,121	4,349,639,100	4,611,868,600	3,657,868,800	3,828,830,200
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Funds	5,032,877	5,731,300	5,731,300	5,601,400	5,632,400
Federal Funds	1,254,985,500	1,032,098,100	848,424,500	1,214,581,300	848,353,400
<b>TOTAL EXPENDITURES</b>	<b>4,891,903,998</b>	<b>5,388,993,500</b>	<b>5,467,549,400</b>	<b>4,880,201,500</b>	<b>4,684,866,000</b>
<b>EXPENDITURES BY UNIT</b>					
Executive Policy and Management	642,400	746,900	781,500	3,102,600	596,500
Operations and Support Services	61,692,500	69,635,600	64,700,800	60,016,800	54,003,500
Learning and Results Services	1,885,934,898	2,053,963,300	1,939,275,400	1,909,065,400	1,730,120,900
Support Education Excellence in Kentucky (SEEK)	2,943,634,200	3,264,647,700	3,462,791,700	2,908,016,700	2,900,145,100
<b>TOTAL EXPENDITURES</b>	<b>4,891,903,998</b>	<b>5,388,993,500</b>	<b>5,467,549,400</b>	<b>4,880,201,500</b>	<b>4,684,866,000</b>

In enacting the Kentucky Education Reform Act (KERA), the 1990 General Assembly provided for a reconstituted Department of Education to implement KERA along with existing programs. In accordance with KRS 156.148, the Department of Education is headed by a Commissioner of Education appointed by the Kentucky Board of Education.

**Department of Education  
Executive Policy and Management**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	729,000	746,900	781,500	3,102,600	596,500
Salary and Health Insurance Adjustments	3,300				
Budget Reduction-General Fund	-77,800				
Mandated Expenditure Reductions	-12,100				
<b>Total General Fund</b>	<b>642,400</b>	<b>746,900</b>	<b>781,500</b>	<b>3,102,600</b>	<b>596,500</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>642,400</b>	<b>746,900</b>	<b>781,500</b>	<b>3,102,600</b>	<b>596,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	573,900	630,700	665,300	575,800	575,800
Operating Expenses	68,500	116,200	116,200	26,800	20,700
Grants Loans Benefits				2,500,000	
<b>TOTAL EXPENDITURES</b>	<b>642,400</b>	<b>746,900</b>	<b>781,500</b>	<b>3,102,600</b>	<b>596,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	642,400	746,900	781,500	3,102,600	596,500
<b>TOTAL EXPENDITURES</b>	<b>642,400</b>	<b>746,900</b>	<b>781,500</b>	<b>3,102,600</b>	<b>596,500</b>
<b>EXPENDITURES BY UNIT</b>					
Commissioner's Office	597,500	648,700	683,300	3,065,000	563,700
Kentucky Board of Education	44,900	98,200	98,200	37,600	32,800
<b>TOTAL EXPENDITURES</b>	<b>642,400</b>	<b>746,900</b>	<b>781,500</b>	<b>3,102,600</b>	<b>596,500</b>

The Department of Education's Executive Policy and Management function is performed by the Commissioner of Education and the Kentucky Board of Education.

The 1990 General Assembly, as part of the Kentucky Education Reform Act (KERA), provided in KRS 156.148 for the appointment of a Commissioner of Education by the Kentucky Board of Education to serve as the chief state school officer.

As part of the same legislation, the General Assembly, in KRS 156.029, created an 11 member Kentucky Board of Education. Board members are appointed by the Governor and confirmed by the Senate and the House of Representatives. Seven members are selected from the state's seven Supreme Court districts, and four are appointed from the state at large. Board members serve four-year staggered terms. The Executive Director of the Council on Postsecondary Education serves as an ex officio non-voting board member. Overall policy regarding public elementary and secondary education in Kentucky is set by the Kentucky Board of Education within the legal framework established by the General Assembly.

The Commissioner of Education's qualifications and compensation are set by the Kentucky Board of Education. The Commissioner serves at the pleasure of the Board. The Commissioner is responsible for carrying out all duties assigned by the legislature, for executing education policy as directed by the State Board, and directing the work of all persons employed by the Department of Education.

**Policy**

The Budget of the Commonwealth includes \$2,500,000 in fiscal year 2010-2011 to conduct a review of the classification of primary and secondary school buildings under the mandates of KRS 157.420(9) and (10). Notwithstanding KRS 45.229, any portion of the \$2,500,000 that has not been expended by the end of fiscal year 2010-2011 shall not lapse and shall carry forward into fiscal year 2011-2012.

**Department of Education  
Operations and Support Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	46,496,500	51,397,700	51,962,900	41,745,400	41,206,400
Salary and Health Insurance Adjustments	76,200				
Budget Reduction-General Fund	-2,571,500				
Mandated Expenditure Reductions	-546,600				
<b>Total General Fund</b>	43,454,600	51,397,700	51,962,900	41,745,400	41,206,400
<b>Restricted Funds</b>					
Balance Forward	751,709			27,800	27,800
Current Receipts	1,486,191	2,210,100	2,210,100	2,243,600	2,269,300
<b>Total Restricted Funds</b>	2,237,900	2,210,100	2,210,100	2,271,400	2,297,100
<b>Federal Funds</b>					
Current Receipts	8,527,800	8,527,800	8,527,800	8,527,800	8,527,800
ARRA Receipts	7,500,000	7,500,000	2,000,000	7,500,000	2,000,000
<b>Total Federal Funds</b>	16,027,800	16,027,800	10,527,800	16,027,800	10,527,800
<b>TOTAL SOURCE OF FUNDS</b>	61,720,300	69,635,600	64,700,800	60,044,600	54,031,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,334,300	9,231,500	9,755,000	7,568,400	7,515,400
Operating Expenses	18,890,500	22,196,400	22,238,100	13,215,700	12,755,400
Grants Loans Benefits	36,467,700	38,207,700	32,707,700	39,232,700	33,732,700
<b>TOTAL EXPENDITURES</b>	61,692,500	69,635,600	64,700,800	60,016,800	54,003,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	43,454,600	51,397,700	51,962,900	41,745,400	41,206,400
Restricted Funds	2,210,100	2,210,100	2,210,100	2,243,600	2,269,300
Federal Funds	16,027,800	16,027,800	10,527,800	16,027,800	10,527,800
<b>TOTAL EXPENDITURES</b>	61,692,500	69,635,600	64,700,800	60,016,800	54,003,500
<b>EXPENDITURES BY UNIT</b>					
Administrative and Legal Services	7,850,300	11,257,800	11,653,000	7,829,000	7,760,200
Education Technology	53,842,200	58,377,800	53,047,800	52,187,800	46,243,300
<b>TOTAL EXPENDITURES</b>	61,692,500	69,635,600	64,700,800	60,016,800	54,003,500

The Operations and Support Services program area consists of the Office of Internal Administration; the Office of Education Technology; and the Office of Legal, Legislative and Communication Services.

**Department of Education  
Operations and Support Services  
Administrative and Legal Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	6,521,000	9,094,900	9,490,100	5,632,600	5,538,100
Salary and Health Insurance Adjustments	76,200				
Budget Reduction-General Fund	-573,900				
Mandated Expenditure Reductions	-335,900				
<b>Total General Fund</b>	<b>5,687,400</b>	<b>9,094,900</b>	<b>9,490,100</b>	<b>5,632,600</b>	<b>5,538,100</b>
<b>Restricted Funds</b>					
Balance Forward	750,937			27,800	27,800
Current Receipts	1,411,963	2,135,100	2,135,100	2,168,600	2,194,300
<b>Total Restricted Funds</b>	<b>2,162,900</b>	<b>2,135,100</b>	<b>2,135,100</b>	<b>2,196,400</b>	<b>2,222,100</b>
<b>Federal Funds</b>					
Current Receipts	27,800	27,800	27,800	27,800	27,800
<b>Total Federal Funds</b>	<b>27,800</b>	<b>27,800</b>	<b>27,800</b>	<b>27,800</b>	<b>27,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,878,100</b>	<b>11,257,800</b>	<b>11,653,000</b>	<b>7,856,800</b>	<b>7,788,000</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	4,065,400	6,215,700	6,569,200	5,751,000	5,716,200
Operating Expenses	3,652,200	4,909,400	4,951,100	1,945,300	1,911,300
Grants Loans Benefits	132,700	132,700	132,700	132,700	132,700
<b>TOTAL EXPENDITURES</b>	<b>7,850,300</b>	<b>11,257,800</b>	<b>11,653,000</b>	<b>7,829,000</b>	<b>7,760,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	5,687,400	9,094,900	9,490,100	5,632,600	5,538,100
Restricted Funds	2,135,100	2,135,100	2,135,100	2,168,600	2,194,300
Federal Funds	27,800	27,800	27,800	27,800	27,800
<b>TOTAL EXPENDITURES</b>	<b>7,850,300</b>	<b>11,257,800</b>	<b>11,653,000</b>	<b>7,829,000</b>	<b>7,760,200</b>
<b>EXPENDITURES BY UNIT</b>					
Deputy Commissioner	220,000	342,000	354,800	226,700	226,700
Internal Administration and Support	6,442,400	9,331,800	9,632,900	6,317,900	6,269,200
Legal, Legislative and Communication Services	1,187,900	1,584,000	1,665,300	1,284,400	1,264,300
<b>TOTAL EXPENDITURES</b>	<b>7,850,300</b>	<b>11,257,800</b>	<b>11,653,000</b>	<b>7,829,000</b>	<b>7,760,200</b>

Policy and administrative direction for the Operations and Support Services Program area is provided by a Deputy Commissioner who reports directly to the Commissioner of Education.

The Bureau of Operations and Support Services contains two main units providing technical and specialized support to all offices and divisions within the Kentucky Department of Education. These are the Office of Internal Administration and Support and the Office of Legal, Legislative and Communication Services.

The Office of Internal Administration consists of the following divisions: Budgets, Financial and Materials Management, Administrative Services, and Human Resources.

The Division of Budgets supervises all aspects of budget creation, both annual and biennial, budget analysis and forecasting,

expenditure authorizations, personnel approvals, allotment, and appropriation adjustments and increases. The Division serves as agency liaison with the Office of State Budget Director and Legislative Research Commission budget staff.

The Division of Financial and Materials Management supervises all expenditure and accounting transactions, purchasing and document preparation, and pre-audit functions. The Division serves as liaison with the Auditor of Public Accounts and the Finance and Administration Cabinet.

The Division of Administrative Services is responsible for insurance; leasing; management of leased property, inventory, telecommunications equipment, copiers, mail, office and furniture moves; receiving and distribution of equipment and materials; printing; and processing of documents to archives. The Division is also responsible for capital project planning, budgeting, and administration.

The Division of Human Resources provides personnel and payroll services to Department staff. These services include initiation of master agreements with local education agencies as well as administration of the state merit system, Family Medical Leave Act, Workers' Compensation, sick leave sharing, tuition assistance, employee training, Fair Labor Standards Act, Americans With Disabilities Act, and all other related employment laws and regulations.

The Office of Legal, Legislative, and Communication Services provides in-house counsel and advice for the Commissioner of Education, all offices of the Department of Education, and the Kentucky Board of Education. The office provides legal representation for the Department of Education and Kentucky Board of Education before administrative agencies and courts of law. It provides informal legal advice to local school districts and members of the general public. The office serves as the Kentucky Department of Education's liaison with the General Assembly.

The Division of Communications is responsible for news media relations for the Commissioner and the Department of Education. The division creates print and electronic materials to supplement the professional development of educators and inform other interested parties in Kentucky's system of public elementary and secondary education. The Division also operates the Department's web site, provides photographic services for the Department, and produces electronic publications.

**Department of Education  
Operations and Support Services  
Education Technology**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	39,975,500	42,302,800	42,472,800	36,112,800	35,668,300
Budget Reduction-General Fund	-1,997,600				
Mandated Expenditure Reductions	-210,700				
<b>Total General Fund</b>	37,767,200	42,302,800	42,472,800	36,112,800	35,668,300
<b>Restricted Funds</b>					
Balance Forward	772				
Current Receipts	74,228	75,000	75,000	75,000	75,000
<b>Total Restricted Funds</b>	75,000	75,000	75,000	75,000	75,000
<b>Federal Funds</b>					
Current Receipts	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
ARRA Receipts	7,500,000	7,500,000	2,000,000	7,500,000	2,000,000
<b>Total Federal Funds</b>	16,000,000	16,000,000	10,500,000	16,000,000	10,500,000
<b>TOTAL SOURCE OF FUNDS</b>	53,842,200	58,377,800	53,047,800	52,187,800	46,243,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,268,900	3,015,800	3,185,800	1,817,400	1,799,200
Operating Expenses	15,238,300	17,287,000	17,287,000	11,270,400	10,844,100
Grants Loans Benefits	36,335,000	38,075,000	32,575,000	39,100,000	33,600,000
<b>TOTAL EXPENDITURES</b>	53,842,200	58,377,800	53,047,800	52,187,800	46,243,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	37,767,200	42,302,800	42,472,800	36,112,800	35,668,300
Restricted Funds	75,000	75,000	75,000	75,000	75,000
Federal Funds	16,000,000	16,000,000	10,500,000	16,000,000	10,500,000
<b>TOTAL EXPENDITURES</b>	53,842,200	58,377,800	53,047,800	52,187,800	46,243,300

The Office of Education Technology provides policy and budget planning, liaison services, administration and quality assurance for the Kentucky Education Technology System (KETS). The Office is responsible for KETS shared services for 700,000 direct customers, 1,300 schools, 174 local school districts and the Kentucky Department of Education. The Office consists of two divisions: KETS Engineering and Management, and KETS Operations and Services.

**Department of Education  
Learning and Results Services**

	<b>Revised FY 2010</b>	<b>Requested FY 2011</b>	<b>Requested FY 2012</b>	<b>Enacted FY 2011</b>	<b>Enacted FY 2012</b>
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	886,864,700	1,032,846,800	1,096,332,500	887,490,300	886,882,200
Salary and Health Insurance Adjustments	200,200				
Continuing Approp.-General Fund	7,780,821				
Budget Reduction-General Fund	-29,279,200				
Mandated Expenditure Reductions	-784,900				
<b>Total General Fund</b>	<b>864,781,621</b>	<b>1,032,846,800</b>	<b>1,096,332,500</b>	<b>887,490,300</b>	<b>886,882,200</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	1,525,000	1,525,000	1,525,000	2,150,000	2,050,000
Continuing Approp.-Tobacco Settlement	886,500				
<b>Total Tobacco Fund</b>	<b>2,411,500</b>	<b>1,525,000</b>	<b>1,525,000</b>	<b>2,150,000</b>	<b>2,050,000</b>
<b>Restricted Funds</b>					
Balance Forward	934,430	29,400	29,400		
Current Receipts	1,888,347	3,521,200	3,521,200	3,357,800	3,363,100
<b>Total Restricted Funds</b>	<b>2,822,777</b>	<b>3,550,600</b>	<b>3,550,600</b>	<b>3,357,800</b>	<b>3,363,100</b>
<b>Federal Funds</b>					
Current Receipts	741,250,000	743,170,300	743,396,700	743,167,300	743,325,600
ARRA Receipts	274,669,000	272,900,000	94,500,000	272,900,000	94,500,000
<b>Total Federal Funds</b>	<b>1,015,919,000</b>	<b>1,016,070,300</b>	<b>837,896,700</b>	<b>1,016,067,300</b>	<b>837,825,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,885,934,898</b>	<b>2,053,992,700</b>	<b>1,939,304,800</b>	<b>1,909,065,400</b>	<b>1,730,120,900</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	65,897,000	77,198,000	82,060,200	68,209,800	63,158,700
Operating Expenses	10,025,409	19,810,831	19,810,731	6,928,331	7,015,331
Grants Loans Benefits	1,810,012,489	1,956,954,469	1,837,404,469	1,833,927,269	1,659,946,869
<b>TOTAL EXPENDITURES</b>	<b>1,885,934,898</b>	<b>2,053,963,300</b>	<b>1,939,275,400</b>	<b>1,909,065,400</b>	<b>1,730,120,900</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	864,781,621	1,032,846,800	1,096,332,500	887,490,300	886,882,200
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Funds	2,822,777	3,521,200	3,521,200	3,357,800	3,363,100
Federal Funds	1,015,919,000	1,016,070,300	837,896,700	1,016,067,300	837,825,600
<b>TOTAL EXPENDITURES</b>	<b>1,885,934,898</b>	<b>2,053,963,300</b>	<b>1,939,275,400</b>	<b>1,909,065,400</b>	<b>1,730,120,900</b>
<b>EXPENDITURES BY UNIT</b>					
Administration and Program Support	3,601,700	6,449,400	6,689,500	5,392,100	5,489,700
Special Instructional Services	747,404,790	750,533,200	577,132,900	747,292,200	572,444,000
Leadership and School Improvement	91,297,000	105,161,500	105,323,600	89,072,300	83,220,000
Assessment and Accountability	24,863,100	33,570,800	35,287,700	29,751,100	29,736,500
Teaching and Learning	109,311,221	151,932,900	152,934,400	99,655,000	99,133,500
Early Childhood Development	100,877,800	126,339,400	123,000,300	97,951,800	94,448,500
District Support Services	230,865,587	238,176,100	238,507,000	230,937,200	230,880,700
Local District Health Insurance	577,713,700	641,800,000	700,400,000	609,013,700	614,768,000
<b>TOTAL EXPENDITURES</b>	<b>1,885,934,898</b>	<b>2,053,963,300</b>	<b>1,939,275,400</b>	<b>1,909,065,400</b>	<b>1,730,120,900</b>

The Learning and Results Services program area consists of the following offices: Special Instructional Services; Leadership and School Improvement; Assessment and Accountability; Teaching and Learning; and District Support Services.

**Department of Education**  
**Learning and Results Services**  
**Administration and Program Support**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,855,500	5,006,900	5,247,000	3,949,600	4,047,200
Salary and Health Insurance Adjustments	45,500				
Budget Reduction-General Fund	-588,100				
Mandated Expenditure Reductions	-153,700				
<b>Total General Fund</b>	2,159,200	5,006,900	5,247,000	3,949,600	4,047,200
<b>Restricted Funds</b>					
Balance Forward	55,074				
Current Receipts	362,926	418,000	418,000	418,000	418,000
<b>Total Restricted Funds</b>	418,000	418,000	418,000	418,000	418,000
<b>Federal Funds</b>					
Current Receipts	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
<b>Total Federal Funds</b>	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
<b>TOTAL SOURCE OF FUNDS</b>	3,601,700	6,449,400	6,689,500	5,392,100	5,489,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,082,000	4,850,500	5,090,600	3,883,900	3,981,500
Operating Expenses	77,200	156,400	156,400	65,700	65,700
Grants Loans Benefits	1,442,500	1,442,500	1,442,500	1,442,500	1,442,500
<b>TOTAL EXPENDITURES</b>	3,601,700	6,449,400	6,689,500	5,392,100	5,489,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,159,200	5,006,900	5,247,000	3,949,600	4,047,200
Restricted Funds	418,000	418,000	418,000	418,000	418,000
Federal Funds	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
<b>TOTAL EXPENDITURES</b>	3,601,700	6,449,400	6,689,500	5,392,100	5,489,700
<b>EXPENDITURES BY UNIT</b>					
Deputy Commissioner	754,200	2,678,400	2,797,000	2,575,600	2,673,200
Special Instructional Services-Assoc Comm	1,294,600	1,495,700	1,513,100	1,294,600	1,294,600
Leadership & School Improvement- Assoc Comm	418,000	545,600	570,500	409,600	409,600
A&A - Associate Commissioner	406,600	545,300	574,100	398,500	398,500
Teaching and Learning-Assoc Comm	540,100	650,100	681,500	529,300	529,300
DSS - Associate Commissioner	188,200	534,300	553,300	184,500	184,500
<b>TOTAL EXPENDITURES</b>	3,601,700	6,449,400	6,689,500	5,392,100	5,489,700

The Deputy Commissioner provides policy and administrative direction for the Learning and Results Services major program area. The Deputy Commissioner reports directly to the Commissioner of Education.

Additionally, this program area includes Associate Commissioners for the following offices within Learning and Results Services: Special Instructional Services, Leadership and School Improvement, Assessment and Accountability, Teaching and Learning, and District Support Services. These Associate Commissioners report directly to the Deputy Commissioner.

**Policy**

KRS 158.645-KRS 158.6459, as amended by SB1 from the 2009 Regular Legislative Session, mandates a new summative test based on national common core standards in Reading and Math and new Kentucky standards in all other areas.

The Budget of Commonwealth includes \$1,837,500 in fiscal year 2011 and \$1,945,400 in fiscal year 2012 for professional development to support the development and implementation of new core standards.

**Department of Education  
Learning and Results Services  
Special Instructional Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	31,453,200	33,110,800	34,484,100	30,253,700	30,249,800
Salary and Health Insurance Adjustments	9,100				
Budget Reduction-General Fund	-627,500				
<b>Total General Fund</b>	<b>30,834,800</b>	<b>33,110,800</b>	<b>34,484,100</b>	<b>30,253,700</b>	<b>30,249,800</b>
<b>Restricted Funds</b>					
Balance Forward	433,287				
Current Receipts	679,203	1,813,600	1,813,600	1,620,800	1,626,100
<b>Total Restricted Funds</b>	<b>1,112,490</b>	<b>1,813,600</b>	<b>1,813,600</b>	<b>1,620,800</b>	<b>1,626,100</b>
<b>Federal Funds</b>					
Current Receipts	450,457,500	450,608,800	450,835,200	450,582,300	450,728,800
ARRA Receipts	265,000,000	265,000,000	90,000,000	265,000,000	90,000,000
<b>Total Federal Funds</b>	<b>715,457,500</b>	<b>715,608,800</b>	<b>540,835,200</b>	<b>715,582,300</b>	<b>540,728,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>747,404,790</b>	<b>750,533,200</b>	<b>577,132,900</b>	<b>747,456,800</b>	<b>572,604,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	20,561,800	22,343,100	23,692,900	20,765,100	20,878,100
Operating Expenses	2,907,290	3,777,700	3,777,600	2,976,300	2,973,900
Grants Loans Benefits	723,935,700	724,412,400	549,662,400	723,715,400	548,752,700
<b>TOTAL EXPENDITURES</b>	<b>747,404,790</b>	<b>750,533,200</b>	<b>577,132,900</b>	<b>747,456,800</b>	<b>572,604,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	30,834,800	33,110,800	34,484,100	30,253,700	30,249,800
Restricted Funds	1,112,490	1,813,600	1,813,600	1,620,800	1,626,100
Federal Funds	715,457,500	715,608,800	540,835,200	715,582,300	540,728,800
<b>TOTAL EXPENDITURES</b>	<b>747,404,790</b>	<b>750,533,200</b>	<b>577,132,900</b>	<b>747,456,800</b>	<b>572,604,700</b>
<b>EXPENDITURES BY UNIT</b>					
Exceptional Children Services	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600
Career and Technical Education	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300
Federal Program and Instructional Equity	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
Kentucky School for the Blind	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700
Kentucky School for the Deaf	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200
<b>TOTAL EXPENDITURES</b>	<b>747,404,790</b>	<b>750,533,200</b>	<b>577,132,900</b>	<b>747,456,800</b>	<b>572,604,700</b>

The Office of Special Instructional Services as established by KRS 156.010 contains five divisions: Exceptional Children Services, Career and Technical Education, Federal Programs and Instructional Equity, the Kentucky School for the Blind, and the Kentucky School for the Deaf.

**Department of Education  
Learning and Results Services  
Special Instructional Services  
Exceptional Children Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	154,500	194,700	199,100	99,100	99,100
Budget Reduction-General Fund	-55,400				
<b>Total General Fund</b>	99,100	194,700	199,100	99,100	99,100
<b>Federal Funds</b>					
Current Receipts	158,226,200	158,306,900	158,428,700	158,255,400	158,277,500
ARRA Receipts	118,000,000	118,000,000	30,000,000	118,000,000	30,000,000
<b>Total Federal Funds</b>	276,226,200	276,306,900	188,428,700	276,255,400	188,277,500
<b>TOTAL SOURCE OF FUNDS</b>	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,953,800	2,140,500	2,266,700	1,993,400	2,015,500
Grants Loans Benefits	274,371,500	274,361,100	186,361,100	274,361,100	186,361,100
<b>TOTAL EXPENDITURES</b>	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	99,100	194,700	199,100	99,100	99,100
Federal Funds	276,226,200	276,306,900	188,428,700	276,255,400	188,277,500
<b>TOTAL EXPENDITURES</b>	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600

Under provisions of KRS 156.010 and KRS 157.220, the Division of Exceptional Children Services oversees education programs for children and youth with disabilities and administers Kentucky's programs associated with the federal Individuals with Disabilities Education Act.

The Division provides technical assistance to local school districts in the development and implementation of special education programs. The division engages in implementation and oversight activities in the following program areas:

**Special Education Mentors** - Mentors work in schools and districts where special education programs are not in compliance with state or federal requirements. Mentors assist in creating and implementing improvement plans and work to increase the effectiveness of staff and relevant entities.

**Preschool Special Education** - Federal funds are provided under the Individuals With Disabilities Education Act (IDEA) to help states meet the extra cost of providing a free and appropriate public education to children ages three through five with an educational disability. The bulk of these funds flow directly to local school districts for their preschool special education programs. A portion of the funds goes to five early childhood training centers to assist districts in implementing their special education preschool programs. A final portion of the funds is retained by the Kentucky Department of Education for administrative activities of Kentucky's preschool special education programs.

**Special Education Program Improvement** - State Improvement Grants are awarded under the Individuals With Disabilities Education Act. Kentucky's improvement grant sets specific numerical goals to be attained over a five year period relative to school completion rates, qualified special education personnel, use of technology in teaching children with disabilities, effective early intervention services, and successful transition to preschool programs.

**Individuals With Disabilities Education** - Federal IDEA funds are provided to help meet the extra cost of providing students with disabilities a free and appropriate public education beyond preschool. The bulk of these funds, as with preschool, flow directly to local school districts. A portion goes to fund eleven special education cooperatives to assist districts, and a small amount is retained by the Kentucky Department of Education for administrative purposes.

## **Policy**

As part of the American Recovery and Reinvestment Act (ARRA) of 2009, Kentucky has been awarded \$157,570,000 in additional federal Individuals with Disabilities Education (IDEA) Part B funds. These funds constitute a large one-time increment in funding that offers states and Local Education Agencies (LEA) a unique opportunity to improve teaching and learning and results for children with disabilities. ARRA IDEA Part B funds and ARRA federal preschool grants are subject to the same federal guidelines as the regular IDEA awards.

Local Education Agencies obligated the majority of these funds during school years 2008-09 and 2009-10 with the remainder to be obligated during school year 2010-11. All IDEA ARRA funds must be obligated by September 30, 2011.

Kentucky has also been awarded \$10,596,800 in additional federal IDEA funds for preschool grants. As with the IDEA Part B funding, these are limited-term funds. A potential use of these funds may be to expand the availability and range of inclusive placement options for preschoolers with disabilities by developing the capacity of preschool programs to serve these children. As with the Part B funds, the preschool grant ARRA funds must be obligated by September 30, 2011.

**Department of Education  
Learning and Results Services  
Special Instructional Services  
Career and Technical Education**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	13,573,900	14,190,400	14,547,400	13,271,600	13,270,000
Salary and Health Insurance Adjustments	9,100				
Budget Reduction-General Fund	-72,100				
<b>Total General Fund</b>	13,510,900	14,190,400	14,547,400	13,271,600	13,270,000
<b>Restricted Funds</b>					
Balance Forward	343,893				
Current Receipts	456,507	1,300,400	1,300,400	1,307,600	1,312,900
<b>Total Restricted Funds</b>	800,400	1,300,400	1,300,400	1,307,600	1,312,900
<b>Federal Funds</b>					
Current Receipts	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
<b>Total Federal Funds</b>	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
<b>TOTAL SOURCE OF FUNDS</b>	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	2,087,500	2,221,500	2,328,500	2,103,800	2,109,100
Operating Expenses	212,900	763,400	763,400	703,800	703,800
Grants Loans Benefits	20,519,300	21,014,300	21,264,300	20,280,000	20,278,400
<b>TOTAL EXPENDITURES</b>	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	13,510,900	14,190,400	14,547,400	13,271,600	13,270,000
Restricted Funds	800,400	1,300,400	1,300,400	1,307,600	1,312,900
Federal Funds	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
<b>TOTAL EXPENDITURES</b>	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300

The Division of Secondary Vocational Education provides technical assistance, consultative services, staff development and program monitoring to secondary vocational education programs in local school districts and area vocational education centers.

The Carl D. Perkins Vocational and Applied Technology Education Act provides federal vocational educational funds to local school districts offering approved secondary vocational education programs. The Division of Secondary Vocational Education administers these funds according to guidelines prescribed in Public Law 98-254.

Funding is provided to districts operating a local vocational school or vocational department within a school to help cover the administrative and operational costs of providing the vocational programs.

The Future Farmers of American (FFA) Camp facility at Hardinsburg provides leadership development to vocational organizations in the summer months. Participants generally spend three to five days at FFA Camp and receive intensive leadership training.

**Department of Education  
Learning and Results Services  
Special Instructional Services  
Federal Program and Instructional Equity**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation		69,000	74,200		
<b>Total General Fund</b>		69,000	74,200		
<b>Restricted Funds</b>					
Balance Forward	7,141				
Current Receipts	10,859	18,000	18,000	18,000	18,000
<b>Total Restricted Funds</b>	18,000	18,000	18,000	18,000	18,000
<b>Federal Funds</b>					
Current Receipts	283,722,900	283,793,500	283,898,100	283,818,500	283,942,900
ARRA Receipts	147,000,000	147,000,000	60,000,000	147,000,000	60,000,000
<b>Total Federal Funds</b>	430,722,900	430,793,500	343,898,100	430,818,500	343,942,900
<b>TOTAL SOURCE OF FUNDS</b>	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	1,678,000	1,825,500	1,935,300	1,744,200	1,829,700
Operating Expenses	18,000	18,000	18,000	18,000	18,000
Grants Loans Benefits	429,044,900	429,037,000	342,037,000	429,074,300	342,113,200
<b>TOTAL EXPENDITURES</b>	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund		69,000	74,200		
Restricted Funds	18,000	18,000	18,000	18,000	18,000
Federal Funds	430,722,900	430,793,500	343,898,100	430,818,500	343,942,900
<b>TOTAL EXPENDITURES</b>	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
<b>EXPENDITURES BY UNIT</b>					
Title I	368,451,000	368,563,000	281,641,100	368,509,300	281,594,800
Title V	7,000,800	7,000,800	7,000,800	7,000,800	7,000,800
Other Federal Programs	55,289,100	55,316,700	55,348,400	55,326,400	55,365,300
<b>TOTAL EXPENDITURES</b>	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900

The Division of Federal Program Resources administers many of the Department of Education's federal grant programs.

The Title I, Part A, Part C, and Part D programs of the Elementary and Secondary Education Act provide remedial and supplementary educational services to disadvantaged students who meet at least one of the following criteria: educationally deprived, migrant, neglected or delinquent, formerly institutionalized, or confined in a correctional facility.

The McKinney-Vento Homeless Education program (Title X, Part C) ensures that each child of a homeless individual and each homeless youth has equal access to the same free and appropriate public education as provided to other children and youth.

The Rural Education Initiative (Title VI, Part B) addresses the unique needs of rural school districts that frequently lack the personnel and resources needed to effectively compete for Federal competitive grants and receive formula grant allocations in amounts too small to be effective in meeting their intended purposes.

Title II of the Education Consolidation and Improvement Act of 1981 identifies six purposes for which funds must be targeted: programs for at-risk students; programs to acquire and use instructional materials; innovative programs for school-wide

improvements, including effective schools programs; professional development programs; programs to enhance personal excellence of students and student achievement; and other innovative projects to enhance the educational climate of the school.

These funds are provided to local educational agencies and participating private non-profit schools by a formula established in the federal law.

Other grant programs administered by this division include: Drug-Free Schools and Communities program and the Foreign Language Assistance program.

### **Policy**

As part of the American Recovery and Reinvestment Act of 2009 (ARRA), Kentucky has been awarded \$155,347,900 in additional Title I, Part A funding. In addition to the existing goals of Title I, the additional funding is intended to save and create education jobs as well as to enable school districts to implement evidence-based strategies to help build sustainable capacity for improving teaching and learning in Title I schools. With certain exceptions, local school districts must obligate at least 85% of Title I ARRA funds by September 30, 2010. All Title I, Part A, ARRA funds must be expended by September 30, 2011.

Kentucky has also been awarded \$47,316,700 in additional School Improvement Grants (Section 1003g) under ARRA. These funds are to be targeted toward the state's chronically low-performing schools to implement robust and comprehensive reforms to transform school culture and increase student achievement in literacy and mathematics.

**Department of Education  
Learning and Results Services  
Special Instructional Services  
Kentucky School for the Blind**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	7,479,100	7,573,100	7,976,800	6,840,600	6,839,700
Budget Reduction-General Fund	-500,000				
<b>Total General Fund</b>	6,979,100	7,573,100	7,976,800	6,840,600	6,839,700
<b>Restricted Funds</b>					
Balance Forward	37,110				
Current Receipts	11,780	50,000	50,000	50,000	50,000
<b>Total Restricted Funds</b>	48,890	50,000	50,000	50,000	50,000
<b>TOTAL SOURCE OF FUNDS</b>	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,992,300	6,518,900	6,922,600	6,024,900	6,024,900
Operating Expenses	1,035,690	1,104,200	1,104,200	865,700	864,800
<b>TOTAL EXPENDITURES</b>	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	6,979,100	7,573,100	7,976,800	6,840,600	6,839,700
Restricted Funds	48,890	50,000	50,000	50,000	50,000
<b>TOTAL EXPENDITURES</b>	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700

The four subprograms of the Kentucky School for the Blind are Instruction, Residential, Operational Support and Outreach. These subprograms work together to provide instructional and residential programs for students of the School. All four subprograms involve both direct services to students and related services that are necessary to accomplish the direct services.

Instruction and Related Services includes supervision, teaching, supplies, equipment, and clerical services, all of which are needed for the regular instruction of the students enrolled at the Kentucky School for the Blind. Tools utilized are Braille, large print, electronic aids, and other special aids and methods for teaching basic academic skills, vocational skills, self-care skills, orientation and mobility, music, physical education, athletics, and counseling.

Residential Services include those services which are needed to provide housing, daily living skills, and leisure time activities for students who reside at the Kentucky School for the Blind. This subprogram also deals with transportation arrangements when residential students go home on weekends and at the end of the school year.

Operational Support includes administration, business management, food service, housekeeping, utilities and other operating expenses, maintenance of buildings and grounds, and health care. The positions of Superintendent and Coordinator of Instruction and Related Services are included in this subprogram.

The Outreach program provides consultative, technical, and evaluative support to local school districts relating to education of students who are blind or visually impaired.

Federal Support includes funds to support federally mandated services. Funds received under Chapter I of the Education Consolidation and Improvement Act are used to provide services in the areas of speech therapy and basic skill instruction. Federal funds are also used to provide instruction and residential services for children who are deaf-blind.

**Department of Education  
Learning and Results Services  
Special Instructional Services  
Kentucky School for the Deaf**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
<b>Total General Fund</b>	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
<b>Restricted Funds</b>					
Balance Forward	45,143				
Current Receipts	200,057	445,200	445,200	245,200	245,200
<b>Total Restricted Funds</b>	245,200	445,200	445,200	245,200	245,200
<b>TOTAL SOURCE OF FUNDS</b>	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	8,850,200	9,636,700	10,239,800	8,898,800	8,898,900
Operating Expenses	1,640,700	1,892,100	1,892,000	1,388,800	1,387,300
<b>TOTAL EXPENDITURES</b>	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
Restricted Funds	245,200	445,200	445,200	245,200	245,200
<b>TOTAL EXPENDITURES</b>	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200

The Kentucky School for the Deaf (KSD) provides educational services to deaf children who cannot be served by local school districts. The School's educational program consists of appropriate classroom instruction, life skills, physical education, and vocational training. Students receive instruction in accordance with their Individual Education Plan that emphasizes language and communication skills development.

Students at the Kentucky School for the Deaf are housed in campus dormitories supervised by houseparents. The students receive practical living skill instruction in personal safety, hygiene, and independent living skills.

The Kentucky School for the Deaf also supports an outreach program which provides consultative, technical, and evaluative support to local school districts on how to provide effective educational services to deaf children attending school in a local district. The KSD is designated the Statewide Educational Resource Center on Deafness.

**Department of Education**  
**Learning and Results Services**  
**Leadership and School Improvement**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	77,280,000	88,981,200	89,143,300	72,862,600	67,010,300
Salary and Health Insurance Adjustments	45,500				
Budget Reduction-General Fund	-2,091,100				
Mandated Expenditure Reductions	-147,100				
<b>Total General Fund</b>	75,087,300	88,981,200	89,143,300	72,862,600	67,010,300
<b>Restricted Funds</b>					
Balance Forward	29,400	29,400	29,400		
Current Receipts	205,000	205,000	205,000	234,400	234,400
<b>Total Restricted Funds</b>	234,400	234,400	234,400	234,400	234,400
<b>Federal Funds</b>					
Current Receipts	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
<b>Total Federal Funds</b>	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
<b>TOTAL SOURCE OF FUNDS</b>	91,297,000	105,190,900	105,353,000	89,072,300	83,220,000
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	6,856,400	7,377,600	7,539,700	6,683,100	1,493,500
Operating Expenses	899,700	1,188,000	1,188,000	885,000	885,000
Grants Loans Benefits	83,540,900	96,595,900	96,595,900	81,504,200	80,841,500
<b>TOTAL EXPENDITURES</b>	91,297,000	105,161,500	105,323,600	89,072,300	83,220,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	75,087,300	88,981,200	89,143,300	72,862,600	67,010,300
Restricted Funds	234,400	205,000	205,000	234,400	234,400
Federal Funds	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
<b>TOTAL EXPENDITURES</b>	91,297,000	105,161,500	105,323,600	89,072,300	83,220,000
<b>EXPENDITURES BY UNIT</b>					
Leadership and Instructional Support	6,914,100	15,991,000	16,038,500	6,027,000	5,966,700
Family Resource and Youth Services Centers	55,502,500	57,230,500	57,234,100	54,599,200	54,053,200
Community Education	2,100,000	2,100,000	2,100,000	2,027,400	2,007,100
National Community Service/21st Century	15,304,400	15,304,400	15,304,400	15,304,400	15,304,400
Community Support for Students & Families	391,900	429,300	450,900	391,900	391,900
Partnership for Student Success	344,000	430,000	430,000	332,100	328,800
Community Service for Expelled Students	271,400	271,400	271,400	271,400	271,400
Scholastic Assistance	490,700	612,300	647,400	488,500	488,500
Commonwealth School Improvement	1,552,400	4,046,200	4,050,000	1,455,800	1,441,200
Highly Skilled Educators	5,375,400	5,660,200	5,683,400	5,189,600	
Educator Quality and Diversity	3,050,200	3,086,200	3,113,500	2,985,000	2,966,800
<b>TOTAL EXPENDITURES</b>	91,297,000	105,161,500	105,323,600	89,072,300	83,220,000

The Office of Leadership and School Improvement consists of the following divisions: Leadership and Instructional Support, Scholastic Assistance, and Educator Quality and Diversity.

The Division of Leadership and Instructional Support provides and monitors required training opportunities for superintendents working in their first year of service, provides technical assistance for approval of the certified personnel evaluation plans for each local school district, provides required opportunities for school administrators and others to be trained in the process of effective evaluation of certified personnel, collects and approves all proposals of training opportunities to provide required leadership training for school administrators, develops and implements training programs for principals, provides initial and continuing training for school-based councils, and collects and analyzes data relative to each of the above initiatives.

The Division of Scholastic Assistance administers the Kentucky Highly Skilled Educators program and assists those schools identified by the state assessment and the Kentucky Board of Education as low-performing schools. Part of such assistance is provided via the Commonwealth School Improvement Fund; funds are provided schools to assist in developing and implementing strategies to raise a school's performance level.

The Division of Educator Quality and Diversity works to identify and recruit persons to teach in Kentucky's public schools and also to address the gap between minority students and the number of minority educators. The Division assists local school districts in organizing Future Educator (FEA) of America clubs to provide middle and high school students an opportunity to develop mentoring relationships with educators and to offer assistance to those interested in education as their college major.

Several stand-alone program initiatives are also contained within the Office of Leadership and School Improvement.

Family Resource and Youth Services Centers (FRYSCs) were established by the Kentucky Education Reform Act (KERA) of 1990. The goal of FRYSCs is to address the needs of children and their families residing in the area served by the school in which a center is located. Family Resource Centers serve children in elementary schools while Youth Services Centers serve children in middle and high schools. Each center contains a unique blend of program components depending on location, available resource, local need and community input.

Community Education grants are provided local school districts by the Kentucky Department of Education for programs and staff. Community Education programs work with public schools to promote individual and community development and lifelong learning. Community Education programs also serve as the delivery system for federal Learn and Serve grants.

The 21<sup>st</sup> Century Community Learning Center program delivers before and after school learning activities that build on what students have learned during the school day. Education and support is also provided families of participating students. Learn and Serve grants work to actively involve students in the application of academic knowledge and use of critical thinking skills to address needs in their communities. These initiatives are fully federally-funded and work in concert with the Community Education program.

The Partnership for Student Success Program provides training and support for educators in improving instruction and student health and also to increase family and community involvement in P-12 education. Selected local school districts receive grants in support of these goals.

**Department of Education  
Learning and Results Services  
Assessment and Accountability**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,126,600	19,791,500	21,508,400	15,971,800	15,957,200
Salary and Health Insurance Adjustments	27,300				
Budget Reduction-General Fund	-70,100				
<b>Total General Fund</b>	11,083,800	19,791,500	21,508,400	15,971,800	15,957,200
<b>Federal Funds</b>					
Current Receipts	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
<b>Total Federal Funds</b>	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
<b>TOTAL SOURCE OF FUNDS</b>	24,863,100	33,570,800	35,287,700	29,751,100	29,736,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	24,595,700	31,003,600	32,720,500	28,588,600	28,574,000
Operating Expenses	9,900	2,309,700	2,309,700	905,000	905,000
Grants Loans Benefits	257,500	257,500	257,500	257,500	257,500
<b>TOTAL EXPENDITURES</b>	24,863,100	33,570,800	35,287,700	29,751,100	29,736,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	11,083,800	19,791,500	21,508,400	15,971,800	15,957,200
Federal Funds	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
<b>TOTAL EXPENDITURES</b>	24,863,100	33,570,800	35,287,700	29,751,100	29,736,500
<b>EXPENDITURES BY UNIT</b>					
Assessment Implementation	790,400	838,900	884,100	774,600	774,600
Commonwealth Accountability Testing System(CATS)	6,568,700	11,568,700	13,199,500	10,786,100	10,786,100
Assessment Support	569,200	623,400	664,300	569,200	569,200
Longitudinal Assessment	850,000	850,000	850,000	850,000	850,000
Assessment Documentation	300,000	300,000	300,000	300,000	300,000
Alternate Portfolio	257,500	257,500	257,500	257,500	257,500
Report Cards	348,000	393,000	393,000	182,800	181,700
State Assessment	8,553,900	8,553,900	8,553,900	8,553,900	8,553,900
Statewide Longitudinal Data System	5,225,400	7,425,400	7,425,400	6,125,400	6,125,400
ACT & WorkKeys Testing	1,400,000	2,760,000	2,760,000	1,351,600	1,338,100
<b>TOTAL EXPENDITURES</b>	24,863,100	33,570,800	35,287,700	29,751,100	29,736,500

The Office of Assessment and Accountability is responsible for developing and implementing Kentucky's system of assessing progress by students, schools, and districts. The Office supplies up to date information on regulations, policies and procedures, a calendar of important assessment dates, manuals and forms, and information for districts and schools on the application of testing data and research to improving instruction. The Office of Assessment and Accountability also oversees the implementation of SB1 testing and data requirements. The Office consists of the Division of Assessment Implementation and the Division of Assessment Support.

The Division of Assessment Implementation operates the state's testing program and coordinates the logistics of the assessment program at the district level. This involves managing and generating data necessary to report assessment results on which accountability performance judgments must be based.

The Division of Assessment Support reviews the consistency of student results across multiple measures and the potential for all scores to yield fair, consistent, and accurate information on student, school, and district performance. The Division also KRS 158.645-KRS 158.6459, as amended by SB1 from the 2009 Regular Legislative Session, mandates a new summative test based on national common core standards in Reading and Math and new Kentucky standards in all other areas.

The Executive Budget includes \$4,925,000 in fiscal year 2011 and \$6,654,500 in fiscal year 2012 to support the development and implementation of a new statewide assessment system.

**Department of Education**  
**Learning and Results Services**  
**Teaching and Learning**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	99,281,200	124,294,700	125,296,200	72,016,800	71,495,300
Salary and Health Insurance Adjustments	27,300				
Continuing Approp.-General Fund	7,780,821				
Budget Reduction-General Fund	-25,301,700				
Mandated Expenditure Reductions	-114,600				
<b>Total General Fund</b>	81,673,021	124,294,700	125,296,200	72,016,800	71,495,300
<b>Restricted Funds</b>					
Balance Forward	82,071				
Current Receipts	491,929	574,000	574,000	574,000	574,000
<b>Total Restricted Funds</b>	574,000	574,000	574,000	574,000	574,000
<b>Federal Funds</b>					
Current Receipts	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
<b>Total Federal Funds</b>	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
<b>TOTAL SOURCE OF FUNDS</b>	109,311,221	151,932,900	152,934,400	99,655,000	99,133,500
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,565,400	4,295,000	5,296,500	3,502,000	3,483,400
Operating Expenses	5,001,082	5,214,181	5,214,181	1,925,681	2,012,781
Grants Loans Benefits	98,744,739	142,423,719	142,423,719	94,227,319	93,637,319
<b>TOTAL EXPENDITURES</b>	109,311,221	151,932,900	152,934,400	99,655,000	99,133,500
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	81,673,021	124,294,700	125,296,200	72,016,800	71,495,300
Restricted Funds	574,000	574,000	574,000	574,000	574,000
Federal Funds	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
<b>TOTAL EXPENDITURES</b>	109,311,221	151,932,900	152,934,400	99,655,000	99,133,500
<b>EXPENDITURES BY UNIT</b>					
Math Achievement	8,474,161	6,900,000	6,900,000	5,696,100	5,639,100
Save the Children	500,000	500,000	500,000	482,700	477,900
Leadership and Mentoring Fund	381,500	381,500	381,500	368,200	364,600
Teacher Academies	1,600,000	1,600,000	1,600,000	1,544,700	1,529,300
Reading First	21,604,200	21,604,200	21,604,200	21,604,200	21,604,200
Middle School Achievement Center	387,500	387,500	387,500	374,100	370,300
Elementary Arts & Humanities	484,400	484,400	484,400	467,600	463,000
Curriculum Development	1,801,400	2,095,000	2,215,100	1,813,500	1,792,400
Gifted and Talented	7,153,700	7,170,200	7,170,200	6,907,600	6,838,900
Commonwealth Institute for Teachers	63,100	85,100	85,100	63,100	63,100
Limited English Proficiency	5,460,000	5,460,000	5,460,000	5,460,000	5,460,000
Writing Program	610,300	610,300	610,300	589,200	583,300
Secondary and Virtual Learning	2,214,000	2,679,800	3,540,300	2,465,400	2,548,500
Dropout Prevention	728,200	856,600	862,100	703,300	696,300
Professional Growth Fund	994,700	994,700	994,700	960,300	950,700
Extended Learning Services	13,497,800	32,275,000	32,290,400	13,040,800	12,913,000
Read to Achieve	24,764,760	22,558,100	22,558,100	18,882,400	18,693,600
Every 1 Reads	500,000	500,000	500,000	482,700	477,900

Collaborative Center for Literacy Development	1,400,000	1,400,000	1,400,000	1,630,700	1,707,900
Special Programs	350,000	350,000	350,000	341,500	340,500
Education of State Agency Children	10,962,100	10,962,100	10,962,100	10,583,400	10,477,500
Textbooks	670,100	21,700,100	21,700,100	646,900	640,400
Safe Schools	4,709,300	10,378,300	10,378,300	4,546,600	4,501,100
<b>TOTAL EXPENDITURES</b>	<b>109,311,221</b>	<b>151,932,900</b>	<b>152,934,400</b>	<b>99,655,000</b>	<b>99,133,500</b>

The Office of Teaching and Learning consists of the Division of Curriculum Development, the Division of Secondary and Virtual Learning, and the Division of Early Childhood Development. This office is also responsible for development of curriculum material for local educators.

The **Mathematics Achievement Fund** was created by the 2005 Regular Session of the General Assembly (KRS 158.840 - 158.844) to provide developmentally appropriate diagnostic assessment and intervention services to P-12 students to help them reach proficiency in math. This fund provides two-year renewable grants to local school districts for training teachers in diagnostic assessment and intervention skills. To qualify, a district must employ standards-based and research-based math instructional practices, use intervention and support services to supplement regular classroom instruction, and provide intervention services to primary program and other students at risk of mathematics failure based on ongoing assessments of their needs.

The **Save the Children Fund** provides support for the Kentucky Rural Literacy Initiative. The Kentucky Rural Literacy Initiative is a public/private partnership initiated by the Save the Children organization. Save the Children selects schools and partners across the nation to implement structured after-school and summer literacy programs. In Kentucky, with state funding beginning in the 2005-06 school year, program sites have been established at elementary schools in Clay, Knott, Letcher, McCreary, Owsley, and Whitley counties. Save the Children works directly with Family Resource and Youth Service Centers and the Kentucky Department of Education.

The **Professional Development Leadership and Mentor Fund** provides competitive grants, under the provisions of KRS 157.390, to pay teachers and administrators to develop and implement an action plan for improving the reading and math performance of students. Grants are awarded by a committee of reading and math experts and provide reading and math mentors and coaches in qualifying districts and schools.

The **Teacher Academies Fund** provides intensive, content-based professional development to teachers, particularly teachers who are teaching core discipline courses for which they do not have a college major or minor. Academies are operated in collaboration with postsecondary and community educational partners.

The **Reading First Fund** is a federal initiative contained within the No Child Left Behind Act. The program's goal is to have every child reading at grade level by the time of entry to the fourth grade. The Department of Education is overseeing implementation of Kentucky's Reading First grant. Ten Reading First coaches and eleven regional Literacy Specialists have assisted the Department through a partnership with Kentucky's public universities and the Collaborative Center for Literacy Development. Local schools and school districts have been provided technical assistance on the requirements of Reading First and information about research-based reading intervention programs, assessments to diagnose reading progress, and professional development.

The **Center for Middle School Academic Achievement Fund** provides support to improve the content knowledge and instructional practices of middle grade teachers through the statewide coordination of professional development, technical assistance, and dissemination of knowledge and effective practices.

The **Elementary Arts and Humanities Fund** was instituted in 2003 Regular Session of the General Assembly to promote the integration of the arts and foreign languages as a means of strengthening the overall learning environment in the elementary school program.

The **Division of Curriculum Development** provides technical assistance and professional development to schools and districts to improve student achievement by utilization of research-based instructional practices. This division oversees the development of major documents used by teachers and schools in organizing their curricula and assists educators in moving toward the learning goals established by the Kentucky Education Reform Act of 1990. The division includes staff with responsibility for the Reading First program, Gifted and Talented program, Limited English Proficiency (LEP) program, and other curriculum development areas.

The **Gifted and Talented Fund** provides support to school districts for educational services to students who are gifted and talented.

The **Commonwealth Institute for Teachers** provides support for professional development opportunities to enhance the quality of curriculum development and instruction in Kentucky.

The **Limited English Proficiency Fund** supports educational services to students with limited English proficiency while promoting their English language development.

The **Writing Program Fund** provides support for writing instruction programs that prepare students to communicate for a variety of purposes and with audiences in a variety of real-world forms.

The **Division of Secondary and Virtual Learning** provides technical assistance and professional development to secondary schools and works with local school districts to help ensure middle and high school students will be well prepared to transition into their postsecondary experiences. The division includes staff responsible for the Individual Learning Plan (ILP), Extended School Services (ESS), Dropout Prevention, Save Schools, and Kentucky Virtual Schools programs.

The **Dropout Prevention Fund** provides competitive grants to local school districts to the reduction of the numbers and rates of Kentucky students who do not complete secondary school. The current focus is on research-based programs that offer the most support to students at risk of dropping out of school. The current grant application process emphasizes programs that focus on a given number of students based on criteria identifying the most important needs of each student and providing individualized attention to the student's personal and emotional situation as well as his or her academic status.

The **Teachers' Professional Growth Fund** provides teachers with opportunities for high quality professional development in content knowledge and teaching methodologies in the core disciplines of mathematics, science, language arts and social studies.

The **Extended Learning Services** or **Extended School Services (ESS) Fund** was established by KRS 158.070 to provide struggling learners with additional instructional time and assistance to achieve their learning goals. The program offers instructional time outside regular school hours and takes many forms, including after-school and before-school instruction, evening sessions, Saturday learning activities, summer programs, and learning inter-sessions in year-round schools.

The **Read to Achieve Fund** provides grants to schools to implement research-based reading diagnostic and intervention programs for struggling readers within the state primary program. The early reading intervention program selected by the funded school must be based on reliable, replicable research and offer short-term intensive one-on-one or small group instruction in essential skills necessary for reading proficiency.

**Every 1 Reads** is a collaborative reading initiative between Greater Louisville Inc., Jefferson County Public Schools (JCPS) and Louisville Metro Government to improve student literacy in Jefferson County Public Schools.

The **Collaborative Center for Literacy Development Early Childhood through Adulthood (CCLD)** is a partnership among each of the eight state universities and the National Center for Family Literacy to promote literacy. The CCLD, as established by KRS 164.0207, provides a clearinghouse for information about programs addressing literacy, evaluates the impact of reading diagnostic and intervention programs, and provides professional development and coaching for educators.

**Special Programs** includes the **Appalachian Tutoring** and the **Georgia Chaffee Teenage Parent** programs. The Appalachian Tutoring program is a specialized tutoring program for students with learning disabilities who are from counties in the Appalachian region. The Georgia Chaffee Teenage Parent Program (TAPP) is designed to prevent school dropout due to teen pregnancy and parenting. The program is offered to middle and high school pregnant and parenting students residing in the Louisville/Jefferson County area.

The **Kentucky Educational Collaborative for State Agency Children (KECSAC)** provides school districts with high-quality educational support services to at risk youth through a collaborative delivery system involving the Kentucky Departments of Education, Juvenile Justice, Community Based Services, Mental Health, Developmental Disabilities and Addiction Services, and private and public child and youth care programs.

The **Textbook Fund** provides support to local school districts to obtain instructional material for students in kindergarten through eight grades.

The **Safe Schools Fund** provides support to school districts to create safe, secure learning environments where all children can successfully achieve. The fund also supports the Kentucky Center for School Safety. This center serves as the central point for data analysis, research, and dissemination of information about successful school safety programs, research results, and new programs.

## **Policy**

The Budget of the Commonwealth includes \$100,000 in each fiscal year for the Lexington Hearing and Speech Center to provide speech and hearing services for Kentucky children.

**Department of Education  
Learning and Results Services  
Early Childhood Development**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	75,908,300	102,020,300	102,081,200	73,004,400	73,004,400
Salary and Health Insurance Adjustments	18,200				
Budget Reduction-General Fund	-200,800				
Mandated Expenditure Reductions	-53,500				
<b>Total General Fund</b>	<b>75,672,200</b>	<b>102,020,300</b>	<b>102,081,200</b>	<b>73,004,400</b>	<b>73,004,400</b>
<b>Tobacco Fund</b>					
Tobacco Settlement - Phase I	1,525,000	1,525,000	1,525,000	2,150,000	2,050,000
Continuing Approp.-Tobacco Settlement	886,500				
<b>Total Tobacco Fund</b>	<b>2,411,500</b>	<b>1,525,000</b>	<b>1,525,000</b>	<b>2,150,000</b>	<b>2,050,000</b>
<b>Federal Funds</b>					
Current Receipts	14,894,100	14,894,100	14,894,100	14,897,400	14,894,100
ARRA Receipts	7,900,000	7,900,000	4,500,000	7,900,000	4,500,000
<b>Total Federal Funds</b>	<b>22,794,100</b>	<b>22,794,100</b>	<b>19,394,100</b>	<b>22,797,400</b>	<b>19,394,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>100,877,800</b>	<b>126,339,400</b>	<b>123,000,300</b>	<b>97,951,800</b>	<b>94,448,500</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	921,900	1,250,000	1,310,900	723,800	726,400
Operating Expenses	71,650	75,150	75,150	35,650	35,650
Grants Loans Benefits	99,884,250	125,014,250	121,614,250	97,192,350	93,686,450
<b>TOTAL EXPENDITURES</b>	<b>100,877,800</b>	<b>126,339,400</b>	<b>123,000,300</b>	<b>97,951,800</b>	<b>94,448,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	75,672,200	102,020,300	102,081,200	73,004,400	73,004,400
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Federal Funds	22,794,100	22,794,100	19,394,100	22,797,400	19,394,100
<b>TOTAL EXPENDITURES</b>	<b>100,877,800</b>	<b>126,339,400</b>	<b>123,000,300</b>	<b>97,951,800</b>	<b>94,448,500</b>
<b>EXPENDITURES BY UNIT</b>					
Early Childhood Development	2,925,100	2,283,300	2,317,300	2,628,200	2,524,900
State Funded Preschool	94,352,500	120,455,900	117,082,800	91,723,400	88,323,400
Evenstart	3,600,200	3,600,200	3,600,200	3,600,200	3,600,200
<b>TOTAL EXPENDITURES</b>	<b>100,877,800</b>	<b>126,339,400</b>	<b>123,000,300</b>	<b>97,951,800</b>	<b>94,448,500</b>

The Division of Early Childhood Development coordinates development and continuing activities of Community Early Childhood Councils. The councils work toward implementation of the Kentucky's long-range strategic plan for early childhood development on the local level. The councils build upon existing resources, foster public-private partnerships, and otherwise work within their communities toward such goals as the availability of high quality, accessible, and affordable early childhood care and education options. The Early Childhood Division provides technical assistance, monitoring, and evaluation of outcomes of the local partnerships and link funding to their effectiveness.

Working with other stakeholders, the Division of Early Childhood Development has assisted in implementing a number of programs within agencies across state government aimed at the needs of young children. Some of the results include more than 1,000 early childhood professionals attending college as well as more than 10,000 families participating in the HANDS voluntary home visiting program leading to the delivery of fewer low birth weight babies.

**Department of Education  
Learning and Results Services  
District Support Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	11,246,200	17,841,400	18,172,300	10,582,300	10,510,700
Salary and Health Insurance Adjustments	27,300				
Budget Reduction-General Fund	-399,900				
Mandated Expenditure Reductions	-316,000				
<b>Total General Fund</b>	<b>10,557,600</b>	<b>17,841,400</b>	<b>18,172,300</b>	<b>10,582,300</b>	<b>10,510,700</b>
<b>Restricted Funds</b>					
Balance Forward	334,598				
Current Receipts	149,289	510,600	510,600	510,600	510,600
<b>Total Restricted Funds</b>	<b>483,887</b>	<b>510,600</b>	<b>510,600</b>	<b>510,600</b>	<b>510,600</b>
<b>Federal Funds</b>					
Current Receipts	218,055,100	219,824,100	219,824,100	219,844,300	219,859,400
ARRA Receipts	1,769,000				
<b>Total Federal Funds</b>	<b>219,824,100</b>	<b>219,824,100</b>	<b>219,824,100</b>	<b>219,844,300</b>	<b>219,859,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>230,865,587</b>	<b>238,176,100</b>	<b>238,507,000</b>	<b>230,937,200</b>	<b>230,880,700</b>
<b>EXPENDITURES BY CLASS</b>					
Personnel Costs	5,313,800	6,078,200	6,409,100	4,063,300	4,021,800
Operating Expenses	1,058,587	7,089,700	7,089,700	150,000	150,000
Grants Loans Benefits	224,493,200	225,008,200	225,008,200	226,723,900	226,708,900
<b>TOTAL EXPENDITURES</b>	<b>230,865,587</b>	<b>238,176,100</b>	<b>238,507,000</b>	<b>230,937,200</b>	<b>230,880,700</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	10,557,600	17,841,400	18,172,300	10,582,300	10,510,700
Restricted Funds	483,887	510,600	510,600	510,600	510,600
Federal Funds	219,824,100	219,824,100	219,824,100	219,844,300	219,859,400
<b>TOTAL EXPENDITURES</b>	<b>230,865,587</b>	<b>238,176,100</b>	<b>238,507,000</b>	<b>230,937,200</b>	<b>230,880,700</b>
<b>EXPENDITURES BY UNIT</b>					
Local District Life Insurance	1,978,800	2,493,800	2,493,800	2,343,000	2,319,500
Blind and Deaf Student Travel	616,500	616,500	616,500	595,200	589,200
Facilities Management	692,300	718,600	758,100	689,700	689,700
Nutrition and Health Services	224,100,800	224,280,900	224,383,100	224,056,800	224,029,800
Data Management	1,267,400	1,594,600	1,667,500	1,207,700	1,207,700
District Operations	2,209,787	8,471,700	8,588,000	2,044,800	2,044,800
<b>TOTAL EXPENDITURES</b>	<b>230,865,587</b>	<b>238,176,100</b>	<b>238,507,000</b>	<b>230,937,200</b>	<b>230,880,700</b>

The Office of District Support Services provides administrative and technical assistance on behalf of local school districts throughout the state and consists of the following divisions: Facilities Management, Nutrition and Health Services, Operations, and Data Management.

The Division of Facilities Management reviews, oversees, and approves all new buildings and additions and alterations to existing public school buildings. This division also provides guidance in preparing each local district's facility plan and assists in updating and amending district plans. The Division of Facilities Management compiles information as to local school district construction needs each biennium for use by the School Facilities Construction Commission.

The Division of Nutrition and Health Services oversees the administration of the following National School Lunch Act and Child Nutrition Act programs in local school districts and other eligible agencies: National School Lunch program, School Breakfast program, Special Milk program, Child Care Food program, Summer Food Service program, and the Nutrition Education and Training program.

The Division of Operations provides technical assistance to local school districts on matters of budgeting, accounting, reporting and composing salary schedules, distributes state SEEK funds to local districts, and provides financial management and accounting assistance. Funding for trips home by students residing at the Kentucky School for the Blind and the Kentucky School for the Deaf is budgeted within this division.

The Division of Data Management develops and maintains organization and consistency of data collected and disseminated by the Kentucky Department of Education. Staff of the Division work with various Department of Education, Council for Postsecondary Education, and Professional Standards Board program areas in analyzing data and determining requirements for data entered in the Department's enterprise data system. The goal is a useful and unified collection of P-16 data that can be accessed by schools, school districts, researchers and others for analysis and informed-decision making. Staff of the Division develop standards for data quality and provides technical assistance and training to staff in various education program areas to ensure data that is timely, complete, and accurate.

**Department of Education  
Learning and Results Services  
Local District Health Insurance**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	577,713,700	641,800,000	700,400,000	609,013,700	614,768,000
<b>Total General Fund</b>	577,713,700	641,800,000	700,400,000	609,013,700	614,768,000
<b>TOTAL SOURCE OF FUNDS</b>	577,713,700	641,800,000	700,400,000	609,013,700	614,768,000
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	577,713,700	641,800,000	700,400,000	609,013,700	614,768,000
<b>TOTAL EXPENDITURES</b>	577,713,700	641,800,000	700,400,000	609,013,700	614,768,000
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	577,713,700	641,800,000	700,400,000	609,013,700	614,768,000
<b>TOTAL EXPENDITURES</b>	577,713,700	641,800,000	700,400,000	609,013,700	614,768,000

Employees of local school districts have the option of participating in the Kentucky Employees' Health Plan (KEHP). KEHP is a self-insured program providing health insurance benefits to the employees and retirees of the Commonwealth of Kentucky, as well as local school boards, local health departments, and other quasi governmental agencies.

**Policy**

The Budget of the Commonwealth includes \$609,013,700 in fiscal year 2011 and \$614,768,000 in fiscal year 2012 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage. This represents no increase in funding for the calendar year 2011 employer contribution for health insurance and a two percent increase in the calendar year 2012 plan.

**Department of Education**  
**Support Education Excellence in Kentucky (SEEK)**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Enacted FY 2011	Enacted FY 2012
<b>SOURCE OF FUNDS</b>					
<b>General Fund</b>					
Regular Appropriation	2,973,536,100	3,041,609,000	3,239,753,000	2,725,530,500	2,900,145,100
Budget Reduction-General Fund	-252,940,600				
SFSF Receipts		223,038,700	223,038,700		
<b>Total General Fund</b>	<b>2,720,595,500</b>	<b>3,264,647,700</b>	<b>3,462,791,700</b>	<b>2,725,530,500</b>	<b>2,900,145,100</b>
<b>Federal Funds</b>					
SFSF Receipts	223,038,700			182,486,200	
<b>Total Federal Funds</b>	<b>223,038,700</b>			<b>182,486,200</b>	
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,943,634,200</b>	<b>3,264,647,700</b>	<b>3,462,791,700</b>	<b>2,908,016,700</b>	<b>2,900,145,100</b>
<b>EXPENDITURES BY CLASS</b>					
Grants Loans Benefits	2,943,634,200	3,264,647,700	3,462,791,700	2,908,016,700	2,900,145,100
<b>TOTAL EXPENDITURES</b>	<b>2,943,634,200</b>	<b>3,264,647,700</b>	<b>3,462,791,700</b>	<b>2,908,016,700</b>	<b>2,900,145,100</b>
<b>EXPENDITURES BY FUND SOURCE</b>					
General Fund	2,720,595,500	3,264,647,700	3,462,791,700	2,725,530,500	2,900,145,100
Federal Funds	223,038,700			182,486,200	
<b>TOTAL EXPENDITURES</b>	<b>2,943,634,200</b>	<b>3,264,647,700</b>	<b>3,462,791,700</b>	<b>2,908,016,700</b>	<b>2,900,145,100</b>
<b>EXPENDITURES BY UNIT</b>					
Base Funding	2,071,821,900	2,237,675,000	2,401,210,200	2,035,342,600	2,034,512,800
Pupil Transportation	214,752,800	338,191,200	352,395,300	214,752,800	214,752,800
Equalized Facilities	100,659,200	104,772,100	100,369,500	105,989,300	107,134,700
Tier I Equalization	174,661,400	181,853,100	185,076,400	173,576,400	168,251,400
National Board Certification Salary Supplement	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
State-Run Vocational Schools Reimbursement	23,289,000	24,886,400	26,170,400	23,289,000	23,289,000
Vocational Education Transportation	2,416,900	2,416,900	2,416,900	2,416,900	2,416,900
Local District Teachers' Retirement Match	353,283,000	372,103,000	392,403,000	349,899,700	347,037,500
<b>TOTAL EXPENDITURES</b>	<b>2,943,634,200</b>	<b>3,264,647,700</b>	<b>3,462,791,700</b>	<b>2,908,016,700</b>	<b>2,900,145,100</b>

## Policy

The Budget of the Commonwealth includes funding to increase the base SEEK per pupil guarantee amount to \$3,868 in fiscal year 2011 and to \$3,903 in fiscal year 2012. This represents a 0.05% increase in fiscal year 2011 and an additional 0.9% increase in fiscal year 2012.

The Budget of the Commonwealth includes federal funds of \$182,486,200 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund. These funds are distributed through the base SEEK funding formula, and when combined with General Fund amounts, provide sufficient funding for the per pupil guarantee amount in fiscal year 2011. In fiscal year 2012, General Fund dollars have been appropriated to replace these expiring funds.

The recommended budget provides funding to accommodate average daily attendance of 587,386 and total local school district assessed property valuation of \$282.5 billion in fiscal year 2011. In fiscal year 2012, the recommended budget provides funding to accommodate projected average daily attendance of 587,705 and projects total local school district assessed property valuation of \$293.8 billion. Projected numbers represent a consensus reached by the Department of Education and the Office of State Budget Director.

The Budget of the Commonwealth maintains funding for the pupil transportation program at fiscal year 2010's level of \$214,752,800 in both fiscal year 2011 and fiscal year 2012.

The recommended budget includes \$173,576,400 in fiscal year 2011 to provide Tier I funding to local school districts to equalize local revenues raised under this SEEK component at a level of \$736,000 of assessed property valuation per student (150 percent of the projected statewide average per pupil during the 2010-2012 biennium). The recommended budget provides \$168,251,400 in fiscal year 2012 for Tier I.

Also included in the Budget of the Commonwealth is "hold harmless" funding - \$305,600 in fiscal year 2011 and \$340,300 in fiscal year 2012 - to provide every school district with at least the same level of state SEEK funding per pupil during the 2010-2012 biennium as was provided in fiscal year 1992.

The Budget of the Commonwealth provides funding for the Facilities Support Program of Kentucky (FSPK) in the amounts of \$76,922,100 in fiscal year 2011 and \$73,515,300 in fiscal year 2012 to provide equalization funding for local district revenues from the 5 cent per one hundred dollars of assessed valuation levy required for participation in FSPK. As with Tier I, local revenues will be equalized at a level of \$736,000 of assessed property valuation per student in both fiscal year 2011 and fiscal year 2012.

The Budget of the Commonwealth includes \$14,442,700 in fiscal year 2011 and \$13,291,300 in fiscal year 2012 to equalize revenues raised by local school districts that have levied - no later than April 24, 2008 - an additional 5 cents per one hundred dollars of assessed valuation for building needs associated with enrollment growth. To qualify, a district must have also levied - prior to April 24, 2008 - an additional five cents per hundred dollars of assessed valuation designated for facilities and must meet "growth district" criteria (at least a three percent increase amounting to a minimum of 150 additional pupils during the previous five year period).

The enacted budget includes \$8,176,300 in funding in fiscal year 2011 for state equalization of a "retroactive recallable" 5 cent levy. This levy is not dependent on student growth, but must be dedicated to a school district's facilities needs. In fiscal year 2012, \$8,203,400 is provided for equalized facility funding. Included in this amount is \$7,731,500 for state equalization of retroactive recallable levies and \$471,900 for state equalization of a "BRAC" levy. To be eligible for state equalization of a BRAC levy, a local school district must be located in a county that will have more students as a direct result of the Department of Defense Base Realignment and Closure (BRAC) and have a need for additional facilities or renovation of facilities due to an increase in student population.

The Budget of the Commonwealth includes \$6,448,200 in fiscal year 2011 and \$6,166,400 in fiscal year 2012 for state equalization in cases where districts have levied at least a ten cent equivalent tax rate (the initial 5 cent rate required by FSPK plus 5 additional cents) or have debt service committed to facilities which, combined with the initial FSPK required 5 cent rate, is equivalent to the ten cent rate. Districts eligible for "growth district" equalization are not eligible for this equalization. Both the "retroactive recallable" and "ten cent equivalent" levies must have been enacted prior to April 24, 2008 to qualify for equalization.

Finally, the Budget of the Commonwealth includes \$5,958,300 in fiscal year 2012 for equalization funding to school districts that as of May 18, 2010 have school facilities classified as Category 5 by the Department of Education and have levied an additional five cents equivalent tax rate for debt service, new construction, or major renovation. This funding is expected to provide support for the renovation of sixteen Category 5 school facilities in twelve school districts.

The recommended budget includes \$23,289,000 in both fiscal year 2011 and fiscal year 2012 to reimburse state-operated vocational facilities for the costs of providing course offerings to students from local school districts. Funding for vocational education transportation is maintained at the fiscal year 2010 level of \$2,416,900 in both fiscal year 2011 and fiscal year 2012.

The Budget of the Commonwealth includes funds - \$349,899,700 in fiscal year 2011 and \$347,017,500 in fiscal year 2012 - for the Teachers' Retirement employer match on behalf of local school districts.

The recommended budget provides \$2,750,000 in each fiscal year for annual salary supplements of \$2,000 to teachers achieving and maintaining certification by the National Board for Professional Teaching Standards.

**DEPARTMENT OF EDUCATION**  
**Support Education Excellence in Kentucky**

The 1990 General Assembly, responding to the Kentucky Supreme Court's 1989 mandate to equalize funding for public school pupils regardless of economic circumstances or place of birth, created a mechanism for distributing state support to local school districts. The Support Education Excellence in Kentucky (SEEK) program replaced the Minimum Foundation and Power Equalization programs.

Under the SEEK funding formula, the state sets a fixed base guarantee amount per student in average daily attendance. **The guarantee amount to the right, as well as all other numbers in this example, are actual fiscal year 2010 amounts.** Some totals may be affected by rounding.

**FY 2009-2010 BASE PER PUPIL GUARANTEE**

\$3,866	X	587,714 Pupils In Average Daily Attendance	=	\$2,272.1 Million
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The amount of revenue per pupil guaranteed by SEEK is then adjusted upward for each local school district to reflect a set of factors that affect the cost of providing services to pupils.

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**AT-RISK ADJUSTMENT**

\$3,866 X 15% = \$580	X	290,755 Pupils	=	\$168.6 Million
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An adjustment, 15% of the base per pupil guarantee, is made to reflect the higher than average costs associated with educating economically deprived ("at-risk") students. "At-Risk" is operationally defined as federal free lunch program eligible. The 15% adjustment is added to the base per pupil guarantee amount for such pupils.

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**EXCEPTIONAL CHILDREN ADJUSTMENT**

SEVERE (\$3,866 X 2.35 Weight = \$9,085 Adjustment)	MODERATE (\$3,866 X 1.17 Weight = \$4,523 Adjustment)	MILD (\$3,866 X 0.24 Weight = \$928 Adjustment)
X	X	X
16,370 Pupils	54,868 Pupils	24,891 Pupils
+		
=		
\$420 Million		

The per pupil guarantee is also increased for exceptional children by a series of weights designed to reflect the additional costs of providing services to such pupils. The costs associated with educating exceptional children are based on a count of pupils with different disabilities, a state-determined exceptional pupil-teacher ratio for each disability or service, and a resulting per pupil cost.

An adjustment is made for the cost of educating pupils taught at home or in a hospital during the period of their illness or convalescence. Such pupils generate additional funds amounting to the base per pupil guarantee minus one hundred dollars (normally dedicated to capital outlay).

+  
HOME AND HOSPITAL ADJUSTMENT

$\$3,866 - \$100 =$ $\$3,766$	x	2,415 Pupils	=	\$9.1 Million
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The 2008 Regular Session of the General Assembly, via HB 406 (Executive Branch Appropriations Act), continued a new weight based on limited English proficiency (LEP). Based on the higher costs associated with educating LEP students, the LEP weight has been established at 9.6% of the base per pupil guarantee.

+  
LIMITED ENGLISH PROFICIENCY ADJUSTMENT

$\$3,866 \times 9.6\% =$ $\$371$	x	14,307 Pupils	=	\$5.3 Million
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The base per pupil guarantee is supplemented by the costs determined under the pupil transportation calculation procedures. Pupil transportation calculated costs are based on the number of pupils transported, the geographic characteristics of a given school district and the distribution of pupils along the most efficient routes.

+  
PUPIL TRANSPORTATION

Number of Students Transported Relative To Geographic Distribution of Students	=	\$214.8 Million
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The base per pupil guarantee as adjusted for at-risk, exceptional, home & hospital, limited English proficient pupils (as of fiscal year 2010), as well as for transportation costs becomes the total calculated per pupil base SEEK cost.

=				
Base Per Pupil Guarantee + At-Risk Adjustment + Exceptional Children Adjustment + Home/Hospital Adjustment + LEP Adjustment + Transportation	=	<b>TOTAL CALCULATED BASE SEEK COST</b>	=	<b>\$3,089.9 Million</b>

Equalization of per pupil revenues among local school districts under the SEEK program begins with a requirement that every local school district levy a minimum equivalent tax rate of 30 cents per hundred dollars of assessed valuation. This tax level may be attained via local property taxes, available alternative taxes (occupational, utility or income) or any combination of such taxes. The yield from this tax effort serves as a deduction against the revenues guaranteed by the state under SEEK. Every district is guaranteed that its minimum tax levy will produce the same dollars per student regardless of the district's property tax base. This results in the state providing a greater proportion of per pupil revenues in those districts with lower property wealth per pupil.

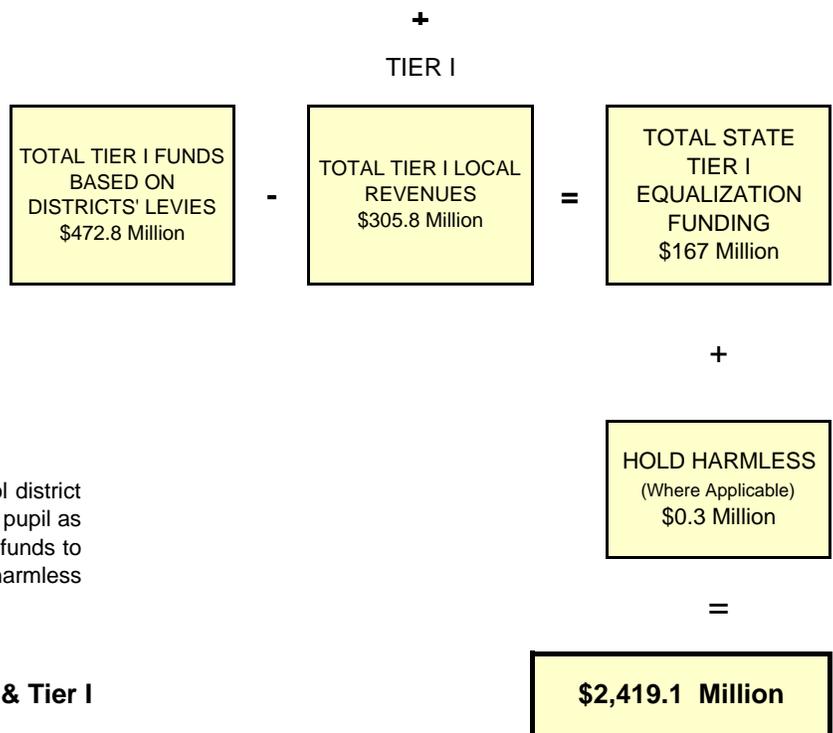
-  
REQUIRED LOCAL EFFORT

\$279.4 Billion Local School Districts' Assessed Property	x	Required Minimum Tax Levy 30 Cents Per \$100 Assessed Property	=	\$838.1 Million Required Local Effort
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=	<b>\$2,251.8 Million State Portion of Base SEEK Cost</b>
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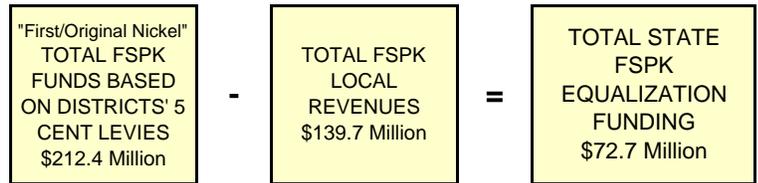
All local school districts have the option to impose taxes sufficient to generate revenues up to 15 percent over those generated under base SEEK. Districts with assessed property per pupil less than 150 percent of the statewide average (set at \$713,000 for the 2008-2010 biennium) receive funds from the state sufficient to garner revenues from these additional taxes equal to those generated if their per pupil property wealth was indeed 150 percent of the statewide average. In other words, the state guarantees an additional local levy will produce the same revenue in property-poor districts as would be produced in richer districts. The local tax levied under this provision is not subject to voter recall.

After completion of the preceding calculations, any school district failing to receive at least as much state SEEK funding per pupil as it received in fiscal year 1992 is provided additional state funds to sustain that funding level, referred to as SEEK's hold-harmless provision.



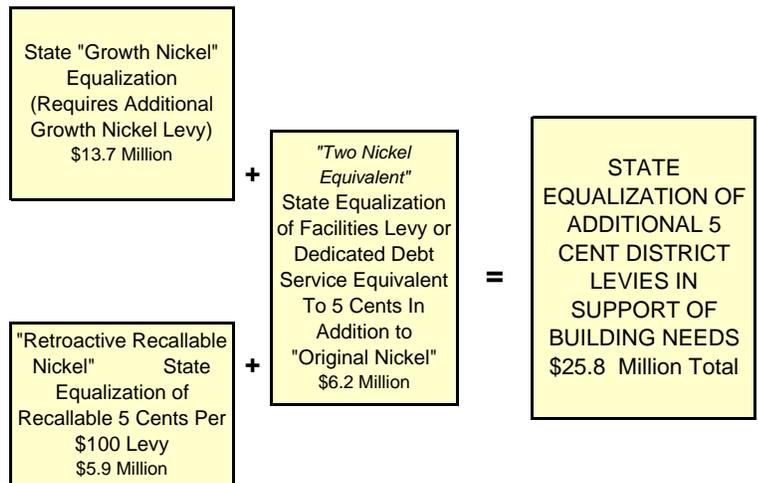
**Total State Per Pupil Funding - Base SEEK & Tier I**

The SEEK program also includes an equalized facilities support component (Facilities Support Program of Kentucky or FSPK) for the purpose of providing a supplemental funding source for each local school district for construction and renovation projects and related debt service outlays. To participate, a district must levy a minimum equivalent tax rate of 5 cents per one hundred dollars of assessed valuation. Revenues generated by this tax must be dedicated to financing capital projects or debt service on construction bonds. Such revenue, like that under the Tier I component, is equalized at 150 percent of the statewide average per pupil property assessment.



**EQUALIZED FACILITIES SUPPORT**

There are additional avenues for school districts to raise revenues for building and renovation purposes. Districts experiencing substantial student growth may levy an additional 5 cents per one hundred dollars of assessed valuation tax not subject to voter recall. If a district levied another 5 cent tax - subject to voter recall - during or prior to fiscal year 2004, the original 5 cent "growth" levy qualifies for state equalization. Any district, regardless of growth, levying - prior to April 24, 2008 and subject to voter recall - an additional 5 cents per one hundred dollars of assessed valuation tax for facilities purposes qualifies that levy for state equalization. Finally, school districts levying an equivalent tax rate of at least 10 cents no later than April 24, 2008 or committing debt service equivalent to 5 cents per one hundred dollars of assessed valuation in addition to the 5 cent levy required for participation in the Facilities Support Program of Kentucky are eligible for state equalization of the 5 cent equivalent.



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