

TABLE OF CONTENTS

	<u>PAGE</u>
EXECUTIVE BRANCH	1
GENERAL GOVERNMENT	3
Office of the Governor	5
Office of State Budget Director	7
State Planning Fund	8
Homeland Security	9
Veterans' Affairs	10
Governor's Office of Agricultural Policy	12
Kentucky Infrastructure Authority	14
Military Affairs	16
Commission on Human Rights	18
Commission on Women	20
Department for Local Government	21
Local Government Economic Assistance Fund	23
Local Government Economic Development Fund	25
Area Development Fund	28
Executive Branch Ethics Commission	29
Secretary of State	30
Board of Elections	32
Registry of Election Finance	34
Attorney General	35
Commonwealth's Attorneys	37
County Attorneys	38
Treasury	39
Agriculture	41
Auditor of Public Accounts	43
Personnel Board	45
Kentucky Retirement Systems	46
Occupational and Professional Boards and Commissions	47
Kentucky River Authority	49
School Facilities Construction Commission	50
Teachers' Retirement System	52
Judgments	54
Appropriations Not Otherwise Classified	55

	<u>PAGE</u>
ECONOMIC DEVELOPMENT	57
Secretary.....	58
Business Development.....	60
Financial Incentives.....	62
DEPARTMENT OF EDUCATION.....	65
Executive Policy and Management.....	66
Operations and Support Services.....	67
Administrative and Legal Services.....	68
Education Technology.....	70
Learning and Results Services	71
Administration and Program Support	72
Special Instructional Services.....	74
Exceptional Children Services	75
Career and Technical Education.....	77
Federal Program and Instructional Equity	78
Kentucky School for the Blind	80
Kentucky School for the Deaf.....	81
Leadership and School Improvement.....	82
Assessment and Accountability	84
Teaching and Learning	86
Early Childhood Development	89
District Support Services.....	90
Local District Health Insurance	92
Support Education Excellence in Kentucky (SEEK).....	93
EDUCATION AND WORKFORCE DEVELOPMENT.....	99
General Administration and Program Support	101
Deaf and Hard of Hearing	103
Kentucky Educational Television	104
Environmental Education Council.....	106
Libraries and Archives.....	107
Libraries and Archives.....	109
Direct Local Aid.....	112
Office for the Blind	114
Employment and Training	116
Employer and Placement Services.....	118
Unemployment Insurance	119
Workforce Investment Act.....	121

EDUCATION AND WORKFORCE DEVELOPMENT continued

Career and Technical Education..... 122
Vocational Rehabilitation..... 124
Education Professional Standards Board..... 126

ENERGY AND ENVIRONMENT 129

Secretary..... 131
Environmental Protection 132
 Commissioner..... 134
 Water..... 135
 Waste Management 137
 Air Quality 139
 Environmental Program Support 140
 Enforcement 141
 Compliance Assistance..... 142
 Petroleum Storage Tank Environmental Assurance Fund 143
Natural Resources..... 144
 Commissioner..... 146
 Forestry..... 147
 Technical and Administrative Support..... 149
 Conservation..... 150
 Oil and Gas..... 151
 Mine Permits..... 152
 Mine Reclamation and Enforcement 153
 DNR Bond Pool Fund..... 154
 Abandoned Mine Lands 155
 Bond Pool Reclamation Fund 156
 Abandoned Mine Land Reclamation Projects 157
 Mine Safety Review Commission 158
 Mine Safety and Licensing 159
Energy Development and Independence 161
Environmental Quality Commission..... 163
Kentucky Nature Preserves Commission 164
Public Service Commission..... 165

FINANCE AND ADMINISTRATION 167

General Administration 169
Controller 171
Debt Service 173

FINANCE AND ADMINISTRATION continued

Facilities and Support Services..... 174
County Costs 176
Commonwealth Office of Technology..... 178
Revenue..... 180
Property Valuation Administrators 182

HEALTH AND FAMILY SERVICES 183

General Administration and Program Support 185
 Administrative Support 186
 Inspector General 188
Commission for Children with Special Health Care Needs 189
Medicaid Services 191
 Medicaid Administration 192
 Medicaid Benefits 193
Behavioral Health, Developmental and Intellectual Disabilities 196
 Community Behavioral Health 197
 Community Developmental and Intellectual Disabilities 199
 General Support 201
 Residential 202
Public Health..... 204
 General Health Support 206
 Women’s Health 208
 Prevention and Quality Improvement 210
 Epidemiology and Health Planning..... 212
 Maternal and Child Health..... 214
 Laboratory Services 216
 Public Health Protection and Safety 217
Health Policy 219
Family Resource Centers and Volunteer Services 221
 Family Resource and Youth Services Center 222
 Kentucky Commission on Community Volunteerism and Service 223
Income Support 224
 Disability Determinations..... 225
 Child Support..... 226
Community Based Services 228
 Family Support 230
 Energy..... 233
 Child Care 234

	<u>PAGE</u>
HEALTH AND FAMILY SERVICES continued	
Family and Community Services	236
Child Abuse and Domestic Violence	240
Aging and Independent Living	241
Aging and Independent Living	242
Guardianship	244
JUSTICE AND PUBLIC SAFETY	245
Justice Administration	247
Criminal Justice Training	249
Juvenile Justice	250
State Police.....	253
Corrections.....	255
Corrections Management.....	257
Adult Correctional Institutions	259
Community Services and Local Facilities	262
Local Jail Support.....	264
Public Advocacy	265
LABOR.....	267
Secretary.....	269
General Administration and Program Support	270
Workplace Standards	271
Workers' Claims.....	273
Occupational Safety and Health Review Commission.....	274
Workers' Compensation Funding Commission	275
PERSONNEL	277
General Operations	279
Public Employees Deferred Compensation Authority	281
Workers' Compensation Benefits and Reserve	282
State Salary and Compensation Fund.....	283
State Group Health Insurance Fund.....	284
POSTSECONDARY EDUCATION.....	285
Council on Postsecondary Education.....	286
Agency Operations.....	288
Pass Through Programs	290
Federal Programs.....	292

POSTSECONDARY EDUCATION continued

Strategic Investment and Incentive Funding Program	293
Kentucky Higher Education Assistance Authority	296
Postsecondary Education Institutions	299
Eastern Kentucky University	300
Kentucky State University	302
Morehead State University	304
Murray State University	306
Northern Kentucky University	308
University of Kentucky	310
University of Louisville	313
Western Kentucky University	315
Kentucky Community and Technical College System	317
PUBLIC PROTECTION	319
Secretary	321
Boxing and Wrestling Authority	322
Alcoholic Beverage Control	323
Charitable Gaming	324
Board of Claims/Crime Victims' Compensation Board	325
Financial Institutions	327
Horse Racing Authority	328
Housing, Buildings and Construction	330
Insurance	332
Tax Appeals	334
TOURISM, ARTS AND HERITAGE	335
Secretary	337
Artisans Center	339
Travel	340
Parks	342
General Administration and Support	344
Resort Parks	345
Recreation Parks and Historic Sites	346
Cafeterias	347
Breaks Interstate Park	348
Horse Park Commission	349
State Fair Board	351
Fish and Wildlife Resources	353

	<u>PAGE</u>
TOURISM, ARTS AND HERITAGE continued	
Historical Society	355
Arts Council.....	357
Heritage Council	358
Kentucky Center for the Arts	359
TRANSPORTATION	361
General Administration and Support.....	363
Aviation	365
Debt Service	367
Highways	369
Research.....	371
Construction.....	372
Maintenance	374
Engineering Administration	376
Planning	378
Highway Operations	379
Equipment Services	380
Highway Safety.....	381
Public Transportation.....	382
Revenue Sharing.....	384
Vehicle Regulation.....	386
STATEWIDE	
Budget Reserve Trust Fund.....	389

This page intentionally left blank

Executive Branch

	<u>Revised FY 2010</u>	<u>Requested FY 2011</u>	<u>Requested FY 2012</u>	<u>Recommended FY 2011</u>	<u>Recommended FY 2012</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,349,255,700	10,191,669,800	11,321,819,400	8,445,390,700	9,240,457,400
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	7,000,000	5,500,000
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		
Total General Fund	8,126,420,837	10,428,484,600	11,558,176,900	8,452,390,700	9,245,957,400
Tobacco Fund					
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
Total Tobacco Fund	154,327,100	137,955,301	130,690,020	137,158,200	117,586,700
Restricted Funds					
Regular Appropriation		360,500	628,700		
Balance Forward	552,905,655	291,734,100	240,230,800	265,646,400	211,062,700
Current Receipts	5,024,246,508	5,056,519,800	5,238,431,500	5,049,964,200	5,221,052,200
Non-Revenue Receipts	1,272,612,100	744,534,100	759,131,000	870,226,600	788,471,300
Fund Transfers	-97,998,100	-1,462,800	-1,464,000	-43,087,400	-95,831,800
Total Restricted Funds	6,751,766,163	6,091,685,700	6,236,958,000	6,142,749,800	6,124,754,400
Federal Funds					
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	9,805,363,056	10,473,568,500	10,816,485,300	9,978,103,700	10,429,674,800
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	690,424,800	146,596,200
SFSF Receipts	383,238,000			268,103,700	
Total Federal Funds	11,636,201,812	11,176,184,600	10,970,733,600	10,950,271,300	10,586,151,600
Road Fund					
Regular Appropriation	1,400,953,400	1,288,170,600	1,375,609,400	1,271,304,800	1,348,881,000
Budget Reduction-Road Fund	-172,841,800				
Other	-33,161,600				
Total Road Fund	1,194,950,000	1,288,170,600	1,375,609,400	1,271,304,800	1,348,881,000
Bond Funds					
Current Receipts				203,000,000	209,000,000
Total Bond Funds				203,000,000	209,000,000
Highway Bonds					
Non-Revenue Receipts				112,000,000	300,000,000
Total Highway Bonds				112,000,000	300,000,000
TOTAL SOURCE OF FUNDS	27,863,665,912	29,122,480,801	30,272,167,920	27,268,874,800	27,932,331,100
EXPENDITURES BY CLASS					
Personnel Costs	5,440,871,300	5,855,015,000	6,107,706,800	5,535,371,400	5,596,351,500
Operating Expenses	2,614,081,209	2,802,094,831	2,883,792,131	2,740,289,631	2,882,932,731
Grants Loans Benefits	16,632,168,105	18,158,639,569	18,729,231,569	16,474,747,269	16,827,045,269
Debt Service	537,462,500	935,104,967	1,173,755,600	809,002,900	916,699,300
Capital Outlay	259,809,400	206,885,900	199,274,500	262,254,200	252,588,900

Construction	2,049,938,000	893,244,600	927,816,300	1,168,036,000	1,241,084,900
TOTAL EXPENDITURES	27,534,330,514	28,850,984,867	30,021,576,900	26,989,701,400	27,716,702,600
EXPENDITURES BY FUND SOURCE					
General Fund	8,116,036,137	10,422,734,600	11,557,456,900	8,426,775,600	9,219,640,700
Tobacco Fund	126,227,700	124,321,667	121,046,100	122,278,200	105,028,400
Restricted Funds	6,486,119,777	5,851,495,600	6,032,310,100	5,931,687,100	5,976,271,400
Federal Funds	11,610,996,900	11,160,062,000	10,960,221,000	10,932,490,700	10,569,516,100
Road Fund	1,194,950,000	1,288,170,600	1,375,609,400	1,261,469,800	1,337,246,000
Bond Funds				203,000,000	209,000,000
Highway Bonds				112,000,000	300,000,000
TOTAL EXPENDITURES	27,534,330,514	28,846,784,467	30,046,643,500	26,989,701,400	27,716,702,600
EXPENDITURES BY UNIT					
General Government	1,281,923,900	1,443,589,700	1,473,231,500	1,078,487,000	1,018,520,500
Economic Development	46,645,400	51,865,800	56,496,500	29,085,100	38,609,000
Department of Education	4,891,903,998	5,388,993,500	5,467,549,400	4,937,458,300	4,793,878,000
Education and Workforce Development	2,581,566,300	2,613,875,700	2,618,859,200	2,584,982,600	2,589,407,400
Energy and Environment	294,613,400	307,893,700	284,333,100	286,208,700	255,316,800
Finance and Administration	498,312,300	814,796,167	838,607,500	655,139,900	617,394,900
Health and Family Services	7,630,408,200	8,596,012,500	9,132,164,000	7,797,976,100	8,409,113,000
Justice and Public Safety	891,903,316	1,010,615,600	1,046,948,900	906,043,800	909,941,700
Labor	208,801,500	223,835,000	228,433,200	214,064,100	216,191,600
Personnel	53,793,500	59,010,800	63,161,700	106,517,000	135,077,800
Postsecondary Education	5,684,075,700	5,927,354,900	6,325,070,900	5,817,192,700	6,025,106,200
Public Protection	114,456,500	120,380,200	121,772,500	113,082,900	111,892,800
Tourism, Arts and Heritage	229,784,400	251,377,500	265,606,900	220,707,900	222,196,900
Transportation	3,126,142,100	2,037,183,400	2,124,408,200	2,242,755,300	2,374,056,000
TOTAL EXPENDITURES	27,534,330,514	28,846,784,467	30,046,643,500	26,989,701,400	27,716,702,600

General Government

General Government

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	589,056,600	936,280,300	1,047,161,100	580,864,100	620,764,800
Salary and Health Insurance Adjustments	2,988,800				
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				
Total General Fund	623,316,300	936,280,300	1,047,161,100	580,864,100	620,764,800
Tobacco Fund					
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
Total Tobacco Fund	46,795,900	38,746,500	35,019,600	41,871,900	29,563,500
Restricted Fund					
Regular Appropriation		45,800	49,300		
Balance Forward	48,632,247	41,079,600	30,077,900	41,874,900	28,655,500
Current Receipts	108,946,353	128,016,600	142,921,300	113,027,400	124,443,300
Non-Revenue Receipts	42,096,500	48,448,000	53,579,900	49,913,400	50,787,500
Fund Transfers	-2,144,200			-800,000	-800,000
Total Restricted Fund	197,530,900	217,590,000	226,628,400	204,015,700	203,086,300
Federal Fund					
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	236,834,200	178,754,100
Non-Revenue Receipts	848,000	663,600	666,800	623,400	623,400
ARRA Receipts	7,693,500	44,998,200	7,932,300	48,733,100	10,502,000
Total Federal Fund	477,685,800	293,235,600	193,393,600	296,877,900	194,994,700
Road Fund					
Regular Appropriation	500,000	505,700	513,500	500,000	500,000
Total Road Fund	500,000	505,700	513,500	500,000	500,000
TOTAL SOURCE OF FUNDS	1,345,828,900	1,486,358,100	1,502,716,200	1,124,129,600	1,048,909,300
EXPENDITURES BY CLASS					
Personnel Costs	260,186,300	288,800,500	304,119,700	258,229,500	260,046,400
Operating Expenses	83,836,000	94,618,900	88,266,500	80,494,000	78,319,000
Grants Loans Benefits	825,231,200	923,295,900	917,870,500	544,305,700	445,358,200
Debt Service	108,601,600	129,857,800	159,509,000	185,884,800	230,445,700
Capital Outlay	4,068,800	9,667,000	6,728,200	9,573,000	4,351,200
TOTAL EXPENDITURES	1,281,923,900	1,446,240,100	1,476,493,900	1,078,487,000	1,018,520,500
EXPENDITURES BY FUND SOURCE					
General Fund	623,316,300	936,280,300	1,047,191,100	580,864,100	620,764,800
Tobacco Fund	35,453,000	31,130,500	31,380,000	30,000,000	20,000,000
Restricted Fund	155,656,000	187,552,800	201,296,600	175,360,200	182,804,300
Federal Fund	466,998,600	288,120,400	192,850,300	291,762,700	194,451,400
Road Fund	500,000	505,700	513,500	500,000	500,000
TOTAL EXPENDITURES	1,281,923,900	1,443,589,700	1,473,231,500	1,078,487,000	1,018,520,500

EXPENDITURES BY UNIT

Office of the Governor	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400
Office of State Budget Director	3,387,200	3,460,000	3,865,200	3,323,800	3,323,800
State Planning Fund	187,800	193,600	193,600	184,000	184,000
Homeland Security	18,587,000	26,018,100	24,131,700	23,444,900	23,019,800
Veterans' Affairs	43,783,800	49,123,800	52,396,500	44,938,000	45,986,700
Governor's Office of Agricultural Policy	37,112,700	32,245,700	32,352,300	31,045,700	20,886,800
Kentucky Infrastructure Authority	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400
Military Affairs	405,161,000	97,774,600	100,107,400	95,471,900	91,696,200
Commission on Human Rights	2,052,400	2,678,900	2,706,800	2,004,000	2,003,900
Commission on Women	232,300	235,900	252,400	215,400	215,400
Department for Local Government	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800
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	578,300	578,300
Executive Branch Ethics Commission	517,600	539,100	570,100	519,600	519,600
Secretary of State	2,770,300	2,956,000	3,117,000	2,879,700	2,890,700
Board of Elections	11,897,000	15,785,700	10,986,800	10,471,800	9,505,900
Registry of Election Finance	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
Attorney General	25,456,400	28,255,200	28,161,000	24,907,100	23,692,000
Unified Prosecutorial System	69,517,300	75,975,000	80,426,300	69,520,100	69,506,800
Treasury	2,869,100	3,713,200	3,891,700	2,956,700	2,974,600
Agriculture	29,147,300	39,734,700	37,262,600	32,919,800	30,603,800
Auditor of Public Accounts	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800
Personnel Board	793,800	849,600	893,300	801,800	819,800
Kentucky Retirement Systems	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
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	4,810,500	4,076,200
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	257,667,300
Judgments	151,000				
Appropriations Not Otherwise Classified	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
TOTAL EXPENDITURES	1,281,923,900	1,443,589,700	1,473,231,500	1,078,487,000	1,018,520,500

**General Government
Office of the Governor**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,722,600	7,099,000	7,509,400	6,170,400	6,170,400
Salary and Health Insurance Adjustments	127,500				
Budget Reduction-General Fund	-865,000				
Mandated Expenditure Reductions	-381,600				
Total General Fund	5,603,500	7,099,000	7,509,400	6,170,400	6,170,400
Restricted Fund					
Balance Forward	682,200				
Total Restricted Fund	682,200				
Federal Fund					
Current Receipts	257,100				
Total Federal Fund	257,100				
TOTAL SOURCE OF FUNDS	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400
EXPENDITURES BY CLASS					
Personnel Costs	5,124,300	5,763,700	6,174,100	5,057,700	5,057,700
Operating Expenses	1,248,100	1,335,300	1,335,300	1,112,700	1,112,700
Grants Loans Benefits	170,400				
TOTAL EXPENDITURES	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400
EXPENDITURES BY FUND SOURCE					
General Fund	5,603,500	7,099,000	7,509,400	6,170,400	6,170,400
Restricted Fund	682,200				
Federal Fund	257,100				
TOTAL EXPENDITURES	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400
EXPENDITURES BY UNIT					
Governor	5,135,200	5,561,300	5,882,800	4,821,200	4,821,200
Governor's Office Expense Allowance	21,000	21,500	21,500	21,500	21,500
Lieutenant Governor	540,700	651,900	692,100	501,600	501,600
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	261,400	261,400
Kentucky Commission on Military Affairs	392,600	230,500	241,900	223,100	223,100
Office of Minority Empowerment	198,600	205,900	215,100	198,900	198,900
Faith Based Initiatives	130,200	138,600	148,600	130,700	130,700
TOTAL EXPENDITURES	6,542,800	7,099,000	7,509,400	6,170,400	6,170,400

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.

**General Government
Office of State Budget Director**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,791,900	3,360,000	3,765,200	3,223,800	3,223,800
Salary and Health Insurance Adjustments	49,400				
Budget Reduction-General Fund	-368,800				
Mandated Expenditure Reductions	-170,600				
Total General Fund	3,301,900	3,360,000	3,765,200	3,223,800	3,223,800
Restricted Fund					
Balance Forward	859,300	774,000	674,000	774,000	674,000
Total Restricted Fund	859,300	774,000	674,000	774,000	674,000
TOTAL SOURCE OF FUNDS	4,161,200	4,134,000	4,439,200	3,997,800	3,897,800
EXPENDITURES BY CLASS					
Personnel Costs	2,788,600	2,829,100	3,234,300	2,737,300	2,737,300
Operating Expenses	598,600	630,900	630,900	586,500	586,500
TOTAL EXPENDITURES	3,387,200	3,460,000	3,865,200	3,323,800	3,323,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,301,900	3,360,000	3,765,200	3,223,800	3,223,800
Restricted Fund	85,300	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	3,387,200	3,460,000	3,865,200	3,323,800	3,323,800
EXPENDITURES BY UNIT					
Budget & Policy Analysis	2,703,100	2,738,100	3,098,800	2,643,300	2,643,300
Gov Office for Policy Research	189,100	200,800	212,800	189,100	189,100
Gov Office for Economic Analysis	495,000	521,100	553,600	491,400	491,400
TOTAL EXPENDITURES	3,387,200	3,460,000	3,865,200	3,323,800	3,323,800

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

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

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

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

**General Government
State Planning Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	220,000	193,600	193,600	184,000	184,000
Budget Reduction-General Fund	-22,300				
Mandated Expenditure Reductions	-9,900				
Total General Fund	187,800	193,600	193,600	184,000	184,000
TOTAL SOURCE OF FUNDS	187,800	193,600	193,600	184,000	184,000
EXPENDITURES BY CLASS					
Grants Loans Benefits	187,800	193,600	193,600	184,000	184,000
TOTAL EXPENDITURES	187,800	193,600	193,600	184,000	184,000
EXPENDITURES BY FUND SOURCE					
General Fund	187,800	193,600	193,600	184,000	184,000
TOTAL EXPENDITURES	187,800	193,600	193,600	184,000	184,000
EXPENDITURES BY UNIT					
State Planning Fund	187,800	193,600	193,600	184,000	184,000
TOTAL EXPENDITURES	187,800	193,600	193,600	184,000	184,000

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

**General Government
Homeland Security**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	290,000	2,782,500	1,302,600	215,600	215,600
Salary and Health Insurance Adjustments	7,100				
Budget Reduction-General Fund	-66,000				
Mandated Expenditure Reductions	-11,100				
Total General Fund	220,000	2,782,500	1,302,600	215,600	215,600
Restricted Fund					
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
Total Restricted Fund	2,178,300	2,352,200	2,547,500	2,239,600	2,404,700
Federal Fund					
Current Receipts	16,848,100	21,771,600	21,314,100	21,771,600	21,314,100
Total Federal Fund	16,848,100	21,771,600	21,314,100	21,771,600	21,314,100
Road Fund					
Regular Appropriation	250,000	255,700	263,500	250,000	250,000
Total Road Fund	250,000	255,700	263,500	250,000	250,000
TOTAL SOURCE OF FUNDS	19,496,400	27,162,000	25,427,700	24,476,800	24,184,400
EXPENDITURES BY CLASS					
Personnel Costs	2,361,600	3,881,000	2,525,600	2,337,600	2,386,300
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
TOTAL EXPENDITURES	18,587,000	28,603,600	27,325,500	23,444,900	23,019,800
EXPENDITURES BY FUND SOURCE					
General Fund	220,000	2,782,500	1,302,600	215,600	215,600
Restricted Fund	1,268,900	1,208,300	1,251,500	1,207,700	1,240,100
Federal Fund	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
TOTAL EXPENDITURES	18,587,000	26,018,100	24,131,700	23,444,900	23,019,800
EXPENDITURES BY UNIT					
Office of Homeland Security	18,587,000	26,018,100	24,131,700	23,444,900	23,019,800
TOTAL EXPENDITURES	18,587,000	26,018,100	24,131,700	23,444,900	23,019,800

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	18,783,200	21,452,200	24,323,200	16,701,700	17,219,700
Salary and Health Insurance Adjustments	344,200				
Budget Reduction-General Fund	-1,510,200				
Mandated Expenditure Reductions	-793,100				
Total General Fund	16,824,100	21,452,200	24,323,200	16,701,700	17,219,700
Restricted Fund					
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				
Total Restricted Fund	28,022,200	27,671,700	28,073,400	28,888,200	28,799,000
TOTAL SOURCE OF FUNDS	44,846,300	49,123,900	52,396,600	45,589,900	46,018,700
EXPENDITURES BY CLASS					
Personnel Costs	36,690,500	41,142,200	44,192,600	38,058,900	38,937,600
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	372,500	372,500
Debt Service					70,000
Capital Outlay	8,100	8,100	8,100	8,100	8,100
TOTAL EXPENDITURES	43,783,800	49,123,800	52,396,500	44,938,000	45,986,700
EXPENDITURES BY FUND SOURCE					
General Fund	16,824,100	21,452,200	24,323,200	16,701,700	17,219,700
Restricted Fund	26,959,700	27,671,600	28,073,300	28,236,300	28,767,000
TOTAL EXPENDITURES	43,783,800	49,123,800	52,396,500	44,938,000	45,986,700
EXPENDITURES BY UNIT					
Commissioner's Office, Field Serv's & Cemeteries	4,163,000	4,996,200	5,356,000	4,164,200	4,523,500
Kentucky Veterans' Centers	39,620,800	44,127,600	47,040,500	40,773,800	41,463,200
TOTAL EXPENDITURES	43,783,800	49,123,800	52,396,500	44,938,000	45,986,700

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 \$70,000 in fiscal year 2012 for new bonds in the capital budget.

General Government
Governor's Office of Agricultural Policy

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Tobacco Fund					
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
Total Tobacco Fund	46,795,900	38,746,500	35,019,600	41,871,900	29,563,500
Restricted Fund					
Balance Forward	344,900	200,700	40,400	191,200	19,400
Current Receipts	452,000	433,900	433,900	433,900	433,900
Total Restricted Fund	796,900	634,600	474,300	625,100	453,300
Federal Fund					
ARRA Receipts	1,054,000	500,000	500,000	440,000	435,500
Total Federal Fund	1,054,000	500,000	500,000	440,000	435,500
TOTAL SOURCE OF FUNDS	48,646,800	39,881,100	35,993,900	42,937,000	30,452,300
EXPENDITURES BY CLASS					
Personnel Costs	1,450,700	1,552,300	1,663,000	1,466,200	1,506,000
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
TOTAL EXPENDITURES	37,112,700	32,245,800	32,352,300	31,045,700	20,886,800
EXPENDITURES BY FUND SOURCE					
Tobacco Fund	35,453,000	31,130,500	31,380,000	30,000,000	20,000,000
Restricted Fund	605,700	615,200	472,300	605,700	451,300
Federal Fund	1,054,000	500,000	500,000	440,000	435,500
TOTAL EXPENDITURES	37,112,700	32,245,700	32,352,300	31,045,700	20,886,800
EXPENDITURES BY UNIT					
Governor's Office of Agricultural Policy	37,112,700	32,245,700	32,352,300	31,045,700	20,886,800
TOTAL EXPENDITURES	37,112,700	32,245,700	32,352,300	31,045,700	20,886,800

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, the Kentucky Agricultural Resource Development Authority, and 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 on the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of the 35 percent county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several model programs in which counties may participate. Models have been developed for diversification of products, cattle genetics improvement, handling and storage facilities, fencing, forage improvement, 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 Executive Budget 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,758,100	1,634,400	7,262,400	2,453,200	4,128,200
Salary and Health Insurance Adjustments	17,000				
Budget Reduction-General Fund	-146,700				
Mandated Expenditure Reductions	-43,000				
Total General Fund	1,585,400	1,634,400	7,262,400	2,453,200	4,128,200
Restricted Fund					
Balance Forward	64,300	43,600	43,600	6,400	6,400
Current Receipts	1,258,700	22,283,800	34,975,400	7,163,100	18,608,600
Fund Transfers	-37,200				
Total Restricted Fund	1,285,800	22,327,400	35,019,000	7,169,500	18,615,000
Federal Fund					
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
Total Federal Fund	50,172,600	150,277,200	56,906,100	150,269,200	56,879,600
TOTAL SOURCE OF FUNDS	53,043,800	174,239,000	99,187,500	159,891,900	79,622,800
EXPENDITURES BY CLASS					
Personnel Costs	2,894,200	3,256,900	3,638,400	3,149,500	3,469,400
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	6,467,500	19,278,500
TOTAL EXPENDITURES	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,585,400	1,634,400	7,262,400	2,453,200	4,128,200
Restricted Fund	1,279,400	22,283,800	34,975,400	7,163,100	18,608,600
Federal Fund	50,172,600	150,277,200	56,906,100	150,269,200	56,879,600
TOTAL EXPENDITURES	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400
EXPENDITURES BY UNIT					
Kentucky Infrastructure Authority	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400
TOTAL EXPENDITURES	53,037,400	174,195,400	99,143,900	159,885,500	79,616,400

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 Executive Budget 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 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,833,800	16,061,100	16,658,800	9,825,900	9,182,800
Salary and Health Insurance Adjustments	172,900				
Budget Reduction-General Fund	-1,186,200				
Mandated Expenditure Reductions	-478,400				
Mandated Allotments	33,550,000				
Total General Fund	42,892,100	16,061,100	16,658,800	9,825,900	9,182,800
Restricted Fund					
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
Total Restricted Fund	49,968,500	47,302,000	48,030,200	50,109,500	45,402,300
Federal Fund					
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				
Total Federal Fund	324,182,800	42,883,000	43,712,800	42,685,200	42,685,200
TOTAL SOURCE OF FUNDS	417,043,400	106,246,100	108,401,800	102,620,600	97,270,300
EXPENDITURES BY CLASS					
Personnel Costs	32,840,300	32,728,200	35,059,400	33,291,700	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	20,580,400	20,479,000
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
TOTAL EXPENDITURES	405,161,000	97,774,600	100,107,400	95,471,900	91,696,200
EXPENDITURES BY FUND SOURCE					
General Fund	42,892,100	16,061,100	16,658,800	9,825,900	9,182,800
Restricted Fund	38,086,100	38,830,500	39,735,800	42,960,800	39,828,200
Federal Fund	324,182,800	42,883,000	43,712,800	42,685,200	42,685,200
TOTAL EXPENDITURES	405,161,000	97,774,600	100,107,400	95,471,900	91,696,200
EXPENDITURES BY UNIT					
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	26,851,300	26,855,700
National Guard Operations	200,000	5,977,800	5,977,800	3,423,500	200,000
Emergency & Public Safety Operations	5,550,000			650,000	
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
TOTAL EXPENDITURES	405,161,000	97,774,600	100,107,400	95,471,900	91,696,200

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 included 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 \$650,000 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.

**General Government
Commission on Human Rights**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,060,400	2,422,700	2,450,700	1,747,800	1,747,800
Salary and Health Insurance Adjustments	31,400				
Budget Reduction-General Fund	-247,000				
Mandated Expenditure Reductions	-76,100				
Total General Fund	1,768,700	2,422,700	2,450,700	1,747,800	1,747,800
Federal Fund					
Balance Forward	39,300	12,300	6,100	12,300	6,100
Current Receipts	256,700	250,000	250,000	250,000	250,000
Total Federal Fund	296,000	262,300	256,100	262,300	256,100
TOTAL SOURCE OF FUNDS	2,064,700	2,685,000	2,706,800	2,010,100	2,003,900
EXPENDITURES BY CLASS					
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	402,800	398,500
Capital Outlay		12,000	12,000		
TOTAL EXPENDITURES	2,052,400	2,678,900	2,706,800	2,004,000	2,003,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,768,700	2,422,700	2,450,700	1,747,800	1,747,800
Federal Fund	283,700	256,200	256,100	256,200	256,100
TOTAL EXPENDITURES	2,052,400	2,678,900	2,706,800	2,004,000	2,003,900
EXPENDITURES BY UNIT					
General Administration and Support	914,600	1,219,200	1,150,000	927,300	927,300
Enforcement Branch	523,100	688,000	739,000	514,900	514,800
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
TOTAL EXPENDITURES	2,052,400	2,678,900	2,706,800	2,004,000	2,003,900

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	237,900	235,900	252,400	215,400	215,400
Salary and Health Insurance Adjustments	5,700				
Budget Reduction-General Fund	-15,100				
Mandated Expenditure Reductions	-10,800				
Total General Fund	217,700	235,900	252,400	215,400	215,400
Restricted Fund					
Balance Forward	14,600				
Total Restricted Fund	14,600				
TOTAL SOURCE OF FUNDS	232,300	235,900	252,400	215,400	215,400
EXPENDITURES BY CLASS					
Personnel Costs	214,700	274,700	294,800	201,500	201,500
Operating Expenses	17,600	26,000	26,200	13,900	13,900
TOTAL EXPENDITURES	232,300	300,700	321,000	215,400	215,400
EXPENDITURES BY FUND SOURCE					
General Fund	217,700	235,900	252,400	215,400	215,400
Restricted Fund	14,600				
TOTAL EXPENDITURES	232,300	235,900	252,400	215,400	215,400
EXPENDITURES BY UNIT					
Commission on Women	232,300	235,900	252,400	215,400	215,400
TOTAL EXPENDITURES	232,300	235,900	252,400	215,400	215,400

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,443,800	9,234,200	9,583,600	8,688,900	8,835,900
Salary and Health Insurance Adjustments	110,900				
Budget Reduction-General Fund	-2,653,000				
Mandated Expenditure Reductions	-218,400				
Total General Fund	8,683,300	9,234,200	9,583,600	8,688,900	8,835,900
Restricted Fund					
Balance Forward	103,100				
Current Receipts	200,000	200,000	200,000	200,000	200,000
Total Restricted Fund	303,100	200,000	200,000	200,000	200,000
Federal Fund					
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
Total Federal Fund	55,564,200	55,610,800	55,661,100	59,807,700	58,572,900
TOTAL SOURCE OF FUNDS	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800
EXPENDITURES BY CLASS					
Personnel Costs	5,166,000	5,565,900	5,965,600	5,333,400	5,398,600
Operating Expenses	737,500	737,500	737,500	744,200	744,200
Grants Loans Benefits	58,647,100	58,741,600	58,741,600	62,619,000	61,319,000
Debt Service					147,000
TOTAL EXPENDITURES	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800
EXPENDITURES BY FUND SOURCE					
General Fund	8,683,300	9,234,200	9,583,600	8,688,900	8,835,900
Restricted Fund	303,100	200,000	200,000	200,000	200,000
Federal Fund	55,564,200	55,610,800	55,661,100	59,807,700	58,572,900
TOTAL EXPENDITURES	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800
EXPENDITURES BY UNIT					
Operations	5,414,900	5,811,600	6,161,000	5,342,300	5,489,300
Grants	59,135,700	59,233,400	59,283,700	63,354,300	62,119,500
TOTAL EXPENDITURES	64,550,600	65,045,000	65,444,700	68,696,600	67,608,800

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

Included in the General Fund appropriation for fiscal year 2012 is \$147,000 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,989,350	51,697,000	58,378,100	54,422,100	67,281,600
Other	-3,539,250				
Total General Fund	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
TOTAL SOURCE OF FUNDS	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
EXPENDITURES BY CLASS					
Grants Loans Benefits	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
TOTAL EXPENDITURES	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
EXPENDITURES BY FUND SOURCE					
General Fund	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
TOTAL EXPENDITURES	53,450,100	51,697,000	58,378,100	54,422,100	67,281,600
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	46,256,050	45,525,400	47,030,400	39,313,000	37,743,300
Other	10,626,450				
Total General Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
TOTAL SOURCE OF FUNDS	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
TOTAL EXPENDITURES	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
EXPENDITURES BY FUND SOURCE					
General Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
TOTAL EXPENDITURES	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
EXPENDITURES BY UNIT					
Economic Development Fund	56,882,500	45,525,400	47,030,400	39,313,000	37,743,300
TOTAL EXPENDITURES	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, 37 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 Executive Budget 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 Executive Budget 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, \$500,000 in each fiscal year from the LGEDF Multi-County Fund to the Tourism, Arts, and Heritage Cabinet to support the Tourism Marketing Program in 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.

Severance Tax Dedicated Programs 2010-2012 Biennium
Using December 2009 Consensus Forecast

	FY 2010 Revised	FY 2011 Estimated	FY 2012 Estimated
Coal Severance Tax Resources			
Coal Severance Tax*	252,748,700	231,190,100	228,377,500
Less: Worker's Comp Set Aside (to General Fund)	(19,000,000)	(19,000,000)	(19,000,000)
Less: Osteopathic Medicine Scholarship Program	(854,400)	(901,800)	(872,500)
Less: Trover Clinic Grant	(1,000,000)	(1,000,000)	(1,000,000)
Less: Debt Service - Part of \$75m Water & Sewer Bonds 2008-10 (KIA)	(1,105,000)	-	-
Less: Mine Safety	(3,000,000)	(4,300,000)	(4,400,000)
Total coal severance tax resources to be distributed	227,789,300	205,988,300	203,105,000
Other Mineral Severance Tax Resources			
Other Mineral Severance Taxes*			
Other Solid Minerals Severance	12,491,100	15,208,600	16,022,700
Natural Gas Severance	20,035,700	21,957,200	39,646,600
Oil Production	6,036,500	9,882,000	17,962,300
Total other severance tax resources to be distributed	38,563,300	47,047,800	73,631,600
Local Government Economic Assistance Fund (LGEAF) Total Funds			
Coal Severance Tax Revenue (15% of Revenue)	34,168,400	30,898,200	30,465,800
Other Mineral Severance Tax Revenue (50% of Revenue)	19,281,700	23,523,900	36,815,800
Total LGEAF to be distributed	53,450,100	54,422,100	67,281,600
Local Government Economic Development Fund (LGEDF)			
Coal Severance (35% of amounts remaining to be distributed)	79,726,300	72,095,900	71,086,800
Less: Debt Service - \$54.7m School Facilities Construction 2002-04	(4,617,900)	(4,617,900)	(4,617,900)
Less: Debt Service - \$54.765m Water & Sewer Bonds 2002-04 (KIA)	(4,091,400)	(4,091,400)	(4,091,400)
Less: Debt Service - \$80m Water & Sewer Bonds 2004-06 (KIA)			(694,200)
Less: Debt Service - Part of \$100m Water & Sewer Bonds 2006-08 (KIA)	(1,074,800)	(8,676,300)	(8,562,300)
Less: Debt Service - Part of \$75m Water & Sewer Bonds 2008-10 (KIA)	(4,420,000)	(7,557,600)	(7,538,000)
Less: Read to Achieve (Education)	(3,000,000)	(3,000,000)	(3,000,000)
Less: Flood Control Matching Pool - Capital Appropriation	(800,000)		
Less: Robinson Scholars Program (UK)	(1,000,000)	(1,000,000)	(1,000,000)
Less: LGEDF Project Administration (GOLD)	(1,039,700)	(1,039,700)	(1,039,700)
Less: Mining Engineering Scholarship Program (UK)	(300,000)	(300,000)	(300,000)
Less: School Technology in Coal Counties (Education)	(2,500,000)	(2,500,000)	(2,500,000)
Total LGEDF for County Distribution	56,882,500	39,313,000	37,743,300
Total LGEDF for Single County Distribution (66.7% of LGEDF Distribution)	37,921,600	26,208,600	25,162,200
Local Government Economic Development Multi-County Fund			
Multi-County Allocation (33.3% of LGEDF County Distribution)	18,960,800	13,104,300	12,581,100
Balance Forward from prior fiscal year	16,795,500	2,574,000	1,197,400
Total Multi-County Resources	35,756,300	15,678,300	13,778,500
Less: Debt Service - \$80m Water & Sewer Bonds 2004-06 (KIA)	(7,028,200)	(6,480,900)	(5,778,500)
Less: Debt Service - Part of \$100m Water & Sewer Bonds 2006-08 (KIA)	(7,523,300)		
Less: Drug Courts (Office of Drug Control Policy)	(1,800,000)	(1,800,000)	(1,800,000)
Less: Operation Unite (Office of Drug Control Policy)	(2,000,000)	(2,000,000)	(2,000,000)
Less: Tourism Marketing (Commerce)	(500,000)	(500,000)	(500,000)
Less: Energy Research Grants (Energy Dev & Indep)	(3,500,000)	(3,500,000)	(3,500,000)
Less: 12 Multi-County Regional Industrial Park Authorities	(200,000)	(200,000)	(200,000)
Less: Multi-County Uses	(10,630,800)	-	-
Balance Forward to Be Carried Forward	2,574,000	1,197,400	-

*Revenue numbers account for quarter lag

**General Government
Area Development Fund**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	691,200	608,400	608,400	578,300	578,300
Budget Reduction-General Fund	-70,000				
Mandated Expenditure Reductions	-31,100				
Total General Fund	590,100	608,400	608,400	578,300	578,300
TOTAL SOURCE OF FUNDS	590,100	608,400	608,400	578,300	578,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	590,100	608,400	608,400	578,300	578,300
TOTAL EXPENDITURES	590,100	608,400	608,400	578,300	578,300
EXPENDITURES BY FUND SOURCE					
General Fund	590,100	608,400	608,400	578,300	578,300
TOTAL EXPENDITURES	590,100	608,400	608,400	578,300	578,300
EXPENDITURES BY UNIT					
Area Development Fund	590,100	608,400	608,400	578,300	578,300
TOTAL EXPENDITURES	590,100	608,400	608,400	578,300	578,300

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	448,500	478,100	509,100	458,600	458,600
Salary and Health Insurance Adjustments	8,100				
Total General Fund	456,600	478,100	509,100	458,600	458,600
Restricted Fund					
Balance Forward	34,500	23,000	11,500	23,000	11,500
Current Receipts	49,500	49,500	49,500	49,500	49,500
Total Restricted Fund	84,000	72,500	61,000	72,500	61,000
TOTAL SOURCE OF FUNDS	540,600	550,600	570,100	531,100	519,600
EXPENDITURES BY CLASS					
Personnel Costs	462,400	485,600	516,100	465,400	465,400
Operating Expenses	55,200	53,500	54,000	54,200	54,200
TOTAL EXPENDITURES	517,600	539,100	570,100	519,600	519,600
EXPENDITURES BY FUND SOURCE					
General Fund	456,600	478,100	509,100	458,600	458,600
Restricted Fund	61,000	61,000	61,000	61,000	61,000
TOTAL EXPENDITURES	517,600	539,100	570,100	519,600	519,600
EXPENDITURES BY UNIT					
Executive Branch Ethics Commission	517,600	539,100	570,100	519,600	519,600
TOTAL EXPENDITURES	517,600	539,100	570,100	519,600	519,600

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,050,000	1,995,000	2,126,000	1,798,400	1,798,400
Salary and Health Insurance Adjustments	42,900				
Budget Reduction-General Fund	-191,300				
Mandated Expenditure Reductions	-92,300				
Total General Fund	1,809,300	1,995,000	2,126,000	1,798,400	1,798,400
Restricted Fund					
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
Total Restricted Fund	1,060,200	2,169,200	3,220,200	1,369,200	1,499,900
TOTAL SOURCE OF FUNDS	2,869,500	4,164,200	5,346,200	3,167,600	3,298,300
EXPENDITURES BY CLASS					
Personnel Costs	2,154,000	2,318,500	2,477,800	2,207,300	2,219,100
Operating Expenses	616,300	637,500	639,200	672,400	671,600
TOTAL EXPENDITURES	2,770,300	2,956,000	3,117,000	2,879,700	2,890,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,809,300	1,995,000	2,156,000	1,798,400	1,798,400
Restricted Fund	961,000	961,000	961,000	1,081,300	1,092,300
TOTAL EXPENDITURES	2,770,300	2,956,000	3,117,000	2,879,700	2,890,700
EXPENDITURES BY UNIT					
General Administration	1,578,000	1,660,800	1,760,100	1,578,300	1,578,300
General Operations	1,146,100	1,245,500	1,303,400	1,255,200	1,266,200
Restoration of Land Grant Books	46,200	49,700	53,500	46,200	46,200
TOTAL EXPENDITURES	2,770,300	2,956,000	3,117,000	2,879,700	2,890,700

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 Executive Budget 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,847,400	9,304,300	5,521,300	3,990,400	4,040,400
Salary and Health Insurance Adjustments	17,600				
Budget Reduction-General Fund	-176,700				
Mandated Allotments	94,300				
Total General Fund	2,782,600	9,304,300	5,521,300	3,990,400	4,040,400
Restricted Fund					
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				
Total Restricted Fund	837,100	432,100	315,900	451,800	335,600
Federal Fund					
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
Total Federal Fund	19,314,300	11,414,600	5,848,800	11,414,600	5,848,800
TOTAL SOURCE OF FUNDS	22,934,000	21,151,000	11,686,000	15,856,800	10,224,800
EXPENDITURES BY CLASS					
Personnel Costs	1,036,800	1,104,800	1,171,600	1,047,200	1,047,200
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	8,866,700	7,906,700
TOTAL EXPENDITURES	11,897,000	15,785,700	10,986,800	10,471,800	9,505,900
EXPENDITURES BY FUND SOURCE					
General Fund	2,782,600	9,304,300	5,521,300	3,990,400	4,040,400
Restricted Fund	475,000	175,900	160,000	175,900	160,000
Federal Fund	8,639,400	6,305,500	5,305,500	6,305,500	5,305,500
TOTAL EXPENDITURES	11,897,000	15,785,700	10,986,800	10,471,800	9,505,900
EXPENDITURES BY UNIT					
General Administration and Support	1,426,500	1,614,100	1,675,000	1,298,600	1,292,700
State Share of County Election Expenses	20,400	2,145,600	2,214,600	1,430,000	1,480,000
State Share of Voter Registration Expenses	1,337,700	1,620,500	1,701,700	1,337,700	1,337,700
Election Fund	9,112,400	10,405,500	5,395,500	6,405,500	5,395,500
TOTAL EXPENDITURES	11,897,000	15,785,700	10,986,800	10,471,800	9,505,900

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 Executive Budget includes General Fund in the amount of \$1,430,000 in fiscal year 2011 and \$1,480,000 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,382,200	1,581,600	1,679,700	1,195,700	1,195,700
Salary and Health Insurance Adjustments	21,900				
Budget Reduction-General Fund	-126,900				
Mandated Expenditure Reductions	-60,600				
Total General Fund	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
Restricted Fund					
Balance Forward	100	100	100	100	100
Total Restricted Fund	100	100	100	100	100
TOTAL SOURCE OF FUNDS	1,216,700	1,581,700	1,679,800	1,195,800	1,195,800
EXPENDITURES BY CLASS					
Personnel Costs	1,055,800	1,376,800	1,474,900	1,024,600	1,024,600
Operating Expenses	160,800	204,800	204,800	171,100	171,100
TOTAL EXPENDITURES	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
TOTAL EXPENDITURES	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
EXPENDITURES BY UNIT					
Registry of Election Finance	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700
TOTAL EXPENDITURES	1,216,600	1,581,600	1,679,700	1,195,700	1,195,700

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,284,000	13,835,200	14,852,400	11,026,600	11,026,600
Salary and Health Insurance Adjustments	219,200				
Budget Reduction-General Fund	-1,640,900				
Mandated Expenditure Reductions	-579,300				
Total General Fund	11,283,000	13,835,200	14,852,400	11,026,600	11,026,600
Restricted Fund					
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
Total Restricted Fund	12,549,600	11,229,100	10,670,600	10,774,600	10,112,400
Federal Fund					
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
Total Federal Fund	3,846,500	4,641,700	3,410,800	4,641,700	3,410,800
TOTAL SOURCE OF FUNDS	27,679,100	29,706,000	28,933,800	26,442,900	24,549,800
EXPENDITURES BY CLASS					
Personnel Costs	16,740,300	19,035,900	19,149,600	17,279,000	16,330,200
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
TOTAL EXPENDITURES	25,456,400	28,255,200	28,161,000	24,907,100	23,692,000
EXPENDITURES BY FUND SOURCE					
General Fund	11,283,000	13,835,200	14,852,400	11,026,600	11,026,600
Restricted Fund	10,326,900	9,778,300	9,897,800	9,238,800	9,254,600
Federal Fund	3,846,500	4,641,700	3,410,800	4,641,700	3,410,800
TOTAL EXPENDITURES	25,456,400	28,255,200	28,161,000	24,907,100	23,692,000
EXPENDITURES BY UNIT					
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	3,509,100
Civil Services	2,071,000	2,428,600	2,589,200	2,184,000	2,225,100
Uninsured Employers Fund	6,900,000	7,479,400	7,607,800	6,939,900	6,964,600
TOTAL EXPENDITURES	25,456,400	28,255,200	28,161,000	24,907,100	23,692,000

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,147,800	39,417,000	41,774,300	36,170,900	36,170,900
Salary and Health Insurance Adjustments	725,000				
Special Appropriation	2,291,300				
Total General Fund	36,164,100	39,417,000	41,774,300	36,170,900	36,170,900
Restricted Fund					
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				
Total Restricted Fund	1,905,000	1,923,300	1,934,100	1,849,000	1,803,200
Federal Fund					
Current Receipts	114,300	82,100	82,400	79,300	79,300
Non-Revenue Receipts		40,200	43,400		
ARRA Receipts		205,100	65,800		
Total Federal Fund	114,300	327,400	191,600	79,300	79,300
TOTAL SOURCE OF FUNDS	38,183,400	41,667,700	43,900,000	38,099,200	38,053,400
EXPENDITURES BY CLASS					
Personnel Costs	32,814,700	36,158,300	38,466,200	32,971,800	33,020,200
Operating Expenses	4,866,200	5,082,100	5,039,800	4,700,100	4,664,200
Grants Loans Benefits	20,000	31,800	31,000	31,800	6,000
TOTAL EXPENDITURES	37,700,900	41,272,200	43,537,000	37,703,700	37,690,400
EXPENDITURES BY FUND SOURCE					
General Fund	36,164,100	39,417,000	41,774,300	36,170,900	36,170,900
Restricted Fund	1,422,500	1,527,800	1,571,100	1,453,500	1,440,200
Federal Fund	114,300	327,400	191,600	79,300	79,300
TOTAL EXPENDITURES	37,700,900	41,272,200	43,537,000	37,703,700	37,690,400
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	37,700,900	41,272,200	43,537,000	37,703,700	37,690,400
TOTAL EXPENDITURES	37,700,900	41,272,200	43,537,000	37,703,700	37,690,400

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**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,153,200	33,846,000	35,989,800	31,012,800	31,012,800
Salary and Health Insurance Adjustments	652,500				
Special Appropriation	2,207,100				
Total General Fund	31,012,800	33,846,000	35,989,800	31,012,800	31,012,800
Restricted Fund					
Balance Forward	383,200	283,800	198,100	283,800	198,100
Current Receipts	204,300	230,500	237,700	218,000	221,600
Total Restricted Fund	587,500	514,300	435,800	501,800	419,700
Federal Fund					
Current Receipts	499,900	540,600	579,700	499,900	499,900
Total Federal Fund	499,900	540,600	579,700	499,900	499,900
TOTAL SOURCE OF FUNDS	32,100,200	34,900,900	37,005,300	32,014,500	31,932,400
EXPENDITURES BY CLASS					
Personnel Costs	30,044,200	33,054,100	35,257,900	30,167,700	30,185,000
Operating Expenses	1,772,200	1,648,700	1,631,400	1,648,700	1,631,400
TOTAL EXPENDITURES	31,816,400	34,702,800	36,889,300	31,816,400	31,816,400
EXPENDITURES BY FUND SOURCE					
General Fund	31,012,800	33,846,000	35,989,800	31,012,800	31,012,800
Restricted Fund	303,700	316,200	319,800	303,700	303,700
Federal Fund	499,900	540,600	579,700	499,900	499,900
TOTAL EXPENDITURES	31,816,400	34,702,800	36,889,300	31,816,400	31,816,400
EXPENDITURES BY UNIT					
County Attorneys	31,816,400	34,702,800	36,889,300	31,816,400	31,816,400
TOTAL EXPENDITURES	31,816,400	34,702,800	36,889,300	31,816,400	31,816,400

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,927,600	2,466,000	2,611,200	1,671,300	1,671,300
Salary and Health Insurance Adjustments	36,200				
Budget Reduction-General Fund	-184,300				
Mandated Expenditure Reductions	-86,700				
Total General Fund	1,692,800	2,466,000	2,611,200	1,671,300	1,671,300
Restricted Fund					
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
Total Restricted Fund	988,100	997,200	1,030,500	1,035,400	1,053,300
Road Fund					
Regular Appropriation	250,000	250,000	250,000	250,000	250,000
Total Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL SOURCE OF FUNDS	2,930,900	3,713,200	3,891,700	2,956,700	2,974,600
EXPENDITURES BY CLASS					
Personnel Costs	2,508,300	2,962,200	3,140,700	2,585,200	2,603,100
Operating Expenses	360,800	751,000	751,000	371,500	371,500
TOTAL EXPENDITURES	2,869,100	3,713,200	3,891,700	2,956,700	2,974,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,692,800	2,466,000	2,611,200	1,671,300	1,671,300
Restricted Fund	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
TOTAL EXPENDITURES	2,869,100	3,713,200	3,891,700	2,956,700	2,974,600
EXPENDITURES BY UNIT					
General Administration and Support	1,274,800	1,938,800	2,028,900	1,252,000	1,252,000
Disbursements and Accounting	668,000	777,200	832,300	669,300	669,300
Abandoned Property Administration	926,300	997,200	1,030,500	1,035,400	1,053,300
TOTAL EXPENDITURES	2,869,100	3,713,200	3,891,700	2,956,700	2,974,600

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 Executive Budget 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,249,200	24,954,700	24,144,600	18,140,200	17,490,200
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				
Total General Fund	17,986,200	24,954,700	24,144,600	18,140,200	17,490,200
Restricted Fund					
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
Total Restricted Fund	12,148,100	12,958,600	9,553,900	12,635,500	8,896,500
Federal Fund					
Current Receipts	4,688,000	4,383,000	4,389,100	4,383,000	4,389,100
Non-Revenue Receipts	848,000	623,400	623,400	623,400	623,400
Total Federal Fund	5,536,000	5,006,400	5,012,500	5,006,400	5,012,500
TOTAL SOURCE OF FUNDS	35,670,300	42,919,700	38,711,000	35,782,100	31,399,200
EXPENDITURES BY CLASS					
Personnel Costs	16,096,800	19,792,800	21,133,200	16,288,500	16,402,300
Operating Expenses	6,644,900	11,168,800	8,928,200	9,888,700	8,258,800
Grants Loans Benefits	5,630,600	6,302,900	5,526,200	5,444,400	4,667,700
Capital Outlay	775,000	2,470,200	1,675,000	1,298,200	1,275,000
TOTAL EXPENDITURES	29,147,300	39,734,700	37,262,600	32,919,800	30,603,800
EXPENDITURES BY FUND SOURCE					
General Fund	17,986,200	24,954,700	24,144,600	18,140,200	17,490,200
Restricted Fund	5,625,100	9,773,600	8,105,500	9,773,200	8,101,100
Federal Fund	5,536,000	5,006,400	5,012,500	5,006,400	5,012,500
TOTAL EXPENDITURES	29,147,300	39,734,700	37,262,600	32,919,800	30,603,800
EXPENDITURES BY UNIT					
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	14,715,600	14,875,000
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	784,000	784,000
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	6,033,500
Small Winery Support Fund	612,300	403,300	407,400	400,000	400,000
TOTAL EXPENDITURES	29,147,300	39,734,700	37,262,600	32,919,800	30,603,800

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

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

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

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

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

Policy

The Executive Budget includes General Fund in the amount of \$650,000 in fiscal year 2011 for State Veterinarian expenditures for the Alltech FEI World Equestrian Games.

**General Government
Auditor of Public Accounts**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,660,300	5,935,700	6,828,900	4,696,300	4,696,300
Salary and Health Insurance Adjustments	122,100				
Budget Reduction-General Fund	-791,500				
Mandated Expenditure Reductions	-241,600				
Total General Fund	4,749,300	5,935,700	6,828,900	4,696,300	4,696,300
Restricted Fund					
Current Receipts	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
Total Restricted Fund	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
TOTAL SOURCE OF FUNDS	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800
EXPENDITURES BY CLASS					
Personnel Costs	9,298,500	10,151,600	10,881,400	9,294,200	9,294,800
Operating Expenses	1,049,600	1,000,900	1,000,300	531,600	366,000
TOTAL EXPENDITURES	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800
EXPENDITURES BY FUND SOURCE					
General Fund	4,749,300	5,935,700	6,828,900	4,696,300	4,696,300
Restricted Fund	5,598,800	5,216,800	5,052,800	5,129,500	4,964,500
TOTAL EXPENDITURES	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800
EXPENDITURES BY UNIT					
Auditor of Public Accounts	1,151,500	1,229,600	1,310,500	1,151,500	1,151,500
Financial Audit	7,300,000	7,929,600	8,450,700	6,777,700	6,612,700
Technology and Specialized Audits	1,896,600	1,993,300	2,120,500	1,896,600	1,896,600
TOTAL EXPENDITURES	10,348,100	11,152,500	11,881,700	9,825,800	9,660,800

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	8,800	10,400		10,400	10,400
Current Receipts	795,400	839,200	893,300	801,800	809,400
Total Restricted Fund	804,200	849,600	893,300	812,200	819,800
TOTAL SOURCE OF FUNDS	804,200	849,600	893,300	812,200	819,800
EXPENDITURES BY CLASS					
Personnel Costs	688,300	748,300	790,600	701,800	717,100
Operating Expenses	105,500	101,300	102,700	100,000	102,700
TOTAL EXPENDITURES	793,800	849,600	893,300	801,800	819,800
EXPENDITURES BY FUND SOURCE					
Restricted Fund	793,800	849,600	893,300	801,800	819,800
TOTAL EXPENDITURES	793,800	849,600	893,300	801,800	819,800
EXPENDITURES BY UNIT					
Personnel Board	793,800	849,600	893,300	801,800	819,800
TOTAL EXPENDITURES	793,800	849,600	893,300	801,800	819,800

Created by the 1982 General Assembly, the Personnel Board is composed of seven members. The Governor appoints five, and two are classified employees elected by their colleagues. 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
Restricted Fund					
Balance Forward	2,684,500				
Non-Revenue Receipts	24,041,000	29,070,500	29,867,400	28,879,100	29,252,500
Total Restricted Fund	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
TOTAL SOURCE OF FUNDS	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
EXPENDITURES BY CLASS					
Personnel Costs	21,368,700	24,149,700	24,926,600	23,958,300	24,311,700
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
TOTAL EXPENDITURES	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
EXPENDITURES BY FUND SOURCE					
Restricted Fund	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
TOTAL EXPENDITURES	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
EXPENDITURES BY UNIT					
Kentucky Retirement Systems	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500
TOTAL EXPENDITURES	26,725,500	29,070,500	29,867,400	28,879,100	29,252,500

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

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

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

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

General Government
Occupational & Professional Boards & Commissions

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		172,800	99,100		
Total General Fund		172,800	99,100		
Restricted Fund					
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				
Total Restricted Fund	34,155,900	33,264,300	31,120,100	33,387,100	31,474,700
TOTAL SOURCE OF FUNDS	34,155,900	33,437,100	31,219,200	33,387,100	31,474,700
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300
EXPENDITURES BY FUND SOURCE					
General Fund		172,800	99,100		
Restricted Fund	20,238,800	21,240,600	22,115,900	20,975,900	21,261,300
TOTAL EXPENDITURES	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	20,238,800	21,413,400	22,215,000	20,975,900	21,261,300

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	304,800	409,500	423,500	261,700	261,700
Salary and Health Insurance Adjustments	5,000				
Budget Reduction-General Fund	-29,100				
Mandated Expenditure Reductions	-13,700				
Total General Fund	267,000	409,500	423,500	261,700	261,700
Restricted Fund					
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
Total Restricted Fund	5,124,900	6,201,800	5,424,000	5,683,300	3,814,500
TOTAL SOURCE OF FUNDS	5,391,900	6,611,300	5,847,500	5,945,000	4,076,200
EXPENDITURES BY CLASS					
Personnel Costs	612,400	664,700	707,300	631,300	641,900
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
TOTAL EXPENDITURES	2,328,600	5,655,700	4,845,400	4,810,500	4,076,200
EXPENDITURES BY FUND SOURCE					
General Fund	267,000	409,500	423,500	261,700	261,700
Restricted Fund	2,061,600	5,246,200	4,421,900	4,548,800	3,814,500
TOTAL EXPENDITURES	2,328,600	5,655,700	4,845,400	4,810,500	4,076,200
EXPENDITURES BY UNIT					
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	261,700	261,700
TOTAL EXPENDITURES	2,328,600	5,655,700	4,845,400	4,810,500	4,076,200

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
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				
Total General Fund	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
TOTAL SOURCE OF FUNDS	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
EXPENDITURES BY FUND SOURCE					
General Fund	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
TOTAL EXPENDITURES	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
EXPENDITURES BY UNIT					
School Facilities Construction Commission	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000
TOTAL EXPENDITURES	106,209,100	107,991,700	118,399,400	101,433,100	102,802,000

The School Facilities Construction Commission, created by the 1985 Extraordinary Session of the General Assembly (KRS 157.611 et seq.), exists to assist local school districts with their school building needs. The 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 \$4.6 billion (combined state and local participation) have been sold for school construction.

Policy

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

The recommended budget includes \$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.

Finally, the Executive 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	201,252,600	517,510,200	598,806,900	219,491,900	245,637,000
Total General Fund	201,252,600	517,510,200	598,806,900	219,491,900	245,637,000
Restricted Fund					
Balance Forward	2,118,800				
Non-Revenue Receipts	8,732,200	11,428,700	12,030,300	11,428,700	12,030,300
Total Restricted Fund	10,851,000	11,428,700	12,030,300	11,428,700	12,030,300
TOTAL SOURCE OF FUNDS	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
EXPENDITURES BY CLASS					
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	103,845,700
Capital Outlay	150,000	157,500	165,400	157,500	165,400
TOTAL EXPENDITURES	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
EXPENDITURES BY FUND SOURCE					
General Fund	201,252,600	517,510,200	598,806,900	219,491,900	245,637,000
Restricted Fund	10,851,000	11,428,700	12,030,300	11,428,700	12,030,300
TOTAL EXPENDITURES	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
EXPENDITURES BY UNIT					
Teachers' Retirement System	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300
TOTAL EXPENDITURES	212,103,600	528,938,900	610,837,200	230,920,600	257,667,300

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.

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

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

Policy

The Executive Budget includes General Funds in the amount of \$74,693,700 in fiscal year 2011 and \$102,281,200 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 refinancing of an existing hard liability will save \$96 million through fiscal year 2022. This alternative finances a cumulative \$476,160,000 liability and a projected medical cost liability of \$170,000,000 in each year of the 2010-2012 biennium at a lower interest rate than the current 7.5 percent interest rate.

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

The recommended budget includes \$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 recommended 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 recommended 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 established in 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>Recommended FY 2011</u>	<u>Recommended FY 2012</u>
SOURCE OF FUNDS					
General Fund					
Continuing Approp.-General Fund	1,000				
Mandated Allotments	150,000				
Total General Fund	<u>151,000</u>				
TOTAL SOURCE OF FUNDS	151,000				
EXPENDITURES BY CLASS					
Personnel Costs	79,600				
Operating Expenses	71,400				
TOTAL EXPENDITURES	<u>151,000</u>				
EXPENDITURES BY FUND SOURCE					
General Fund	151,000				
TOTAL EXPENDITURES	<u>151,000</u>				
EXPENDITURES BY UNIT					
Judgments	151,000				
TOTAL EXPENDITURES	<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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
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				
Total General Fund	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
TOTAL SOURCE OF FUNDS	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
EXPENDITURES BY FUND SOURCE					
General Fund	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
TOTAL EXPENDITURES	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	14,076,100	14,076,100	14,076,100	5,776,100	5,776,100

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.

This page intentionally left blank

Economic Development

Economic Development

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	26,092,100	48,631,600	49,160,900	25,863,400	31,340,900
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				
Total General Fund	44,666,000	54,631,600	54,160,900	31,863,400	36,340,900
Restricted Fund					
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
Total Restricted Fund	4,138,900	2,078,800	2,180,200	2,066,300	2,112,700
Federal Fund					
Balance Forward	29,600				
Current Receipts	4,555,400	155,400	155,400	155,400	155,400
Total Federal Fund	4,585,000	155,400	155,400	155,400	155,400
TOTAL SOURCE OF FUNDS	53,389,900	56,865,800	56,496,500	34,085,100	38,609,000
EXPENDITURES BY CLASS					
Personnel Costs	9,908,600	10,470,500	11,078,900	9,940,600	9,974,300
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	3,848,500	9,326,000
TOTAL EXPENDITURES	46,645,400	51,865,800	56,496,500	29,085,100	38,609,000
EXPENDITURES BY FUND SOURCE					
General Fund	38,666,000	49,631,600	54,160,900	26,863,400	36,340,900
Restricted Fund	3,394,400	2,078,800	2,180,200	2,066,300	2,112,700
Federal Fund	4,585,000	155,400	155,400	155,400	155,400
TOTAL EXPENDITURES	46,645,400	51,865,800	56,496,500	29,085,100	38,609,000
EXPENDITURES BY UNIT					
Secretary	19,355,600	14,324,000	14,559,400	14,473,400	15,050,600
Business Development	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300
Financial Incentives	21,705,600	31,983,000	36,111,900	9,354,400	18,301,100
TOTAL EXPENDITURES	46,645,400	51,865,800	56,496,500	29,085,100	38,609,000

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,796,900	14,137,200	14,359,400	14,286,600	14,850,600
Salary and Health Insurance Adjustments	64,500				
Budget Reduction-General Fund	-612,100				
Mandated Expenditure Reductions	-901,400				
Reorganization Adjustment	-408,200				
Total General Fund	13,939,700	14,137,200	14,359,400	14,286,600	14,850,600
Restricted Fund					
Balance Forward	992,700	186,800		186,800	
Current Receipts	10,000				
Non-Revenue Receipts	200,000		200,000		200,000
Total Restricted Fund	1,202,700	186,800	200,000	186,800	200,000
Federal Fund					
Current Receipts	4,400,000				
Total Federal Fund	4,400,000				
TOTAL SOURCE OF FUNDS	19,542,400	14,324,000	14,559,400	14,473,400	15,050,600
EXPENDITURES BY CLASS					
Personnel Costs	3,514,900	3,657,800	3,874,400	3,466,400	3,466,900
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				282,000	846,000
TOTAL EXPENDITURES	19,355,600	14,324,000	14,559,400	14,473,400	15,050,600
EXPENDITURES BY FUND SOURCE					
General Fund	13,939,700	14,137,200	14,359,400	14,286,600	14,850,600
Restricted Fund	1,015,900	186,800	200,000	186,800	200,000
Federal Fund	4,400,000				
TOTAL EXPENDITURES	19,355,600	14,324,000	14,559,400	14,473,400	15,050,600
EXPENDITURES BY UNIT					
Executive Policy & Management	7,109,800	2,519,500	2,625,700	2,438,000	2,451,200
Commercialization & Innovation	10,627,200	10,091,800	10,126,200	10,347,300	10,911,300
Administration and Support	1,618,600	1,712,700	1,807,500	1,688,100	1,688,100
TOTAL EXPENDITURES	19,355,600	14,324,000	14,559,400	14,473,400	15,050,600

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.

Policy

The Executive Budget provides General Fund of \$282,000 in fiscal year 2011 and \$846,000 in fiscal year 2012 for debt service on \$10 million in new bonds for the High Tech Construction/Investment Pool.

**Economic Development
Business Development**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,094,700	5,103,400	5,369,800	4,801,900	4,801,900
Salary and Health Insurance Adjustments	51,900				
Budget Reduction-General Fund	-534,100				
Mandated Expenditure Reductions	-218,800				
Reorganization Adjustment	408,200				
Total General Fund	4,801,900	5,103,400	5,369,800	4,801,900	4,801,900
Restricted Fund					
Balance Forward	333,400				
Non-Revenue Receipts	263,900	300,000	300,000	300,000	300,000
Total Restricted Fund	597,300	300,000	300,000	300,000	300,000
Federal Fund					
Balance Forward	29,600				
Current Receipts	155,400	155,400	155,400	155,400	155,400
Total Federal Fund	185,000	155,400	155,400	155,400	155,400
TOTAL SOURCE OF FUNDS	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300
EXPENDITURES BY CLASS					
Personnel Costs	4,427,300	4,742,700	5,005,600	4,444,700	4,444,700
Operating Expenses	859,600	816,100	819,600	812,600	812,600
Grants Loans Benefits	297,300				
TOTAL EXPENDITURES	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300
EXPENDITURES BY FUND SOURCE					
General Fund	4,801,900	5,103,400	5,369,800	4,801,900	4,801,900
Restricted Fund	597,300	300,000	300,000	300,000	300,000
Federal Fund	185,000	155,400	155,400	155,400	155,400
TOTAL EXPENDITURES	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300
EXPENDITURES BY UNIT					
Executive Policy & Management	2,560,200	2,373,100	2,454,000	2,220,300	2,220,300
Regional Offices	643,200	682,000	726,600	646,700	646,700
Procurement Assistance	341,800	360,000	381,400	343,100	343,100
Research	777,000	823,100	880,200	781,300	781,300
Small and Minority Business	489,100	524,000	560,100	491,500	491,500
International Trade	772,900	796,600	822,900	774,400	774,400
TOTAL EXPENDITURES	5,584,200	5,558,800	5,825,200	5,257,300	5,257,300

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. 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 for Regional Economic Development conducts a statewide existing business visitation program and assists communities in preparing for their role in economic development. The Division has representatives in Madisonville, Frankfort and Prestonsburg.

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,200,500	29,391,000	29,431,700	6,774,900	11,688,400
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				
Total General Fund	25,924,400	35,391,000	34,431,700	12,774,900	16,688,400
Restricted Fund					
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
Total Restricted Fund	2,338,900	1,592,000	1,680,200	1,579,500	1,612,700
TOTAL SOURCE OF FUNDS	28,263,300	36,983,000	36,111,900	14,354,400	18,301,100
EXPENDITURES BY CLASS					
Personnel Costs	1,966,400	2,070,000	2,198,900	2,029,500	2,062,700
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	3,566,500	8,480,000
TOTAL EXPENDITURES	21,705,600	31,983,000	36,111,900	9,354,400	18,301,100
EXPENDITURES BY FUND SOURCE					
General Fund	19,924,400	30,391,000	34,431,700	7,774,900	16,688,400
Restricted Fund	1,781,200	1,592,000	1,680,200	1,579,500	1,612,700
TOTAL EXPENDITURES	21,705,600	31,983,000	36,111,900	9,354,400	18,301,100
EXPENDITURES BY UNIT					
Financial Incentives	3,519,200	25,410,300	25,498,500	5,146,000	10,092,700
Bluegrass State Skills	18,186,400	6,572,700	10,613,400	4,208,400	8,208,400
TOTAL EXPENDITURES	21,705,600	31,983,000	36,111,900	9,354,400	18,301,100

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 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. Also available for tax years beginning in 2012 is a tax credit for small businesses that create just one new job and invest at least \$5,000 in new equipment.

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 Governor's recommended budget includes General Fund of \$3,566,500 in fiscal year 2011 and \$8,480,000 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 \$17,500,000 in each fiscal year for KEDFA loans and \$7,500,000 in each fiscal year 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.

This page intentionally left blank

Department of Education

Department of Education

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,907,626,300	4,126,600,400	4,388,829,900	3,715,125,600	3,937,842,200
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		
Total General Fund	3,629,474,121	4,349,639,100	4,611,868,600	3,715,125,600	3,937,842,200
Tobacco Fund					
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				
Total Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Fund					
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
Total Restricted Fund	5,060,677	5,760,700	5,760,700	5,629,200	5,660,200
Federal Fund					
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	
Total Federal Fund	1,254,985,500	1,032,098,100	848,424,500	1,214,581,300	848,353,400
TOTAL SOURCE OF FUNDS	4,891,931,798	5,389,022,900	5,467,578,800	4,937,486,100	4,793,905,800
EXPENDITURES BY CLASS					
Personnel Costs	72,805,200	87,060,200	92,480,500	77,606,100	79,324,600
Operating Expenses	28,984,409	42,123,431	42,165,031	22,929,131	23,092,231
Grants Loans Benefits	4,790,114,389	5,259,809,869	5,332,903,869	4,836,923,069	4,691,461,169
TOTAL EXPENDITURES	4,891,903,998	5,388,993,500	5,467,549,400	4,937,458,300	4,793,878,000
EXPENDITURES BY FUND SOURCE					
General Fund	3,629,474,121	4,349,639,100	4,611,868,600	3,715,125,600	3,937,842,200
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Fund	5,032,877	5,731,300	5,731,300	5,601,400	5,632,400
Federal Fund	1,254,985,500	1,032,098,100	848,424,500	1,214,581,300	848,353,400
TOTAL EXPENDITURES	4,891,903,998	5,388,993,500	5,467,549,400	4,937,458,300	4,793,878,000
EXPENDITURES BY UNIT					
Executive Policy and Management	642,400	746,900	781,500	629,600	629,600
Operations and Support Services	61,692,500	69,635,600	64,700,800	60,856,900	55,382,600
Learning and Results Services	1,885,934,898	2,053,963,300	1,939,275,400	1,932,337,600	1,794,231,600
Support Education Excellence in Kentucky (SEEK)	2,943,634,200	3,264,647,700	3,462,791,700	2,943,634,200	2,943,634,200
TOTAL EXPENDITURES	4,891,903,998	5,388,993,500	5,467,549,400	4,937,458,300	4,793,878,000

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	729,000	746,900	781,500	629,600	629,600
Salary and Health Insurance Adjustments	3,300				
Budget Reduction-General Fund	-77,800				
Mandated Expenditure Reductions	-12,100				
Total General Fund	642,400	746,900	781,500	629,600	629,600
TOTAL SOURCE OF FUNDS	642,400	746,900	781,500	629,600	629,600
EXPENDITURES BY CLASS					
Personnel Costs	573,900	630,700	665,300	591,200	591,200
Operating Expenses	68,500	116,200	116,200	38,400	38,400
TOTAL EXPENDITURES	642,400	746,900	781,500	629,600	629,600
EXPENDITURES BY FUND SOURCE					
General Fund	642,400	746,900	781,500	629,600	629,600
TOTAL EXPENDITURES	642,400	746,900	781,500	629,600	629,600
EXPENDITURES BY UNIT					
Commissioner's Office	597,500	648,700	683,300	584,700	584,700
Kentucky Board of Education	44,900	98,200	98,200	44,900	44,900
TOTAL EXPENDITURES	642,400	746,900	781,500	629,600	629,600

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.

**Department of Education
Operations and Support Services**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	46,496,500	51,397,700	51,962,900	42,585,500	42,585,500
Salary and Health Insurance Adjustments	76,200				
Budget Reduction-General Fund	-2,571,500				
Mandated Expenditure Reductions	-546,600				
Total General Fund	43,454,600	51,397,700	51,962,900	42,585,500	42,585,500
Restricted Fund					
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
Total Restricted Fund	2,237,900	2,210,100	2,210,100	2,271,400	2,297,100
Federal Fund					
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
Total Federal Fund	16,027,800	16,027,800	10,527,800	16,027,800	10,527,800
TOTAL SOURCE OF FUNDS	61,720,300	69,635,600	64,700,800	60,884,700	55,410,400
EXPENDITURES BY CLASS					
Personnel Costs	6,334,300	9,231,500	9,755,000	6,332,100	6,184,500
Operating Expenses	18,890,500	22,196,400	22,238,100	15,292,100	15,465,400
Grants Loans Benefits	36,467,700	38,207,700	32,707,700	39,232,700	33,732,700
TOTAL EXPENDITURES	61,692,500	69,635,600	64,700,800	60,856,900	55,382,600
EXPENDITURES BY FUND SOURCE					
General Fund	43,454,600	51,397,700	51,962,900	42,585,500	42,585,500
Restricted Fund	2,210,100	2,210,100	2,210,100	2,243,600	2,269,300
Federal Fund	16,027,800	16,027,800	10,527,800	16,027,800	10,527,800
TOTAL EXPENDITURES	61,692,500	69,635,600	64,700,800	60,856,900	55,382,600
EXPENDITURES BY UNIT					
Administrative and Legal Services	7,850,300	11,257,800	11,653,000	7,948,500	7,974,200
Education Technology	53,842,200	58,377,800	53,047,800	52,908,400	47,408,400
TOTAL EXPENDITURES	61,692,500	69,635,600	64,700,800	60,856,900	55,382,600

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,521,000	9,094,900	9,490,100	5,752,100	5,752,100
Salary and Health Insurance Adjustments	76,200				
Budget Reduction-General Fund	-573,900				
Mandated Expenditure Reductions	-335,900				
Total General Fund	5,687,400	9,094,900	9,490,100	5,752,100	5,752,100
Restricted Fund					
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
Total Restricted Fund	2,162,900	2,135,100	2,135,100	2,196,400	2,222,100
Federal Fund					
Current Receipts	27,800	27,800	27,800	27,800	27,800
Total Federal Fund	27,800	27,800	27,800	27,800	27,800
TOTAL SOURCE OF FUNDS	7,878,100	11,257,800	11,653,000	7,976,300	8,002,000
EXPENDITURES BY CLASS					
Personnel Costs	4,065,400	6,215,700	6,569,200	4,196,500	4,222,600
Operating Expenses	3,652,200	4,909,400	4,951,100	3,619,300	3,618,900
Grants Loans Benefits	132,700	132,700	132,700	132,700	132,700
TOTAL EXPENDITURES	7,850,300	11,257,800	11,653,000	7,948,500	7,974,200
EXPENDITURES BY FUND SOURCE					
General Fund	5,687,400	9,094,900	9,490,100	5,752,100	5,752,100
Restricted Fund	2,135,100	2,135,100	2,135,100	2,168,600	2,194,300
Federal Fund	27,800	27,800	27,800	27,800	27,800
TOTAL EXPENDITURES	7,850,300	11,257,800	11,653,000	7,948,500	7,974,200
EXPENDITURES BY UNIT					
Deputy Commissioner	220,000	342,000	354,800	223,100	223,100
Internal Administration and Support	6,442,400	9,331,800	9,632,900	6,494,000	6,519,700
Legal, Legislative and Communication Services	1,187,900	1,584,000	1,665,300	1,231,400	1,231,400
TOTAL EXPENDITURES	7,850,300	11,257,800	11,653,000	7,948,500	7,974,200

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,975,500	42,302,800	42,472,800	36,833,400	36,833,400
Budget Reduction-General Fund	-1,997,600				
Mandated Expenditure Reductions	-210,700				
Total General Fund	37,767,200	42,302,800	42,472,800	36,833,400	36,833,400
Restricted Fund					
Balance Forward	772				
Current Receipts	74,228	75,000	75,000	75,000	75,000
Total Restricted Fund	75,000	75,000	75,000	75,000	75,000
Federal Fund					
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
Total Federal Fund	16,000,000	16,000,000	10,500,000	16,000,000	10,500,000
TOTAL SOURCE OF FUNDS	53,842,200	58,377,800	53,047,800	52,908,400	47,408,400
EXPENDITURES BY CLASS					
Personnel Costs	2,268,900	3,015,800	3,185,800	2,135,600	1,961,900
Operating Expenses	15,238,300	17,287,000	17,287,000	11,672,800	11,846,500
Grants Loans Benefits	36,335,000	38,075,000	32,575,000	39,100,000	33,600,000
TOTAL EXPENDITURES	53,842,200	58,377,800	53,047,800	52,908,400	47,408,400
EXPENDITURES BY FUND SOURCE					
General Fund	37,767,200	42,302,800	42,472,800	36,833,400	36,833,400
Restricted Fund	75,000	75,000	75,000	75,000	75,000
Federal Fund	16,000,000	16,000,000	10,500,000	16,000,000	10,500,000
TOTAL EXPENDITURES	53,842,200	58,377,800	53,047,800	52,908,400	47,408,400

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**

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	886,864,700	1,032,846,800	1,096,332,500	910,762,500	950,992,900
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				
Total General Fund	864,781,621	1,032,846,800	1,096,332,500	910,762,500	950,992,900
Tobacco Fund					
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				
Total Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Fund					
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
Total Restricted Fund	2,822,777	3,550,600	3,550,600	3,357,800	3,363,100
Federal Fund					
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
Total Federal Fund	1,015,919,000	1,016,070,300	837,896,700	1,016,067,300	837,825,600
TOTAL SOURCE OF FUNDS	1,885,934,898	2,053,992,700	1,939,304,800	1,932,337,600	1,794,231,600
EXPENDITURES BY CLASS					
Personnel Costs	65,897,000	77,198,000	82,060,200	70,682,800	72,548,900
Operating Expenses	10,025,409	19,810,831	19,810,731	7,598,631	7,588,431
Grants Loans Benefits	1,810,012,489	1,956,954,469	1,837,404,469	1,854,056,169	1,714,094,269
TOTAL EXPENDITURES	1,885,934,898	2,053,963,300	1,939,275,400	1,932,337,600	1,794,231,600
EXPENDITURES BY FUND SOURCE					
General Fund	864,781,621	1,032,846,800	1,096,332,500	910,762,500	950,992,900
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Restricted Fund	2,822,777	3,521,200	3,521,200	3,357,800	3,363,100
Federal Fund	1,015,919,000	1,016,070,300	837,896,700	1,016,067,300	837,825,600
TOTAL EXPENDITURES	1,885,934,898	2,053,963,300	1,939,275,400	1,932,337,600	1,794,231,600
EXPENDITURES BY UNIT					
Administration and Program Support	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700
Special Instructional Services	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700
Leadership and School Improvement	91,297,000	105,161,500	105,323,600	89,850,700	89,841,100
Assessment and Accountability	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600
Teaching and Learning	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300
Early Childhood Development	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700
District Support Services	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200
Local District Health Insurance	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
TOTAL EXPENDITURES	1,885,934,898	2,053,963,300	1,939,275,400	1,932,337,600	1,794,231,600

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,855,500	5,006,900	5,247,000	4,024,600	4,124,200
Salary and Health Insurance Adjustments	45,500				
Budget Reduction-General Fund	-588,100				
Mandated Expenditure Reductions	-153,700				
Total General Fund	2,159,200	5,006,900	5,247,000	4,024,600	4,124,200
Restricted Fund					
Balance Forward	55,074				
Current Receipts	362,926	418,000	418,000	418,000	418,000
Total Restricted Fund	418,000	418,000	418,000	418,000	418,000
Federal Fund					
Current Receipts	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
Total Federal Fund	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
TOTAL SOURCE OF FUNDS	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700
EXPENDITURES BY CLASS					
Personnel Costs	2,082,000	4,850,500	5,090,600	3,957,600	4,057,200
Operating Expenses	77,200	156,400	156,400	67,000	67,000
Grants Loans Benefits	1,442,500	1,442,500	1,442,500	1,442,500	1,442,500
TOTAL EXPENDITURES	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,159,200	5,006,900	5,247,000	4,024,600	4,124,200
Restricted Fund	418,000	418,000	418,000	418,000	418,000
Federal Fund	1,024,500	1,024,500	1,024,500	1,024,500	1,024,500
TOTAL EXPENDITURES	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700
EXPENDITURES BY UNIT					
Deputy Commissioner	754,200	2,678,400	2,797,000	2,619,600	2,719,200
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	418,000	418,000
A&A - Associate Commissioner	406,600	545,300	574,100	406,600	406,600
Teaching and Learning-Assoc Comm	540,100	650,100	681,500	540,100	540,100
DSS - Associate Commissioner	188,200	534,300	553,300	188,200	188,200
TOTAL EXPENDITURES	3,601,700	6,449,400	6,689,500	5,467,100	5,566,700

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 Executive Budget includes \$1,865,400 in fiscal year 2011 and \$1,965,000 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
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				
Total General Fund	30,834,800	33,110,800	34,484,100	30,253,700	30,249,800
Restricted Fund					
Balance Forward	433,287				
Current Receipts	679,203	1,813,600	1,813,600	1,620,800	1,626,100
Total Restricted Fund	1,112,490	1,813,600	1,813,600	1,620,800	1,626,100
Federal Fund					
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
Total Federal Fund	715,457,500	715,608,800	540,835,200	715,582,300	540,728,800
TOTAL SOURCE OF FUNDS	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700
EXPENDITURES BY FUND SOURCE					
General Fund	30,834,800	33,110,800	34,484,100	30,253,700	30,249,800
Restricted Fund	1,112,490	1,813,600	1,813,600	1,620,800	1,626,100
Federal Fund	715,457,500	715,608,800	540,835,200	715,582,300	540,728,800
TOTAL EXPENDITURES	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	747,404,790	750,533,200	577,132,900	747,456,800	572,604,700

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	154,500	194,700	199,100	99,100	99,100
Budget Reduction-General Fund	-55,400				
Total General Fund	99,100	194,700	199,100	99,100	99,100
Federal Fund					
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
Total Federal Fund	276,226,200	276,306,900	188,428,700	276,255,400	188,277,500
TOTAL SOURCE OF FUNDS	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	276,325,300	276,501,600	188,627,800	276,354,500	188,376,600
EXPENDITURES BY FUND SOURCE					
General Fund	99,100	194,700	199,100	99,100	99,100
Federal Fund	276,226,200	276,306,900	188,428,700	276,255,400	188,277,500
TOTAL EXPENDITURES	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.

Local Education Agencies will obligate the majority of these funds during school years 2008-09 and 2009-10 and the remainder 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 public and private 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
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				
Total General Fund	13,510,900	14,190,400	14,547,400	13,271,600	13,270,000
Restricted Fund					
Balance Forward	343,893				
Current Receipts	456,507	1,300,400	1,300,400	1,307,600	1,312,900
Total Restricted Fund	800,400	1,300,400	1,300,400	1,307,600	1,312,900
Federal Fund					
Current Receipts	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
Total Federal Fund	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
TOTAL SOURCE OF FUNDS	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	22,819,700	23,999,200	24,356,200	23,087,600	23,091,300
EXPENDITURES BY FUND SOURCE					
General Fund	13,510,900	14,190,400	14,547,400	13,271,600	13,270,000
Restricted Fund	800,400	1,300,400	1,300,400	1,307,600	1,312,900
Federal Fund	8,508,400	8,508,400	8,508,400	8,508,400	8,508,400
TOTAL EXPENDITURES	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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		69,000	74,200		
Total General Fund		69,000	74,200		
Restricted Fund					
Balance Forward	7,141				
Current Receipts	10,859	18,000	18,000	18,000	18,000
Total Restricted Fund	18,000	18,000	18,000	18,000	18,000
Federal Fund					
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
Total Federal Fund	430,722,900	430,793,500	343,898,100	430,818,500	343,942,900
TOTAL SOURCE OF FUNDS	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
EXPENDITURES BY FUND SOURCE					
General Fund		69,000	74,200		
Restricted Fund	18,000	18,000	18,000	18,000	18,000
Federal Fund	430,722,900	430,793,500	343,898,100	430,818,500	343,942,900
TOTAL EXPENDITURES	430,740,900	430,880,500	343,990,300	430,836,500	343,960,900
EXPENDITURES BY UNIT					
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
TOTAL EXPENDITURES	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 program provides remedial and supplementary educational services to disadvantaged students who meet at least one of the following criteria: educationally deprived, migrant, neglected or delinquent, handicapped and currently or formerly institutionalized, or confined in a correctional facility.

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 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.

Kentucky has also been awarded \$47,316,700 in additional School Improvement Grants 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 outcomes.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,479,100	7,573,100	7,976,800	6,840,600	6,839,700
Budget Reduction-General Fund	-500,000				
Total General Fund	6,979,100	7,573,100	7,976,800	6,840,600	6,839,700
Restricted Fund					
Balance Forward	37,110				
Current Receipts	11,780	50,000	50,000	50,000	50,000
Total Restricted Fund	48,890	50,000	50,000	50,000	50,000
TOTAL SOURCE OF FUNDS	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	7,027,990	7,623,100	8,026,800	6,890,600	6,889,700
EXPENDITURES BY FUND SOURCE					
General Fund	6,979,100	7,573,100	7,976,800	6,840,600	6,839,700
Restricted Fund	48,890	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
Total General Fund	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
Restricted Fund					
Balance Forward	45,143				
Current Receipts	200,057	445,200	445,200	245,200	245,200
Total Restricted Fund	245,200	445,200	445,200	245,200	245,200
TOTAL SOURCE OF FUNDS	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200
EXPENDITURES BY CLASS					
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
TOTAL EXPENDITURES	10,490,900	11,528,800	12,131,800	10,287,600	10,286,200
EXPENDITURES BY FUND SOURCE					
General Fund	10,245,700	11,083,600	11,686,600	10,042,400	10,041,000
Restricted Fund	245,200	445,200	445,200	245,200	245,200
TOTAL EXPENDITURES	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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	77,280,000	88,981,200	89,143,300	73,641,000	73,631,400
Salary and Health Insurance Adjustments	45,500				
Budget Reduction-General Fund	-2,091,100				
Mandated Expenditure Reductions	-147,100				
Total General Fund	75,087,300	88,981,200	89,143,300	73,641,000	73,631,400
Restricted Fund					
Balance Forward	29,400	29,400	29,400		
Current Receipts	205,000	205,000	205,000	234,400	234,400
Total Restricted Fund	234,400	234,400	234,400	234,400	234,400
Federal Fund					
Current Receipts	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
Total Federal Fund	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
TOTAL SOURCE OF FUNDS	91,297,000	105,190,900	105,353,000	89,850,700	89,841,100
EXPENDITURES BY CLASS					
Personnel Costs	6,856,400	7,377,600	7,539,700	6,762,200	6,761,500
Operating Expenses	899,700	1,188,000	1,188,000	887,200	887,200
Grants Loans Benefits	83,540,900	96,595,900	96,595,900	82,201,300	82,192,400
TOTAL EXPENDITURES	91,297,000	105,161,500	105,323,600	89,850,700	89,841,100
EXPENDITURES BY FUND SOURCE					
General Fund	75,087,300	88,981,200	89,143,300	73,641,000	73,631,400
Restricted Fund	234,400	205,000	205,000	234,400	234,400
Federal Fund	15,975,300	15,975,300	15,975,300	15,975,300	15,975,300
TOTAL EXPENDITURES	91,297,000	105,161,500	105,323,600	89,850,700	89,841,100
EXPENDITURES BY UNIT					
Leadership and Instructional Support	6,914,100	15,991,000	16,038,500	6,790,200	6,789,400
Family Resource and Youth Services Centers	55,502,500	57,230,500	57,234,100	54,402,600	54,395,300
Community Education	2,100,000	2,100,000	2,100,000	2,058,300	2,058,100
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	337,200	337,100
Community Service for Expelled Students	271,400	271,400	271,400	271,400	271,400
Scholastic Assistance	490,700	612,300	647,400	490,700	490,700
Commonwealth School Improvement	1,552,400	4,046,200	4,050,000	1,522,500	1,522,300
Highly Skilled Educators	5,375,400	5,660,200	5,683,400	5,268,700	5,268,000
Educator Quality and Diversity	3,050,200	3,086,200	3,113,500	3,012,800	3,012,500
TOTAL EXPENDITURES	91,297,000	105,161,500	105,323,600	89,850,700	89,841,100

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 21st 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,126,600	19,791,500	21,508,400	16,790,800	18,420,300
Salary and Health Insurance Adjustments	27,300				
Budget Reduction-General Fund	-70,100				
Total General Fund	11,083,800	19,791,500	21,508,400	16,790,800	18,420,300
Federal Fund					
Current Receipts	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
Total Federal Fund	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
TOTAL SOURCE OF FUNDS	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600
EXPENDITURES BY CLASS					
Personnel Costs	24,595,700	31,003,600	32,720,500	29,407,600	31,037,100
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
TOTAL EXPENDITURES	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600
EXPENDITURES BY FUND SOURCE					
General Fund	11,083,800	19,791,500	21,508,400	16,790,800	18,420,300
Federal Fund	13,779,300	13,779,300	13,779,300	13,779,300	13,779,300
TOTAL EXPENDITURES	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600
EXPENDITURES BY UNIT					
Assessment Implementation	790,400	838,900	884,100	790,400	790,400
Commonwealth Accountability Testing System(CATS)	6,568,700	11,568,700	13,199,500	11,568,700	13,199,500
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 Portfilio	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	1,372,200	1,372,000
TOTAL EXPENDITURES	24,863,100	33,570,800	35,287,700	30,570,100	32,199,600

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 reviews the accuracy of scores assigned to students and schools as well as accuracy of the testing materials.

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 Executive Budget includes \$5,000,000 in fiscal year 2011 and \$6,630,800 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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	99,281,200	124,294,700	125,296,200	72,497,900	72,467,100
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				
Total General Fund	81,673,021	124,294,700	125,296,200	72,497,900	72,467,100
Restricted Fund					
Balance Forward	82,071				
Current Receipts	491,929	574,000	574,000	574,000	574,000
Total Restricted Fund	574,000	574,000	574,000	574,000	574,000
Federal Fund					
Current Receipts	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
Total Federal Fund	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
TOTAL SOURCE OF FUNDS	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300
EXPENDITURES BY CLASS					
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	1,646,581	1,642,881
Grants Loans Benefits	98,744,739	142,423,719	142,423,719	94,987,519	94,979,019
TOTAL EXPENDITURES	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300
EXPENDITURES BY FUND SOURCE					
General Fund	81,673,021	124,294,700	125,296,200	72,497,900	72,467,100
Restricted Fund	574,000	574,000	574,000	574,000	574,000
Federal Fund	27,064,200	27,064,200	27,064,200	27,064,200	27,064,200
TOTAL EXPENDITURES	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300
EXPENDITURES BY UNIT					
Math Achievement	8,474,161	6,900,000	6,900,000	5,782,900	5,782,100
Save the Children	500,000	500,000	500,000	490,100	490,000
Leadership and Mentoring Fund	381,500	381,500	381,500	373,900	373,900
Teacher Academies	1,600,000	1,600,000	1,600,000	1,568,300	1,568,000
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	379,800	379,800
Elementary Arts & Humanities	484,400	484,400	484,400	474,800	474,700
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	7,012,400	7,011,400
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	598,200	598,100
Secondary and Virtual Learning	2,214,000	2,679,800	3,540,300	2,198,100	2,198,000
Dropout Prevention	728,200	856,600	862,100	713,900	713,800
Professional Growth Fund	994,700	994,700	994,700	975,000	974,800
Extended Learning Services	13,497,800	32,275,000	32,290,400	13,235,300	13,233,600
Read to Achieve	24,764,760	22,558,100	22,558,100	19,170,000	19,167,400
Every 1 Reads	500,000	500,000	500,000	490,100	490,000

Collaborative Center for Literacy Development	1,400,000	1,400,000	1,400,000	1,372,200	1,372,000
Special Programs	350,000	350,000	350,000	343,000	343,000
Education of State Agency Children	10,962,100	10,962,100	10,962,100	10,744,600	10,743,100
Textbooks	670,100	21,700,100	21,700,100	656,800	656,700
Safe Schools	4,709,300	10,378,300	10,378,300	4,615,900	4,615,200
TOTAL EXPENDITURES	109,311,221	151,932,900	152,934,400	100,136,100	100,105,300

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.

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

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	75,908,300	102,020,300	102,081,200	74,181,400	74,171,600
Salary and Health Insurance Adjustments	18,200				
Budget Reduction-General Fund	-200,800				
Mandated Expenditure Reductions	-53,500				
Total General Fund	75,672,200	102,020,300	102,081,200	74,181,400	74,171,600
Tobacco Fund					
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				
Total Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Federal Fund					
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
Total Federal Fund	22,794,100	22,794,100	19,394,100	22,797,400	19,394,100
TOTAL SOURCE OF FUNDS	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700
EXPENDITURES BY CLASS					
Personnel Costs	921,900	1,250,000	1,310,900	928,400	931,000
Operating Expenses	71,650	75,150	75,150	69,250	69,250
Grants Loans Benefits	99,884,250	125,014,250	121,614,250	98,131,150	94,615,450
TOTAL EXPENDITURES	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700
EXPENDITURES BY FUND SOURCE					
General Fund	75,672,200	102,020,300	102,081,200	74,181,400	74,171,600
Tobacco Fund	2,411,500	1,525,000	1,525,000	2,150,000	2,050,000
Federal Fund	22,794,100	22,794,100	19,394,100	22,797,400	19,394,100
TOTAL EXPENDITURES	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700
EXPENDITURES BY UNIT					
Early Childhood Development	2,925,100	2,283,300	2,317,300	2,666,900	2,563,600
State Funded Preschool	94,352,500	120,455,900	117,082,800	92,861,700	89,451,900
Evenstart	3,600,200	3,600,200	3,600,200	3,600,200	3,600,200
TOTAL EXPENDITURES	100,877,800	126,339,400	123,000,300	99,128,800	95,615,700

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,246,200	17,841,400	18,172,300	10,078,800	10,100,200
Salary and Health Insurance Adjustments	27,300				
Budget Reduction-General Fund	-399,900				
Mandated Expenditure Reductions	-316,000				
Total General Fund	10,557,600	17,841,400	18,172,300	10,078,800	10,100,200
Restricted Fund					
Balance Forward	334,598				
Current Receipts	149,289	510,600	510,600	510,600	510,600
Total Restricted Fund	483,887	510,600	510,600	510,600	510,600
Federal Fund					
Current Receipts	218,055,100	219,824,100	219,824,100	219,844,300	219,859,400
ARRA Receipts	1,769,000				
Total Federal Fund	219,824,100	219,824,100	219,824,100	219,844,300	219,859,400
TOTAL SOURCE OF FUNDS	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200
EXPENDITURES BY CLASS					
Personnel Costs	5,313,800	6,078,200	6,409,100	5,359,900	5,400,600
Operating Expenses	1,058,587	7,089,700	7,089,700	1,047,300	1,043,200
Grants Loans Benefits	224,493,200	225,008,200	225,008,200	224,026,500	224,026,400
TOTAL EXPENDITURES	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200
EXPENDITURES BY FUND SOURCE					
General Fund	10,557,600	17,841,400	18,172,300	10,078,800	10,100,200
Restricted Fund	483,887	510,600	510,600	510,600	510,600
Federal Fund	219,824,100	219,824,100	219,824,100	219,844,300	219,859,400
TOTAL EXPENDITURES	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200
EXPENDITURES BY UNIT					
Local District Life Insurance	1,978,800	2,493,800	2,493,800	1,524,300	1,524,300
Blind and Deaf Student Travel	616,500	616,500	616,500	604,300	604,200
Facilities Management	692,300	718,600	758,100	692,300	692,300
Nutrition and Health Services	224,100,800	224,280,900	224,383,100	224,121,000	224,136,100
Data Management	1,267,400	1,594,600	1,667,500	1,262,200	1,271,300
District Operations	2,209,787	8,471,700	8,588,000	2,229,600	2,242,000
TOTAL EXPENDITURES	230,865,587	238,176,100	238,507,000	230,433,700	230,470,200

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	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
Total General Fund	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
TOTAL SOURCE OF FUNDS	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
TOTAL EXPENDITURES	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
EXPENDITURES BY FUND SOURCE					
General Fund	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300
TOTAL EXPENDITURES	577,713,700	641,800,000	700,400,000	629,294,300	667,828,300

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 Executive Budget includes \$629,294,300 in fiscal year 2011 and \$667,828,300 in fiscal year 2012 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

Department of Education
Support Education Excellence in Kentucky (SEEK)

	Revised FY 2010	Requested FY 2011	Requested FY 2012	Recommended FY 2011	Recommended FY 2012
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,973,536,100	3,041,609,000	3,239,753,000	2,761,148,000	2,943,634,200
Budget Reduction-General Fund	-252,940,600				
SFSF Receipts		223,038,700	223,038,700		
Total General Fund	2,720,595,500	3,264,647,700	3,462,791,700	2,761,148,000	2,943,634,200
Federal Fund					
SFSF Receipts	223,038,700			182,486,200	
Total Federal Fund	223,038,700			182,486,200	
TOTAL SOURCE OF FUNDS	2,943,634,200	3,264,647,700	3,462,791,700	2,943,634,200	2,943,634,200
EXPENDITURES BY CLASS					
Grants Loans Benefits	2,943,634,200	3,264,647,700	3,462,791,700	2,943,634,200	2,943,634,200
TOTAL EXPENDITURES	2,943,634,200	3,264,647,700	3,462,791,700	2,943,634,200	2,943,634,200
EXPENDITURES BY FUND SOURCE					
General Fund	2,720,595,500	3,264,647,700	3,462,791,700	2,761,148,000	2,943,634,200
Federal Fund	223,038,700			182,486,200	
TOTAL EXPENDITURES	2,943,634,200	3,264,647,700	3,462,791,700	2,943,634,200	2,943,634,200
EXPENDITURES BY UNIT					
Base Funding	2,071,821,900	2,237,675,000	2,401,210,200	2,067,134,000	2,076,227,000
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	105,485,600	100,998,800
Tier I Equalization	174,661,400	181,853,100	185,076,400	173,835,500	169,722,900
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	353,970,400	353,476,800
TOTAL EXPENDITURES	2,943,634,200	3,264,647,700	3,462,791,700	2,943,634,200	2,943,634,200

Policy

The Executive Budget includes funding to increase the base SEEK per pupil guarantee amount to \$3,891 in fiscal year 2011 and to \$3,927 in fiscal year 2012. This represents a 0.6% increase in fiscal year 2011 and an additional 0.9% increase in fiscal year 2012.

The recommended budget provides funding to accommodate average daily attendance of 590,662 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 593,137 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 Executive Budget 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 \$173,835,500 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 \$730,000 of assessed property valuation per student (150 percent of the projected statewide average per pupil during the 2010-2012 biennium). The recommended budget provides \$169,722,900 in fiscal year 2012 for Tier I.

Also included in the Executive Budget is "hold harmless" funding - \$294,600 in fiscal year 2011 and \$322,300 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 Executive Budget provides funding for the Facilities Support Program of Kentucky (FSPK) in the amounts of \$76,523,500 in fiscal year 2011 and \$73,711,100 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 \$730,000 of assessed property valuation per student in both fiscal year 2011 and fiscal year 2012.

The Executive Budget includes \$14,339,100 in fiscal year 2011 and \$13,312,800 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 Executive Budget includes \$8,177,000 in funding in fiscal year 2011 and \$7,782,500 in funding in fiscal year 2012 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. Finally, the Executive Budget includes \$6,446,000 in fiscal year 2011 and \$6,192,400 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.

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 Executive Budget includes funds - \$353,970,400 in fiscal year 2011 and \$353,476,800 in fiscal year 2012 - for the Teachers' Retirement employer match on behalf of local school districts.

The recommended budget provides \$2,750,000 in fiscal year 2011 and \$2,750,000 in fiscal year 2012 for salary supplements of \$2,000 annually for teachers achieving and maintaining certification by the National Board for Professional Teaching Standards.

The Executive Budget includes federal funds of \$182,486,200 in fiscal year 2011 from the American Recovery and Reinvestment Act State Fiscal Stabilization Fund.

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 new 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 2009 amounts. *Some totals may be affected by rounding.*

BASE PER PUPIL GUARANTEE

\$3,866	X	589,847 Pupils In Average Daily Attendance	=	\$2,280.3 Million
---------	---	--	---	----------------------

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.

+

AT-RISK ADJUSTMENT

\$3,866 X 15% = \$580	X	301,983 Pupils	=	\$175.1 Million
--------------------------	---	-------------------	---	--------------------

+

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	
16,368 Pupils	55,708 Pupils	24,877 Pupils	
+	+	=	
<table border="1"> <tr> <td align="center">\$423.8 Million</td> </tr> </table>			\$423.8 Million
\$423.8 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

$$\boxed{\$3,866 - \$100 = \$3,766} \times \boxed{2,346 \text{ Pupils}} = \boxed{\$8.8 \text{ Million}}$$

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 new weight has been established at 9.6% of the base per pupil guarantee.

+
LIMITED ENGLISH PROFICIENCY ADJUSTMENT

$$\boxed{\$3,866 \times 9.6\% = \$371} \times \boxed{12,628 \text{ Pupils}} = \boxed{\$4.7 \text{ Million}}$$

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

$$\boxed{\text{Number of Students Transported Relative To Geographic Distribution of Students}} = \boxed{\$214.8 \text{ Million}}$$

The base per pupil guarantee as adjusted for at-risk, exceptional, home & hospital, limited English proficient pupils (as of fiscal year 2009), 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	=	TOTAL CALCULATED BASE SEEK COST	=	\$3,107.5 Million
--	---	--	---	------------------------------

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

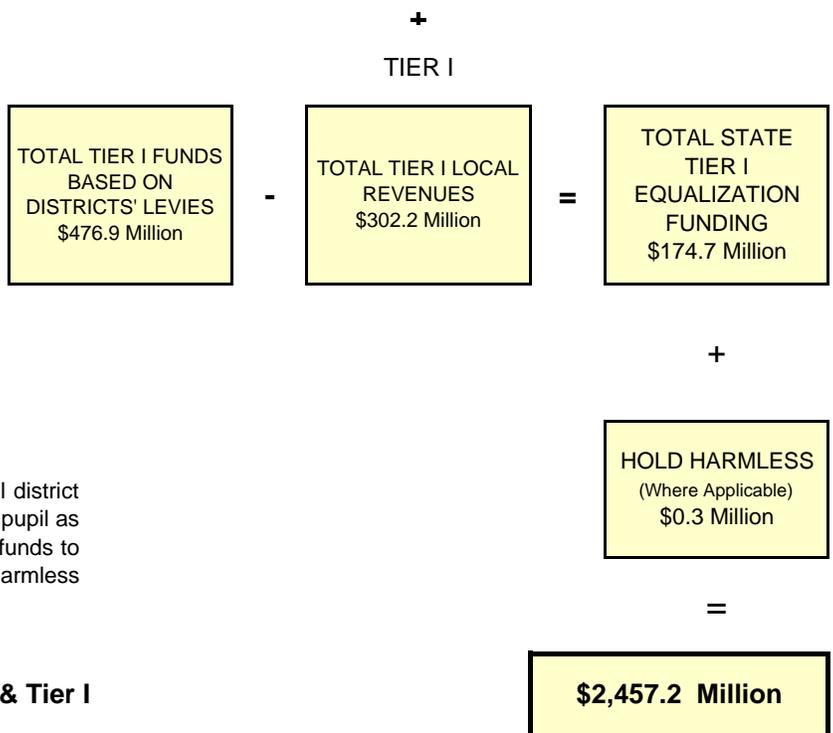
$$\boxed{\$275.1 \text{ Billion Local School Districts' Assessed Property}} \times \boxed{\text{Required Minimum Tax Levy 30 Cents Per \$100 Assessed Property}} = \boxed{\$825.2 \text{ Million Required Local Effort}}$$

=

$$\boxed{\$2,282.3 \text{ Million State Portion of Base SEEK Cost}}$$

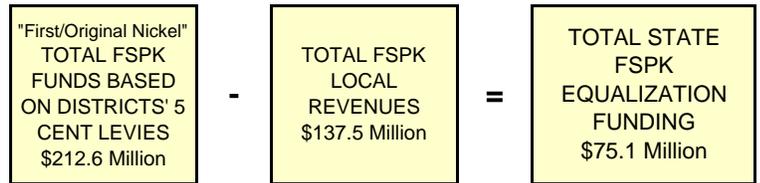
All local school districts have the option to impose taxes sufficient to generate revenues up to 15 percent over those generated under base SEEK. Districts with assessed property per pupil less than 150 percent of the statewide average (set at \$713,000 for the 2008-2010 biennium) receive funds from 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.



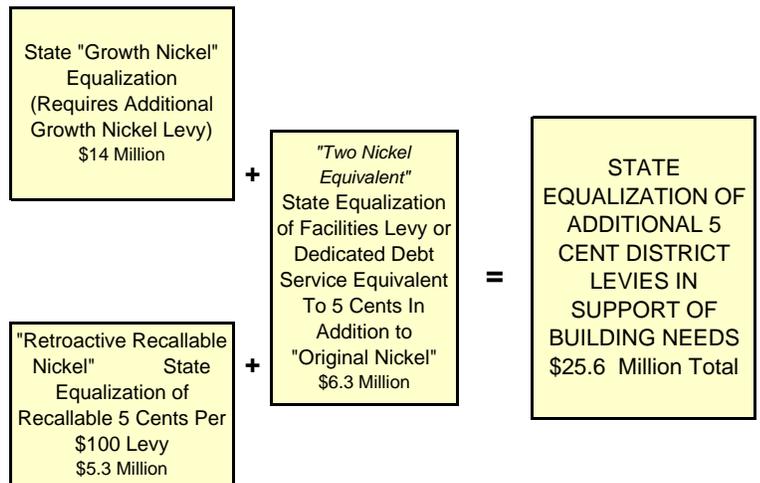
Total State Per Pupil Funding - Base SEEK & Tier I

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.



This page intentionally left blank