

COMMONWEALTH OF KENTUCKY

2012 – 2014 Executive Budget

Volume I

Steven L. Beshear,
Governor

Mary E. Lassiter,
State Budget Director

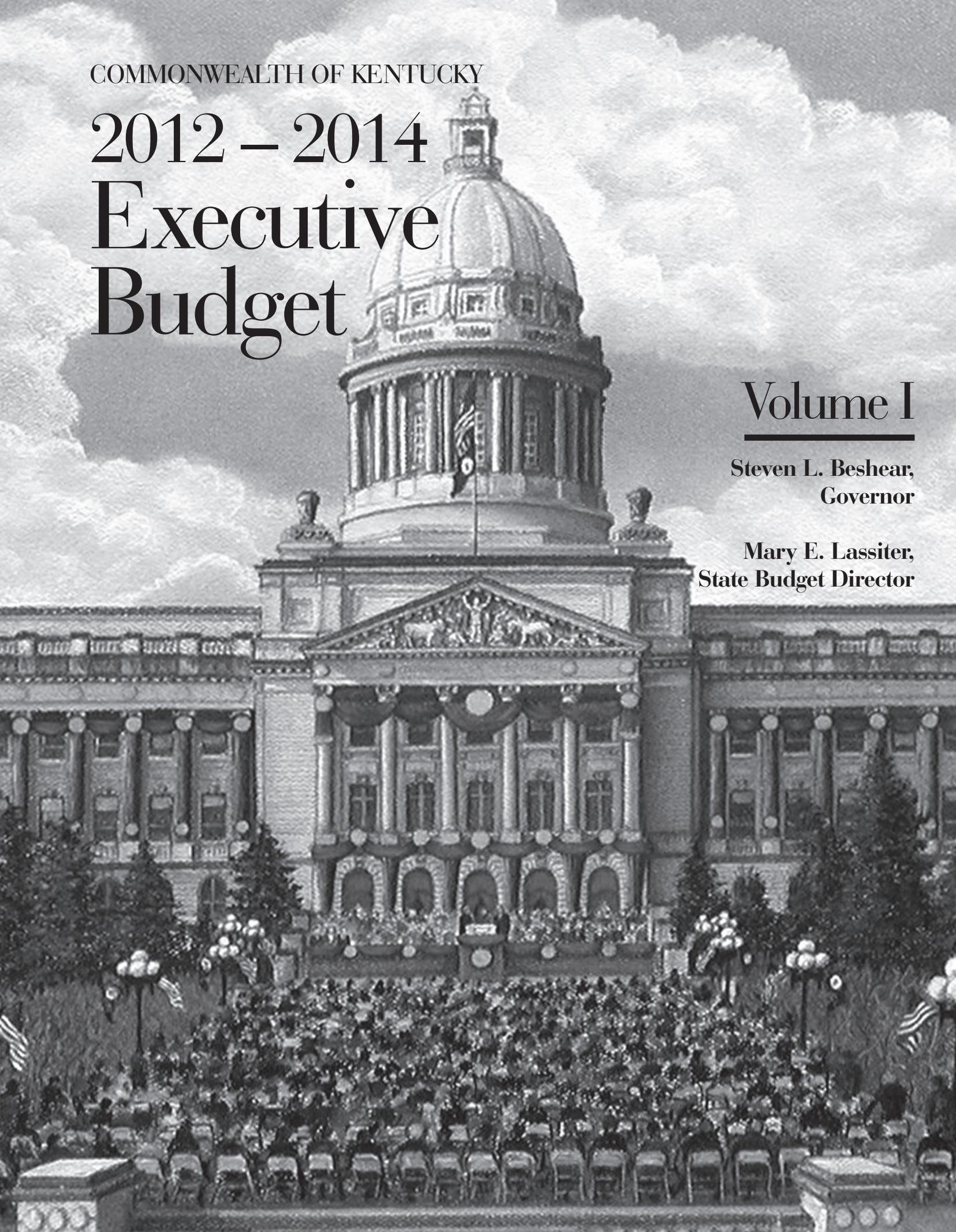


TABLE OF CONTENTS

	<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	19
Department for Local Government	20
Local Government Economic Assistance Fund	23
Local Government Economic Development Fund	24
Area Development Fund	26
Executive Branch Ethics Commission	27
Secretary of State	28
Board of Elections	29
Registry of Election Finance	31
Attorney General	32
Commonwealth's Attorneys	34
County Attorneys	35
Treasury	36
Agriculture	38
Auditor of Public Accounts	40
Personnel Board	41
Kentucky Retirement Systems	42
Occupational and Professional Boards and Commissions	43
Kentucky River Authority	45
School Facilities Construction Commission	46
Teachers' Retirement System	47
Judgments	49
Appropriations Not Otherwise Classified	50

ECONOMIC DEVELOPMENT 51

Secretary..... 52

Business Development..... 54

Financial Incentives 55

DEPARTMENT OF EDUCATION..... 57

Operations and Support Services 58

 Commissioner’s Office/Board of Education 59

 Administration and Support..... 60

 Guiding Support Services 62

 Knowledge, Information and Data Services 63

Learning and Results Services 64

 Next Generation Schools 65

 District 180 66

 Next Generation Learners..... 67

 Assessment and Accountability 70

 Early Childhood Development 71

 State Schools..... 72

 Local District Health Insurance 73

Support Education Excellence in Kentucky (SEEK)..... 74

EDUCATION AND WORKFORCE DEVELOPMENT..... 75

General Administration and Program Support 77

Deaf and Hard of Hearing 79

Kentucky Educational Television 80

Environmental Education Council 82

Libraries and Archives 83

 Libraries and Archives 84

 Direct Local Aid..... 87

Office for the Blind 88

Employment and Training 90

 Employer and Placement Services..... 91

 Unemployment Insurance 92

 Workforce Investment Act..... 94

Career and Technical Education..... 95

Vocational Rehabilitation..... 97

Education Professional Standards Board..... 99

ENERGY AND ENVIRONMENT	101
Secretary.....	103
Environmental Protection	104
Commissioner.....	105
Water.....	106
Waste Management	107
Air Quality	109
Environmental Program Support	110
Enforcement	111
Compliance Assistance.....	112
Petroleum Storage Tank Environmental Assurance Fund	113
Natural Resources.....	114
Commissioner.....	116
Forestry.....	117
Technical and Administrative Support	118
Conservation.....	119
Oil and Gas.....	120
Mine Permits.....	121
Mine Reclamation and Enforcement	122
DNR Bond Pool Fund.....	123
Abandoned Mine Lands	124
Bond Pool Reclamation Fund	125
Abandoned Mine Land Reclamation Projects	126
Mine Safety Review Commission	127
Mine Safety and Licensing	128
Energy Development and Independence	130
Environmental Quality Commission.....	132
Kentucky Nature Preserves Commission.....	133
Public Service Commission.....	134
FINANCE AND ADMINISTRATION	137
General Administration	139
Controller	141
Debt Service	143
Facilities and Support Services.....	144
County Costs	146
Commonwealth Office of Technology.....	148
Revenue.....	150

FINANCE AND ADMINISTRATION continued

Property Valuation Administrators 152

HEALTH AND FAMILY SERVICES 153

General Administration and Program Support 155

 Administrative Support 156

 Inspector General 158

Commission for Children with Special Health Care Needs 159

Medicaid Services 161

 Medicaid Administration 162

 Medicaid Benefits 163

Behavioral Health, Developmental and Intellectual Disabilities 166

 Community Behavioral Health 167

 Community Developmental and Intellectual Disabilities 169

 General Support 170

 Residential 171

Public Health 173

 General Health Support 175

 Women’s Health 177

 Prevention and Quality Improvement 179

 Epidemiology and Health Planning 181

 Maternal and Child Health 183

 Laboratory Services 185

 Public Health Protection and Safety 186

Health Policy 188

Family Resource Centers and Volunteer Services 189

 Family Resource and Youth Services Center 190

 Kentucky Commission on Community Volunteerism and Service 191

Income Support 192

 Disability Determinations 193

 Child Support 194

Community Based Services 196

 Family Support 197

 Energy 199

 Child Care 200

 Family and Community Services 202

Aging and Independent Living 206

 Aging and Independent Living 207

 Guardianship 209

JUSTICE AND PUBLIC SAFETY	211
Justice Administration	213
Criminal Justice Training	215
Juvenile Justice	217
State Police	220
Corrections.....	222
Corrections Management.....	224
Adult Correctional Institutions	226
Community Services and Local Facilities	229
Local Jail Support	231
Public Advocacy	232
LABOR.....	235
Secretary.....	237
General Administration and Program Support	238
Workplace Standards.....	239
Workers' Claims.....	241
Occupational Safety and Health Review Commission.....	242
Workers' Compensation Funding Commission.....	243
PERSONNEL	245
General Operations	246
Public Employees Deferred Compensation Authority	248
Workers' Compensation Benefits and Reserve	249
State Salary and Compensation Fund.....	250
State Group Health Insurance Fund.....	251
POSTSECONDARY EDUCATION.....	253
Council on Postsecondary Education.....	254
Agency Operations.....	256
Pass Through Programs	257
Federal Programs.....	259
Strategic Investment and Incentive Funding Program.....	260
Kentucky Higher Education Assistance Authority	262
Postsecondary Education Institutions.....	264
Eastern Kentucky University	265
Kentucky State University	267
Morehead State University.....	269

	<u>PAGE</u>
POSTSECONDARY EDUCATION continued	
Murray State University	271
Northern Kentucky University	273
University of Kentucky	275
University of Louisville	277
Western Kentucky University	279
Kentucky Community and Technical College System	281
PUBLIC PROTECTION	283
Secretary	284
Boxing and Wrestling Authority	285
Alcoholic Beverage Control	286
Charitable Gaming	287
Board of Claims/Crime Victims' Compensation Board	288
Financial Institutions	289
Horse Racing Commission	290
Housing, Buildings and Construction	292
Insurance	294
Tax Appeals	296
TOURISM, ARTS AND HERITAGE	297
Secretary	299
Artisans Center	301
Travel	302
Parks	304
General Administration and Support	305
Resort Parks	306
Recreation Parks and Historic Sites	307
Cafeterias	308
Breaks Interstate Park	309
Horse Park Commission	310
State Fair Board	312
Fish and Wildlife Resources	314
Historical Society	316
Arts Council	318
Heritage Council	319
Kentucky Center for the Arts	320

TRANSPORTATION	321
General Administration and Support.....	323
Aviation	325
Debt Service	327
Highways	328
Research.....	330
Construction.....	331
Maintenance	333
Engineering Administration	334
Planning	335
Highway Operations	336
Equipment Services	337
Highway Safety.....	338
Public Transportation.....	339
Revenue Sharing.....	340
Vehicle Regulation.....	342
 STATEWIDE	
Budget Reserve Trust Fund	345

This page intentionally left blank

Executive Branch

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,156,172,200	11,091,851,403	11,861,160,603	9,105,804,000	9,392,820,000
Surplus Expenditure Plan	121,722,500				
Special Appropriation	-116,239,600				
Current Year Appropriation	10,433,000				
Continuing Approp.-General Fund	42,806,347	10,869,200	7,279,200	132,036,000	71,722,500
Mandated Expenditure Reductions	-111,495,000	-22,000			
Mandated Allotments	36,743,203				
Other	34,691,000				
Total General Fund	9,174,833,650	11,102,698,603	11,868,439,803	9,237,840,000	9,464,542,500
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	105,714,800	103,633,600	106,449,300	94,393,600	93,093,500
Continuing Approp.-Tobacco Settlement	37,651,000	18,735,200	7,895,500	17,216,500	9,035,100
Budget Reduction-General Fund Tobacco	-5,420,000				
Fund Transfers	-51,700				
Total Tobacco Settlement - Phase I	137,894,100	122,368,800	114,344,800	111,610,100	102,128,600
Restricted Funds					
Mandated Expenditure Reductions	-9,800				
Balance Forward	746,177,450	493,627,700	370,350,900	515,944,900	360,060,600
Current Receipts	5,577,501,668	5,980,883,800	6,184,720,200	5,989,901,500	6,183,029,200
Non-Revenue Receipts	1,346,210,682	869,883,000	850,711,500	943,261,900	881,708,400
Fund Transfers	-129,564,800	-4,155,900	-4,156,400	-104,855,900	-91,311,500
Total Restricted Funds	7,540,315,200	7,340,238,600	7,401,626,200	7,344,252,400	7,333,486,700
Federal Funds					
Balance Forward	123,586,742	30,967,600	14,476,500	34,884,700	16,719,800
Current Receipts	10,487,323,458	10,246,583,500	11,299,335,100	10,027,274,400	10,306,180,700
Non-Revenue Receipts	8,770,800	8,675,100	8,267,100	9,328,800	8,920,800
ARRA Receipts	175,551,800	11,023,400	800,800	10,974,500	784,900
Total Federal Funds	10,795,232,800	10,297,249,600	11,322,879,500	10,082,462,400	10,332,606,200
Road Fund					
Regular Appropriation	1,347,081,000	1,566,573,400	1,658,089,600	1,535,070,000	1,557,664,700
Surplus Expenditure Plan	67,517,600				
Current Year Appropriation	395,400				
Other	34,065,400				
Total Road Fund	1,449,059,400	1,566,573,400	1,658,089,600	1,535,070,000	1,557,664,700
TOTAL SOURCE OF FUNDS	29,097,335,150	30,429,129,003	32,365,379,903	28,311,234,900	28,790,428,700
EXPENDITURES BY CLASS					
Personnel Cost	5,640,394,001	6,212,507,250	6,421,640,550	5,858,264,209	5,994,571,729
Operating Expenses	3,011,873,446	3,340,998,950	3,430,713,050	3,164,667,691	3,247,185,571
Grants Loans Benefits	16,935,975,003	17,901,690,000	19,404,474,700	16,228,708,200	16,657,494,200
Debt Service	851,956,400	1,080,651,203	1,332,759,503	1,062,288,000	1,184,481,200
Capital Outlay	258,027,300	275,494,400	274,058,700	245,842,400	248,871,700
Construction	1,632,941,500	1,217,726,700	1,258,626,700	1,210,089,500	1,154,006,400
TOTAL EXPENDITURES	28,331,167,650	30,029,068,503	32,122,273,203	27,769,860,000	28,486,610,800
EXPENDITURES BY FUND SOURCE					
General Fund	8,982,075,150	11,095,429,403	11,868,449,803	9,088,179,800	9,374,805,100
Tobacco Settlement - Phase I	117,664,600	114,614,500	113,846,600	100,281,400	99,826,700
Restricted Funds	7,024,370,300	6,969,688,300	7,168,791,900	6,984,191,800	7,138,745,000
Federal Funds	10,760,348,100	10,282,773,100	11,313,105,500	10,065,742,600	10,319,174,900
Road Fund	1,446,709,500	1,566,573,400	1,658,089,600	1,531,464,400	1,554,059,100
TOTAL EXPENDITURES	28,331,167,650	30,029,078,703	32,122,283,403	27,769,860,000	28,486,610,800

EXPENDITURES BY UNIT

General Government	1,137,795,546	1,437,692,800	1,480,751,700	1,029,338,300	1,057,093,300
Economic Development	39,192,400	47,453,100	47,440,400	29,293,300	22,616,800
Department of Education	4,707,040,504	5,404,804,503	5,666,034,603	4,614,308,500	4,618,867,300
Education and Workforce Development	2,597,981,100	2,654,737,400	2,653,491,200	2,593,938,600	2,592,912,000
Energy and Environment	283,775,500	284,451,600	281,072,800	253,301,100	255,164,400
Finance and Administration	576,354,100	810,807,000	863,830,900	764,312,000	789,601,400
Health and Family Services	8,324,882,300	8,443,220,200	9,670,242,800	7,956,015,300	8,366,465,200
Justice and Public Safety	887,063,600	1,013,093,300	1,046,553,300	896,347,100	902,171,500
Labor	207,576,800	224,311,800	227,323,700	217,727,900	220,373,900
Personnel	66,821,700	67,710,700	70,574,300	67,856,600	69,360,400
Postsecondary Education	6,286,372,500	6,837,623,500	7,206,686,600	6,652,781,300	6,868,654,100
Public Protection	109,879,200	120,452,300	122,091,200	112,931,600	114,507,900
Tourism, Arts and Heritage	224,857,900	258,873,300	273,188,100	214,365,100	219,302,500
Transportation	2,880,374,500	2,423,847,200	2,513,001,800	2,367,343,300	2,389,520,100
Statewide	1,200,000				
TOTAL EXPENDITURES	28,331,167,650	30,029,078,703	32,122,283,403	27,769,860,000	28,486,610,800

General Government

General Government

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	606,954,600	1,036,384,900	1,079,460,100	644,474,400	679,018,900
State Salary and Compensation Allocation	8,239,000				
Current Year Appropriation	481,000				
Continuing Approp.-General Fund	68,246				
Mandated Expenditure Reductions	-15,276,300	-22,000			
Mandated Allotments	22,970,000				
Other	34,691,000				
Total General Fund	658,127,546	1,036,362,900	1,079,460,100	644,474,400	679,018,900
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	19,741,600	25,754,000	27,282,700	19,350,600	16,291,800
Continuing Approp.-Tobacco Settlement	28,670,300	18,735,200	7,895,500	17,216,500	9,035,100
Fund Transfers	-51,700				
Total Tobacco Settlement - Phase I	48,360,200	44,489,200	35,178,200	36,567,100	25,326,900
Restricted Funds					
Balance Forward	70,282,000	60,713,700	52,006,700	60,769,600	50,398,800
Current Receipts	149,727,500	154,729,500	167,494,800	155,149,300	161,140,200
Non-Revenue Receipts	54,844,500	64,120,200	65,590,100	60,650,100	61,367,500
Fund Transfers	-6,124,200			-3,400,000	-3,300,000
Total Restricted Funds	268,729,800	279,563,400	285,091,600	273,169,000	269,606,500
Federal Funds					
Balance Forward	20,040,500	12,279,300	5,851,900	12,292,200	5,872,300
Current Receipts	221,382,500	128,048,100	121,707,500	125,602,200	119,467,100
Non-Revenue Receipts	-50,300				
ARRA Receipts	16,908,800	1,939,600	44,500	1,939,600	44,500
Total Federal Funds	258,281,500	142,267,000	127,603,900	139,834,000	125,383,900
Road Fund					
Regular Appropriation	500,000	623,200	635,100	600,000	600,000
Total Road Fund	500,000	623,200	635,100	600,000	600,000
TOTAL SOURCE OF FUNDS	1,233,999,046	1,503,305,700	1,527,968,900	1,094,644,500	1,099,936,200
EXPENDITURES BY CLASS					
Personnel Cost	278,189,500	321,634,900	330,483,300	283,181,900	288,297,000
Operating Expenses	81,733,046	89,022,500	87,120,400	78,503,500	78,904,400
Grants Loans Benefits	551,991,200	771,714,100	769,266,100	420,497,700	411,146,700
Debt Service	221,977,800	248,886,900	290,819,200	240,785,500	275,720,100
Capital Outlay	3,904,000	6,434,400	3,062,700	6,369,700	3,025,100
TOTAL EXPENDITURES	1,137,795,546	1,437,692,800	1,480,751,700	1,029,338,300	1,057,093,300
EXPENDITURES BY FUND SOURCE					
General Fund	651,268,746	1,036,362,900	1,079,460,100	644,474,400	679,214,600
Tobacco Settlement - Phase I	32,081,000	36,734,900	34,680,000	27,532,000	25,318,600
Restricted Funds	207,960,200	227,556,700	239,244,000	222,770,200	227,468,000
Federal Funds	245,989,300	136,415,100	126,732,500	133,961,700	124,492,100
Road Fund	496,300	623,200	635,100	600,000	600,000
TOTAL EXPENDITURES	1,137,795,546	1,437,692,800	1,480,751,700	1,029,338,300	1,057,093,300
EXPENDITURES BY UNIT					
Office of the Governor	8,241,400	9,126,400	9,311,500	8,108,100	8,125,200
Office of State Budget Director	3,146,700	3,444,800	3,647,000	3,228,900	3,392,800
State Planning Fund	173,200	176,700	176,700	158,700	158,700
Homeland Security	16,795,400	10,944,500	6,840,200	10,721,800	6,584,000
Department of Veterans' Affairs	46,699,600	56,552,700	57,970,400	52,688,600	55,701,800

Governor's Office of Agricultural Policy	32,136,600	35,044,500	32,619,000	25,949,700	23,381,500
Kentucky Infrastructure Authority	92,458,100	65,043,200	88,349,000	64,847,600	65,035,700
Military Affairs	173,319,000	103,495,200	103,491,300	92,591,100	93,085,400
Commission on Human Rights	1,916,100	2,860,200	2,889,800	1,849,700	1,882,300
Commission on Women	206,100	259,600	262,600	207,200	213,300
Department for Local Government	52,397,700	48,047,100	44,849,200	46,336,400	41,633,900
Local Government Economic Assistance Fund	68,851,100	67,281,600	67,281,600	70,942,800	73,936,400
Local Government Economic Development Fund	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400
Area Development Fund	544,200	555,300	555,300	498,500	498,500
Executive Branch Ethics Commission	495,000	550,400	564,600	525,900	534,500
Secretary of State	2,712,000	3,197,500	3,128,800	3,344,600	3,255,900
Board of Elections	9,320,000	11,244,400	8,585,000	9,333,400	7,940,100
Registry of Election Finance	1,137,800	1,685,700	1,734,800	1,146,900	1,168,600
Attorney General	23,781,200	26,160,600	26,805,200	23,104,900	23,693,200
Unified Prosecutorial System	69,068,200	82,501,200	84,625,100	72,341,600	73,938,400
Treasury	2,887,100	3,688,100	3,757,100	3,144,700	3,195,900
Agriculture	30,182,100	34,087,900	33,552,700	29,447,200	28,882,500
Auditor of Public Accounts	10,706,600	12,181,800	12,557,800	10,856,700	10,995,700
Personnel Board	726,600	833,900	860,500	790,900	803,900
Kentucky Retirement Systems	38,282,300	42,848,600	43,595,900	39,645,000	40,255,900
Occupational & Professional Boards & Commissions	19,489,100	22,790,900	23,460,600	21,588,600	21,897,900
Kentucky River Authority	2,645,000	6,955,900	4,544,200	6,362,600	4,456,900
School Facilities Construction Commission	91,695,000	107,584,600	124,196,700	101,403,400	106,596,700
Teachers' Retirement System	250,667,300	624,560,100	636,549,700	256,700,400	278,564,400
Judgments	4,146				
Appropriations Not Otherwise Classified	16,246,100	16,246,100	16,246,100	5,290,900	5,290,900
TOTAL EXPENDITURES	1,137,795,546	1,437,692,800	1,480,751,700	1,029,338,300	1,057,093,300

**General Government
Office of the Governor**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,017,000	6,330,700	6,584,100	5,219,500	5,313,600
State Salary and Compensation Allocation	311,900				
Mandated Expenditure Reductions	-737,400				
Total General Fund	5,591,500	6,330,700	6,584,100	5,219,500	5,313,600
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	2,050,000	2,047,600	2,047,600	1,950,600	1,912,500
Continuing Approp.-Tobacco Settlement	319,000	555,100	453,300	555,100	472,100
Total Tobacco Settlement - Phase I	2,369,000	2,602,700	2,500,900	2,505,700	2,384,600
Restricted Funds					
Balance Forward	417,500	417,500	417,500	417,500	208,800
Total Restricted Funds	417,500	417,500	417,500	417,500	208,800
Federal Funds					
Current Receipts	433,900	267,500	182,000	267,500	182,000
ARRA Receipts	619,000	378,800	44,500	378,800	44,500
Total Federal Funds	1,052,900	646,300	226,500	646,300	226,500
TOTAL SOURCE OF FUNDS	9,430,900	9,997,200	9,729,000	8,789,000	8,133,500
EXPENDITURES BY CLASS					
Personnel Cost	5,073,500	5,948,000	6,136,200	4,990,700	5,010,900
Operating Expenses	1,122,200	1,162,700	1,162,700	1,101,700	1,101,700
Grants Loans Benefits	2,045,700	2,015,700	2,012,600	2,015,700	2,012,600
TOTAL EXPENDITURES	8,241,400	9,126,400	9,311,500	8,108,100	8,125,200
EXPENDITURES BY FUND SOURCE					
General Fund	5,374,600	6,330,700	6,584,100	5,219,500	5,313,600
Tobacco Settlement - Phase I	1,813,900	2,149,400	2,500,900	2,033,600	2,376,300
Restricted Funds				208,700	208,800
Federal Funds	1,052,900	646,300	226,500	646,300	226,500
TOTAL EXPENDITURES	8,241,400	9,126,400	9,311,500	8,108,100	8,125,200
EXPENDITURES BY UNIT					
Governor	4,329,000	4,917,400	5,045,500	4,426,500	4,414,200
Governor's Office Expense Allowance	22,900	23,400	23,900	23,400	23,900
Lieutenant Governor	489,000	550,400	562,400	371,400	378,700
Lt. Governor's Expense Allowance	12,700	13,000	13,300	13,000	13,300
Secretary of the Cabinet	91,200	294,800	304,400	94,600	96,100
Kentucky Commission on Military Affairs	438,600	341,400	350,100	326,200	332,300
Office of Minority Empowerment	177,000	199,500	205,600	187,900	191,600
Faith Based Initiatives	66,100	76,300	78,900	70,700	72,300
Early Childhood Advisory Council	2,614,900	2,710,200	2,727,400	2,594,400	2,602,800
TOTAL EXPENDITURES	8,241,400	9,126,400	9,311,500	8,108,100	8,125,200

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.

The Early Childhood Advisory Council established in the Governor's Office by Executive Order 2011-534 coordinates development and continuing activities of Community Early Childhood Councils. The councils work toward implementation of 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 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 Advisory Council provides technical assistance, monitoring, and evaluation of outcomes of the local partnerships.

Policy

Included in the Executive Budget is a General Fund appropriation in the amount of \$30,000 in fiscal year 2012-2013 and \$30,000 in fiscal year 2013-2014 for the Lieutenant Governor's Office for a housing allowance of up to \$2,500 monthly.

**General Government
Office of State Budget Director**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,143,600	3,346,300	3,548,500	2,963,100	3,021,900
State Salary and Compensation Allocation	135,000				
Mandated Expenditure Reductions	-110,500				
Total General Fund	3,168,100	3,346,300	3,548,500	2,963,100	3,021,900
Restricted Funds					
Balance Forward	857,800	757,800	659,300	757,800	492,000
Fund Transfers	-3,500				
Total Restricted Funds	854,300	757,800	659,300	757,800	492,000
TOTAL SOURCE OF FUNDS	4,022,400	4,104,100	4,207,800	3,720,900	3,513,900
EXPENDITURES BY CLASS					
Personnel Cost	2,630,300	2,913,400	3,115,600	2,712,500	2,876,400
Operating Expenses	516,400	531,400	531,400	516,400	516,400
TOTAL EXPENDITURES	3,146,700	3,444,800	3,647,000	3,228,900	3,392,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,050,200	3,346,300	3,548,500	2,963,100	3,021,900
Restricted Funds	96,500	98,500	98,500	265,800	370,900
TOTAL EXPENDITURES	3,146,700	3,444,800	3,647,000	3,228,900	3,392,800
EXPENDITURES BY UNIT					
Budget & Policy Analysis	2,482,700	2,723,900	2,878,200	2,544,700	2,671,100
Gov Office for Policy Research	183,900	202,600	215,800	191,900	200,700
Gov Office for Economic Analysis	480,100	518,300	553,000	492,300	521,000
TOTAL EXPENDITURES	3,146,700	3,444,800	3,647,000	3,228,900	3,392,800

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. To inform the Governor and the General Assembly for the biennial budget process, an official estimate is made in December, 2011 and presented along with the Governor's Executive Budget recommendation to the General Assembly.

**General Government
State Planning Fund**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	179,400	176,700	176,700	158,700	158,700
Mandated Expenditure Reductions	-6,200				
Total General Fund	173,200	176,700	176,700	158,700	158,700
TOTAL SOURCE OF FUNDS	173,200	176,700	176,700	158,700	158,700
EXPENDITURES BY CLASS					
Grants Loans Benefits	173,200	176,700	176,700	158,700	158,700
TOTAL EXPENDITURES	173,200	176,700	176,700	158,700	158,700
EXPENDITURES BY FUND SOURCE					
General Fund	173,200	176,700	176,700	158,700	158,700
TOTAL EXPENDITURES	173,200	176,700	176,700	158,700	158,700
EXPENDITURES BY UNIT					
State Planning Fund	173,200	176,700	176,700	158,700	158,700
TOTAL EXPENDITURES	173,200	176,700	176,700	158,700	158,700

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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	210,200	344,100	355,100	202,500	207,500
State Salary and Compensation Allocation	20,500				
Mandated Expenditure Reductions	-15,300				
Total General Fund	215,400	344,100	355,100	202,500	207,500
Restricted Funds					
Balance Forward	507,100	412,900	479,500	327,200	194,300
Current Receipts	1,042,600	1,224,200	1,275,300	1,067,100	1,094,900
Non-Revenue Receipts	300	138,800	143,500	138,500	143,100
Total Restricted Funds	1,550,000	1,775,900	1,898,300	1,532,800	1,432,300
Federal Funds					
Balance Forward	251,900				
Current Receipts	14,871,400	8,930,800	4,857,600	8,930,800	4,857,600
Total Federal Funds	15,123,300	8,930,800	4,857,600	8,930,800	4,857,600
Road Fund					
Regular Appropriation	250,000	373,200	385,100	250,000	250,000
Total Road Fund	250,000	373,200	385,100	250,000	250,000
TOTAL SOURCE OF FUNDS	17,138,700	11,424,000	7,496,100	10,916,100	6,747,400
EXPENDITURES BY CLASS					
Personnel Cost	1,799,200	2,457,200	2,445,500	2,178,100	2,137,700
Operating Expenses	219,100	226,200	219,900	218,400	219,100
Grants Loans Benefits	14,777,100	8,261,100	4,174,800	8,325,300	4,227,200
TOTAL EXPENDITURES	16,795,400	10,944,500	6,840,200	10,721,800	6,584,000
EXPENDITURES BY FUND SOURCE					
General Fund	203,000	344,100	355,100	202,500	207,500
Restricted Funds	1,222,800	1,296,400	1,242,400	1,338,500	1,268,900
Federal Funds	15,123,300	8,930,800	4,857,600	8,930,800	4,857,600
Road Fund	246,300	373,200	385,100	250,000	250,000
TOTAL EXPENDITURES	16,795,400	10,944,500	6,840,200	10,721,800	6,584,000
EXPENDITURES BY UNIT					
Office of Homeland Security	14,900,900	10,077,800	6,039,300	9,877,200	5,809,000
Commerical Mobile Radio Service	1,894,500	866,700	800,900	844,600	775,000
TOTAL EXPENDITURES	16,795,400	10,944,500	6,840,200	10,721,800	6,584,000

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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,836,600	22,924,100	24,160,000	18,278,500	15,454,400
State Salary and Compensation Allocation	946,500				
Mandated Expenditure Reductions	-589,600				
Total General Fund	17,193,500	22,924,100	24,160,000	18,278,500	15,454,400
Restricted Funds					
Balance Forward	713,000	157,200	102,300	157,200	102,300
Current Receipts	31,624,000	33,573,700	33,810,400	34,355,200	40,380,400
Fund Transfers	-1,871,500				
Total Restricted Funds	30,465,500	33,730,900	33,912,700	34,512,400	40,482,700
TOTAL SOURCE OF FUNDS	47,659,000	56,655,000	58,072,700	52,790,900	55,937,100
EXPENDITURES BY CLASS					
Personnel Cost	37,848,600	45,464,500	46,868,900	43,884,000	45,483,700
Operating Expenses	8,319,100	9,147,300	9,160,600	8,280,500	8,285,000
Grants Loans Benefits	524,100	524,100	524,100	524,100	524,100
Debt Service		1,409,000	1,409,000		1,409,000
Capital Outlay	7,800	7,800	7,800		
TOTAL EXPENDITURES	46,699,600	56,552,700	57,970,400	52,688,600	55,701,800
EXPENDITURES BY FUND SOURCE					
General Fund	16,391,300	22,924,100	24,160,000	18,278,500	15,454,400
Restricted Funds	30,308,300	33,628,600	33,810,400	34,410,100	40,247,400
TOTAL EXPENDITURES	46,699,600	56,552,700	57,970,400	52,688,600	55,701,800
EXPENDITURES BY UNIT					
Commissioner's Office, Field Serv's & Cemeteries	4,486,400	5,134,500	5,251,000	4,688,700	4,746,000
Kentucky Veterans' Centers	42,213,200	51,418,200	52,719,400	47,999,900	50,955,800
TOTAL EXPENDITURES	46,699,600	56,552,700	57,970,400	52,688,600	55,701,800

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 Kentucky Veterans' Center is a 120-bed facility located in Hazard (Perry County). The Western Kentucky Veterans' Center is a 120-bed facility in Hanson (Hopkins County). Both facilities opened in 2002 and include 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.

KDVA is completing a 36-bed expansion at the Western Kentucky Veterans' Center that utilizes the new "Community Living Concept" recently required by the federal Veterans' Administration. Three 12-bed buildings will provide a more personalized care for its residents. A fourth 120-bed Veterans' Center, in Hardin County, is anticipated to begin construction during the 2012-2014 biennium and will also utilize the "Community Living Concept."

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. The Veterans' Cemetery-North near Williamstown opened in early fiscal year 2009. The Veterans' Cemetery-Northeast in Greenup County opened in the fall of 2010. Each facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path and landscaping. 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 is \$745,000 in fiscal year 2013 and \$812,000 in fiscal year 2014 for the expanded operation of the 36-bed increase at the Western Kentucky Veterans' Center.

Included in the General Fund is \$1,409,000 in fiscal year 2014 for new bonds in the capital budget.

General Government
Governor's Office of Agricultural Policy

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	17,691,600	23,706,400	25,235,100	17,400,000	14,379,300
Continuing Approp.-Tobacco Settlement	28,351,300	18,180,100	7,442,200	16,661,400	8,563,000
Fund Transfers	-51,700				
Total Tobacco Settlement - Phase I	45,991,200	41,886,500	32,677,300	34,061,400	22,942,300
Restricted Funds					
Balance Forward	400,900	383,000	349,200	380,400	354,300
Current Receipts	414,800	425,200	90,700	425,200	90,700
Non-Revenue Receipts	350,000				
Fund Transfers	-39,800				
Total Restricted Funds	1,125,900	808,200	439,900	805,600	445,000
Federal Funds					
Non-Revenue Receipts	-50,300				
ARRA Receipts	1,174,300				
Total Federal Funds	1,124,000				
TOTAL SOURCE OF FUNDS	48,241,100	42,694,700	33,117,200	34,867,000	23,387,300
EXPENDITURES BY CLASS					
Personnel Cost	1,557,200	1,805,500	1,850,200	1,321,200	1,342,000
Operating Expenses	302,700	577,700	352,700	478,800	458,000
Grants Loans Benefits	30,276,700	32,661,300	30,416,100	24,149,700	21,581,500
TOTAL EXPENDITURES	32,136,600	35,044,500	32,619,000	25,949,700	23,381,500
EXPENDITURES BY FUND SOURCE					
Tobacco Settlement - Phase I	30,267,100	34,585,500	32,179,100	25,498,400	22,942,300
Restricted Funds	745,500	459,000	439,900	451,300	439,200
Federal Funds	1,124,000				
TOTAL EXPENDITURES	32,136,600	35,044,500	32,619,000	25,949,700	23,381,500
EXPENDITURES BY UNIT					
Governor's Office of Agricultural Policy	32,136,600	35,044,500	32,619,000	25,949,700	23,381,500
TOTAL EXPENDITURES	32,136,600	35,044,500	32,619,000	25,949,700	23,381,500

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

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

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

Half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account, which receives 35 percent of the funds, and a state account that receives the remaining 65 percent. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, the Kentucky Agricultural Heritage Center, improvements to 4-H camps and FFA Leadership Center, funding for a viticulture and oenology program at the University of Kentucky, and funding for land conservation programs.

Thirty-five percent of funds received into the Agriculture Development Fund are allocated for projects at the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of the 35 percent

county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several model programs in which counties may participate. Models have been developed for diversification of products, cattle genetics improvement, handling and storage facilities, fencing, forage improvement, water resources, technology and timber production and marketing. Funds are provided as matching grants.

In addition to their work with Phase I, the staff of GOAP assists the Governor's Commission on Family Farms and the Kentucky Agricultural Resource Development Authority (KARDA). The KARDA is created in KRS 11.170 as an organization of representatives from various commodity groups who inform and advise the Governor on issues related to the Kentucky's agricultural economy. The Commission on Family Farms was created by executive order in April 1998 to advise the Governor on issues related to farm families and rural communities.

The staff of GOAP also provides staffing for the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a *de jure* municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The Governor appoints all of the board members.

Policy

The Executive Budget suspends KRS 248.703(1)(a), and directs that the counties' portion of the Tobacco Settlement-Phase I payments will be \$13,778,000 in fiscal year 2013 and \$13,583,600 fiscal year 2014.

**General Government
Kentucky Infrastructure Authority**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,515,100	1,680,700	12,396,700	1,385,800	1,578,300
State Salary and Compensation Allocation	48,800				
Mandated Expenditure Reductions	-53,400				
Total General Fund	1,510,500	1,680,700	12,396,700	1,385,800	1,578,300
Restricted Funds					
Balance Forward	139,100	21,300	21,300	21,300	21,300
Current Receipts	34,018,800	33,996,100	46,585,900	34,116,600	34,141,000
Fund Transfers	-37,300				
Total Restricted Funds	34,120,600	34,017,400	46,607,200	34,137,900	34,162,300
Federal Funds					
Current Receipts	43,493,800	29,366,400	29,366,400	29,345,200	29,316,400
ARRA Receipts	13,385,800				
Total Federal Funds	56,879,600	29,366,400	29,366,400	29,345,200	29,316,400
TOTAL SOURCE OF FUNDS	92,510,700	65,064,500	88,370,300	64,868,900	65,057,000
EXPENDITURES BY CLASS					
Personnel Cost	2,777,300	3,174,900	3,216,500	2,979,300	3,005,700
Operating Expenses	219,200	291,100	291,100	291,100	291,100
Grants Loans Benefits	57,229,600	29,345,200	29,316,400	29,345,200	29,316,400
Debt Service	32,232,000	32,232,000	55,525,000	32,232,000	32,422,500
TOTAL EXPENDITURES	92,458,100	65,043,200	88,349,000	64,847,600	65,035,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,479,200	1,680,700	12,396,700	1,385,800	1,578,300
Restricted Funds	34,099,300	33,996,100	46,585,900	34,116,600	34,141,000
Federal Funds	56,879,600	29,366,400	29,366,400	29,345,200	29,316,400
TOTAL EXPENDITURES	92,458,100	65,043,200	88,349,000	64,847,600	65,035,700
EXPENDITURES BY UNIT					
Kentucky Infrastructure Authority	92,458,100	65,043,200	88,349,000	64,847,600	65,035,700
TOTAL EXPENDITURES	92,458,100	65,043,200	88,349,000	64,847,600	65,035,700

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 and 2010 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 2013 and \$370,000 in fiscal year 2014 from the Local Government Economic Development Fund to support services provided to coal producing counties by KIA.

Included in the General Fund appropriation is \$78,000 in fiscal year 2014 for debt service to support \$1,500,000 in bonds to match an estimated \$34,106,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$112,500 in fiscal year 2014 for debt service to support \$2,200,000 in bonds to match an estimated \$24,440,000 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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,947,900	15,805,300	15,902,800	8,513,600	8,674,700
State Salary and Compensation Allocation	486,500				
Mandated Expenditure Reductions	-316,200				
Mandated Allotments	12,500,000				
Total General Fund	21,618,200	15,805,300	15,902,800	8,513,600	8,674,700
Restricted Funds					
Balance Forward	20,584,400	20,584,300	18,611,000	20,584,300	20,194,500
Current Receipts	40,632,200	40,504,500	40,432,400	40,504,500	40,432,400
Non-Revenue Receipts	317,900	340,600	379,700	340,600	379,700
Fund Transfers	-870,000				
Total Restricted Funds	60,664,500	61,429,400	59,423,100	61,429,400	61,006,600
Federal Funds					
Current Receipts	112,081,400	44,871,500	44,855,400	42,842,600	43,114,400
Total Federal Funds	112,081,400	44,871,500	44,855,400	42,842,600	43,114,400
TOTAL SOURCE OF FUNDS	194,364,100	122,106,200	120,181,300	112,785,600	112,795,700
EXPENDITURES BY CLASS					
Personnel Cost	35,654,700	37,782,100	38,998,300	36,977,000	36,418,900
Operating Expenses	36,383,700	39,288,200	37,843,100	34,189,200	35,016,600
Grants Loans Benefits	97,480,600	22,624,900	22,849,900	17,624,900	17,849,900
Debt Service	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Capital Outlay	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TOTAL EXPENDITURES	173,319,000	103,495,200	103,491,300	92,591,100	93,085,400
EXPENDITURES BY FUND SOURCE					
General Fund	21,157,400	15,805,300	15,902,800	8,513,600	8,674,700
Restricted Funds	40,080,200	42,818,400	42,733,100	41,234,900	41,296,300
Federal Funds	112,081,400	44,871,500	44,855,400	42,842,600	43,114,400
TOTAL EXPENDITURES	173,319,000	103,495,200	103,491,300	92,591,100	93,085,400
EXPENDITURES BY UNIT					
Statutory State Operations	23,510,400	26,970,500	27,076,100	23,790,100	23,776,000
Emergency Management	104,756,900	26,058,900	26,025,400	25,354,900	25,489,000
National Guard Operations	200,000	5,200,000	5,200,000	200,000	200,000
Emergency & Public Safety Operations	2,500,000				
Bluegrass Station	8,858,300	9,153,300	9,168,600	8,689,300	8,716,700
Central Clothing Distribution	28,592,600	30,941,100	30,873,500	29,603,000	29,902,700
Federal & Grant Operations	4,900,800	5,171,400	5,147,700	4,953,800	5,001,000
TOTAL EXPENDITURES	173,319,000	103,495,200	103,491,300	92,591,100	93,085,400

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

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

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

The Division of Emergency Management is responsible for all aspects of emergency management including planning, assessment, mitigation, response, and recovery in the Commonwealth. The Division works with local emergency management programs to

maintain a coordinated program and operates field offices across the state. The Emergency Operations Center in Frankfort is the hub for coordination during an emergency and is operated by the Division. The Center operates on a twenty-four hour basis and serves as a warning point, communications and command center.

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

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

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

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

**General Government
Commission on Human Rights**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,704,300	2,619,100	2,656,200	1,616,100	1,648,700
State Salary and Compensation Allocation	83,400				
Mandated Expenditure Reductions	-60,200				
Total General Fund	1,727,500	2,619,100	2,656,200	1,616,100	1,648,700
Federal Funds					
Balance Forward	129,600	116,700	109,200	129,600	129,600
Current Receipts	256,100	233,600	233,600	233,600	233,600
Total Federal Funds	385,700	350,300	342,800	363,200	363,200
TOTAL SOURCE OF FUNDS	2,113,200	2,969,400	2,999,000	1,979,300	2,011,900
EXPENDITURES BY CLASS					
Personnel Cost	1,553,900	2,436,500	2,498,400	1,518,900	1,553,200
Operating Expenses	362,200	403,700	376,400	330,800	329,100
Capital Outlay		20,000	15,000		
TOTAL EXPENDITURES	1,916,100	2,860,200	2,889,800	1,849,700	1,882,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,660,000	2,619,100	2,656,200	1,616,100	1,648,700
Federal Funds	256,100	241,100	233,600	233,600	233,600
TOTAL EXPENDITURES	1,916,100	2,860,200	2,889,800	1,849,700	1,882,300
EXPENDITURES BY UNIT					
General Administration and Support	751,000	1,077,700	1,011,800	720,200	734,700
Enforcement Branch	596,200	823,100	863,400	571,000	577,800
Research and Information	358,100	553,100	587,700	352,500	359,600
Legal Affairs	210,800	406,300	426,900	206,000	210,200
TOTAL EXPENDITURES	1,916,100	2,860,200	2,889,800	1,849,700	1,882,300

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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	210,000	259,600	262,600	206,400	212,400
State Salary and Compensation Allocation	16,000				
Mandated Expenditure Reductions	-7,500				
Total General Fund	218,500	259,600	262,600	206,400	212,400
Restricted Funds					
Balance Forward	1,700	1,700	1,700	1,700	900
Total Restricted Funds	1,700	1,700	1,700	1,700	900
TOTAL SOURCE OF FUNDS	220,200	261,300	264,300	208,100	213,300
EXPENDITURES BY CLASS					
Personnel Cost	188,700	231,300	234,300	189,800	195,900
Operating Expenses	17,400	28,300	28,300	17,400	17,400
TOTAL EXPENDITURES	206,100	259,600	262,600	207,200	213,300
EXPENDITURES BY FUND SOURCE					
General Fund	206,100	259,600	262,600	206,400	212,400
Restricted Funds				800	900
TOTAL EXPENDITURES	206,100	259,600	262,600	207,200	213,300
EXPENDITURES BY UNIT					
Commission on Women	206,100	259,600	262,600	207,200	213,300
TOTAL EXPENDITURES	206,100	259,600	262,600	207,200	213,300

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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,472,900	9,359,200	11,108,800	7,743,300	7,947,100
State Salary and Compensation Allocation	285,300				
Mandated Expenditure Reductions	-510,600				
Total General Fund	8,247,600	9,359,200	11,108,800	7,743,300	7,947,100
Restricted Funds					
Balance Forward	150,700	150,700	150,700	37,100	23,500
Current Receipts	186,400	200,000	200,000	186,400	186,300
Non-Revenue Receipts	-100,000				
Total Restricted Funds	237,100	350,700	350,700	223,500	209,800
Federal Funds					
Balance Forward	3,955,300	1,439,400		1,439,400	
Current Receipts	41,144,100	35,487,700	33,540,400	35,392,900	33,486,800
ARRA Receipts	500,000	1,560,800		1,560,800	
Total Federal Funds	45,599,400	38,487,900	33,540,400	38,393,100	33,486,800
TOTAL SOURCE OF FUNDS	54,084,100	48,197,800	44,999,900	46,359,900	41,643,700
EXPENDITURES BY CLASS					
Personnel Cost	5,028,100	6,394,100	6,544,000	5,166,400	5,288,600
Operating Expenses	525,400	663,900	701,900	500,000	500,000
Grants Loans Benefits	46,844,200	40,989,100	36,078,300	40,670,000	35,742,300
Debt Service			1,525,000		103,000
TOTAL EXPENDITURES	52,397,700	48,047,100	44,849,200	46,336,400	41,633,900
EXPENDITURES BY FUND SOURCE					
General Fund	8,037,700	9,359,200	11,108,800	7,743,300	7,947,100
Restricted Funds	200,000	200,000	200,000	200,000	200,000
Federal Funds	44,160,000	38,487,900	33,540,400	38,393,100	33,486,800
TOTAL EXPENDITURES	52,397,700	48,047,100	44,849,200	46,336,400	41,633,900
EXPENDITURES BY UNIT					
Operations	4,807,000	6,079,700	7,755,800	4,708,000	4,911,800
Grants	47,590,700	41,967,400	37,093,400	41,628,400	36,722,100
TOTAL EXPENDITURES	52,397,700	48,047,100	44,849,200	46,336,400	41,633,900

The Department for Local Government (DLG), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. 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 support. 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 2014 is \$103,000 for debt service to support bonds in the amount of \$2,000,000 for the Flood Control Matching Fund.

Included in the Restricted Funds 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.

Severance Tax Dedicated Programs 2012-2014 Biennium
Using Consensus Forecast Estimate

	FY 2012 Revised	FY 2013 Recommended	FY 2014 Recommended
Coal Severance Tax Resources			
Coal Severance Tax*	325,730,600	333,792,400	350,141,500
Less: Worker's Comp Set Aside (to General Fund)	(19,000,000)	(19,000,000)	(19,000,000)
Less: Osteopathic Medicine Scholarship Program	(872,500)	(872,500)	(872,500)
Less: Trover Clinic Grant	(1,000,000)	(1,000,000)	(1,000,000)
Less: Mine Safety	(4,400,000)		
Total coal severance tax resources to be distributed	300,458,100	312,919,900	329,269,000
Local Government Economic Assistance Fund (LGEAF) Total Funds			
Coal Severance Tax Revenue (15% of Revenue)	45,068,700	46,938,000	49,390,400
Other Mineral Severance Tax Revenue (50% of Revenue)	23,782,400	24,004,800	24,546,000
Total LGEAF to be distributed	68,851,100	70,942,800	73,936,400
Local Government Economic Development Fund (LGEDF)			
Coal Severance (35% of amounts remaining to be distributed)	105,160,300	109,522,000	115,244,200
Less: Debt Service (Past Bond Appropriations 2002-2010)	(25,503,800)	(25,503,800)	(25,503,800)
Less: Read to Achieve (Education)	(3,000,000)	(3,000,000)	(3,000,000)
Less: School Technology in Coal Counties (Education)	(2,500,000)	(2,500,000)	(2,500,000)
Less: Robinson Scholars Program (UK)	(1,000,000)	(1,000,000)	(1,000,000)
Less: Mining Engineering Scholarship Program (UK)	(300,000)	(300,000)	(300,000)
Less: LGEDF Project Administration (DLG - KIA)	(1,039,700)	(1,039,700)	(1,039,700)
Less: Mine Safety (Natural Resources)	(952,000)	(7,552,000)	(7,552,000)
Less: Save the Children (Education)			(536,300)
Less: KASPER Enhancements		(2,445,000)	(1,820,000)
Total LGEDF for County Distribution	70,864,800	66,181,500	71,992,400
Total LGEDF for Single County Distribution (66.7% of LGEDF Distribution)	47,243,200	44,121,000	47,994,900
Local Government Economic Development Multi-County Fund			
Multi-County Allocation (33.3% of LGEDF County Distribution)	23,621,600	22,060,500	23,997,500
Balance Forward from prior fiscal year	8,794,800		
Total Multi-County Resources	32,416,400	22,060,500	23,997,500
Less: Debt Service - \$80m Water & Sewer Bonds 2004-06 (KIA)	(5,778,500)	(5,778,500)	(5,778,500)
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: Energy Research Grants (Energy Development & Independence)	(3,500,000)	(3,500,000)	(3,500,000)
Less: 12 Multi-County Regional Industrial Park Authorities	(200,000)	(200,000)	(200,000)
Less: Mine Safety, Licensing & Mapping Application (Natural Resources)		(972,000)	
Less: Multi-County Uses	(19,137,900)	(7,810,000)	(10,719,000)
Balance	-	-	-

**Revenue numbers account for quarter lag*

**General Government
Local Government Economic Assistance Fund**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	67,281,600	67,281,600	67,281,600	70,942,800	73,936,400
Other	1,569,500				
Total General Fund	68,851,100	67,281,600	67,281,600	70,942,800	73,936,400
TOTAL SOURCE OF FUNDS	68,851,100	67,281,600	67,281,600	70,942,800	73,936,400
EXPENDITURES BY CLASS					
Grants Loans Benefits	68,851,100	67,281,600	67,281,600	70,942,800	73,936,400
TOTAL EXPENDITURES	68,851,100	67,281,600	67,281,600	70,942,800	73,936,400
EXPENDITURES BY FUND SOURCE					
General Fund	68,851,100	67,281,600	67,281,600	70,942,800	73,936,400
TOTAL EXPENDITURES	68,851,100	67,281,600	67,281,600	70,942,800	73,936,400
EXPENDITURES BY UNIT					
County Coal Severance	40,561,800	31,756,900	31,756,900	42,244,200	44,451,400
Cities Coal Severance	4,506,900	3,613,100	3,613,100	4,693,800	4,939,000
County Mineral Severance	21,404,200	28,722,500	28,722,500	21,604,300	22,091,400
Cities Mineral Severance	2,378,200	3,189,100	3,189,100	2,400,500	2,454,600
TOTAL EXPENDITURES	68,851,100	67,281,600	67,281,600	70,942,800	73,936,400

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 61 counties and approximately 259 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 102 counties and approximately 353 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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	37,743,300	37,743,300	37,743,300	66,181,500	71,992,400
Other	33,121,500				
Total General Fund	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400
TOTAL SOURCE OF FUNDS	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400
EXPENDITURES BY CLASS					
Grants Loans Benefits	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400
TOTAL EXPENDITURES	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400
EXPENDITURES BY FUND SOURCE					
General Fund	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400
TOTAL EXPENDITURES	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400
EXPENDITURES BY UNIT					
Economic Development Fund	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400
TOTAL EXPENDITURES	70,864,800	37,743,300	37,743,300	66,181,500	71,992,400

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, 34 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.

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 2013 and fiscal year 2014.

Notwithstanding KRS 42.4582 and KRS 42.4585, \$872,500 in each fiscal year is provided to the Osteopathic Medicine Scholarship Program within the Kentucky Higher Education Assistance Authority and \$1,000,000 in each fiscal year is provided to the Trover Clinic Grant within the Department for Local Government.

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 the Department of Local Government 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, \$952,000 additional funds in fiscal year 2012 and \$7,552,000 is provided each year of the 2012-14 biennium to the Mine Safety and Licensing budget to help implement mine safety statutory requirements, \$536,300 is provided in fiscal year 2014 for the Save the Children program and \$2,445,000 in fiscal year 2013 and \$1,820,000 in fiscal year 2014 is provided for enhancements to the KASPER controlled substance prescription monitoring system. Debt service support of \$25,503,800 is provided each year as follows; \$4,617,900 each year for \$54,700,000 in schools facilities construction projects (2002-04), \$4,091,400 each year for \$54,765,000 for KIA water and sewer projects (2002-04), \$694,200 in each year for part of the \$80,000,000 in KIA water and sewer projects (2004-06), \$8,562,300 in each year for part of the \$100,000,000 in KIA water and sewer projects (2006-08), and \$7,538,000 in each year 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 \$5,778,500 from the Multi-County Fund to the General Fund to pay the debt service on the \$80,000,000 Infrastructure for Economic Development Fund for Coal-Producing Counties Bond Pool (2004-2006), \$2,000,000 in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Office of Drug Control Policy to support the Operation Unite grants in coal-producing counties, \$1,800,000 in each fiscal year from the LGEDF Multi-County Fund to the Justice and Public Safety Cabinet's Office of Drug Control Policy to support the Drug

Court program serving coal-producing counties, \$3,500,000 in each fiscal year from the LGEDF Multi-County Fund to the Department for Energy Development and Independence to support energy research and development projects targeted solely to Kentucky's LGEDF eligible counties, \$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 and \$972,000 is provided for a mine safety licensing and mapping application in fiscal year 2013.

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.

**General Government
Area Development Fund**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	563,900	555,300	555,300	498,500	498,500
Mandated Expenditure Reductions	-19,700				
Total General Fund	544,200	555,300	555,300	498,500	498,500
TOTAL SOURCE OF FUNDS	544,200	555,300	555,300	498,500	498,500
EXPENDITURES BY CLASS					
Grants Loans Benefits	544,200	555,300	555,300	498,500	498,500
TOTAL EXPENDITURES	544,200	555,300	555,300	498,500	498,500
EXPENDITURES BY FUND SOURCE					
General Fund	544,200	555,300	555,300	498,500	498,500
TOTAL EXPENDITURES	544,200	555,300	555,300	498,500	498,500
EXPENDITURES BY UNIT					
Area Development Fund	544,200	555,300	555,300	498,500	498,500
TOTAL EXPENDITURES	544,200	555,300	555,300	498,500	498,500

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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	447,200	469,200	469,200	438,700	447,300
State Salary and Compensation Allocation	22,000				
Total General Fund	469,200	469,200	469,200	438,700	447,300
Restricted Funds					
Balance Forward	90,300	105,000	84,300	105,000	78,300
Current Receipts	60,500	60,500	60,500	60,500	60,500
Total Restricted Funds	150,800	165,500	144,800	165,500	138,800
TOTAL SOURCE OF FUNDS	620,000	634,700	614,000	604,200	586,100
EXPENDITURES BY CLASS					
Personnel Cost	430,000	485,100	499,300	460,900	469,500
Operating Expenses	65,000	65,300	65,300	65,000	65,000
TOTAL EXPENDITURES	495,000	550,400	564,600	525,900	534,500
EXPENDITURES BY FUND SOURCE					
General Fund	449,200	469,200	469,200	438,700	447,300
Restricted Funds	45,800	81,200	95,400	87,200	87,200
TOTAL EXPENDITURES	495,000	550,400	564,600	525,900	534,500
EXPENDITURES BY UNIT					
Executive Branch Ethics Commission	495,000	550,400	564,600	525,900	534,500
TOTAL EXPENDITURES	495,000	550,400	564,600	525,900	534,500

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

**General Government
Secretary of State**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,753,700	1,793,800	1,799,700	1,646,100	1,681,900
State Salary and Compensation Allocation	115,000				
Mandated Expenditure Reductions	-112,200				
Total General Fund	1,756,500	1,793,800	1,799,700	1,646,100	1,681,900
Restricted Funds					
Balance Forward	1,042,800	1,765,500	2,949,400	1,315,500	724,600
Current Receipts	2,165,000	2,587,600	2,702,000	2,107,600	2,202,000
Fund Transfers	-849,700			-1,000,000	-1,000,000
Total Restricted Funds	2,358,100	4,353,100	5,651,400	2,423,100	1,926,600
TOTAL SOURCE OF FUNDS	4,114,600	6,146,900	7,451,100	4,069,200	3,608,500
EXPENDITURES BY CLASS					
Personnel Cost	2,092,400	2,373,400	2,448,600	2,504,600	2,559,800
Operating Expenses	606,300	656,100	656,100	672,000	672,000
Grants Loans Benefits	200				
Capital Outlay	13,100	168,000	24,100	168,000	24,100
TOTAL EXPENDITURES	2,712,000	3,197,500	3,128,800	3,344,600	3,255,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,669,400	1,793,800	1,799,700	1,646,100	1,681,900
Restricted Funds	1,042,600	1,403,700	1,329,100	1,698,500	1,574,000
TOTAL EXPENDITURES	2,712,000	3,197,500	3,128,800	3,344,600	3,255,900
EXPENDITURES BY UNIT					
General Administration	1,540,900	1,890,000	1,780,100	1,798,800	1,670,600
General Operations	1,171,100	1,307,500	1,348,700	1,545,800	1,585,300
TOTAL EXPENDITURES	2,712,000	3,197,500	3,128,800	3,344,600	3,255,900

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 Corporate Records, which contains the Business Filings Branch, the Business Records Branch, and the Uniform Commercial Code Branch; and the Division of Administration.

The Division of Corporate Records 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.

**General Government
Board of Elections**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,891,200	5,840,900	3,159,500	3,907,900	2,514,600
State Salary and Compensation Allocation	50,700				
Mandated Expenditure Reductions	-45,300	-22,000			
Total General Fund	3,896,600	5,818,900	3,159,500	3,907,900	2,514,600
Restricted Funds					
Balance Forward	621,800	493,800	395,800	493,800	395,800
Current Receipts	32,000	22,000	22,000	22,000	22,000
Fund Transfers	-1,200				
Total Restricted Funds	652,600	515,800	417,800	515,800	417,800
Federal Funds					
Balance Forward	15,703,700	10,723,200	5,742,700	10,723,200	5,742,700
Current Receipts	325,000	325,000	325,000	325,000	325,000
Total Federal Funds	16,028,700	11,048,200	6,067,700	11,048,200	6,067,700
TOTAL SOURCE OF FUNDS	20,577,900	17,382,900	9,645,000	15,471,900	9,000,100
EXPENDITURES BY CLASS					
Personnel Cost	1,018,200	1,138,800	1,171,100	1,079,100	1,098,400
Operating Expenses	822,600	957,300	989,800	745,400	745,400
Grants Loans Benefits	7,479,200	9,148,300	6,424,100	7,508,900	6,096,300
TOTAL EXPENDITURES	9,320,000	11,244,400	8,585,000	9,333,400	7,940,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,855,700	5,818,900	3,159,500	3,907,900	2,514,600
Restricted Funds	158,800	120,000	120,000	120,000	120,000
Federal Funds	5,305,500	5,305,500	5,305,500	5,305,500	5,305,500
TOTAL EXPENDITURES	9,320,000	11,244,400	8,585,000	9,333,400	7,940,100
EXPENDITURES BY UNIT					
General Administration and Support	1,243,300	1,494,600	1,563,400	1,223,000	1,246,300
State Share of County Election Expenses	1,382,900	2,718,000		1,412,600	
State Share of Voter Registration Expenses	1,288,300	1,622,300	1,616,100	1,288,300	1,288,300
Presidential Electors		4,000		4,000	
Election Fund	5,405,500	5,405,500	5,405,500	5,405,500	5,405,500
TOTAL EXPENDITURES	9,320,000	11,244,400	8,585,000	9,333,400	7,940,100

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 3,578 precincts with over 3.1 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.

Policy

The Executive Budget includes General Fund in the amount of \$1,412,600 in fiscal year 2013 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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,165,900	1,685,700	1,734,800	1,146,900	1,168,600
State Salary and Compensation Allocation	58,800				
Mandated Expenditure Reductions	-41,200				
Total General Fund	1,183,500	1,685,700	1,734,800	1,146,900	1,168,600
TOTAL SOURCE OF FUNDS	1,183,500	1,685,700	1,734,800	1,146,900	1,168,600
EXPENDITURES BY CLASS					
Personnel Cost	1,032,100	1,542,700	1,591,200	1,053,900	1,067,100
Operating Expenses	105,700	143,000	143,600	93,000	101,500
TOTAL EXPENDITURES	1,137,800	1,685,700	1,734,800	1,146,900	1,168,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,137,800	1,685,700	1,734,800	1,146,900	1,168,600
TOTAL EXPENDITURES	1,137,800	1,685,700	1,734,800	1,146,900	1,168,600
EXPENDITURES BY UNIT					
Registry of Election Finance	1,137,800	1,685,700	1,734,800	1,146,900	1,168,600
TOTAL EXPENDITURES	1,137,800	1,685,700	1,734,800	1,146,900	1,168,600

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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,752,500	13,347,400	13,799,000	10,084,300	10,292,300
State Salary and Compensation Allocation	614,700				
Mandated Expenditure Reductions	-578,600				
Total General Fund	10,788,600	13,347,400	13,799,000	10,084,300	10,292,300
Restricted Funds					
Balance Forward	9,008,100	6,663,600	5,050,200	6,663,600	4,639,200
Current Receipts	1,462,000	1,462,000	1,462,000	1,462,000	1,462,000
Non-Revenue Receipts	6,479,100	7,101,300	7,177,900	7,156,100	7,233,200
Fund Transfers	-160,200				
Total Restricted Funds	16,789,000	15,226,900	13,690,100	15,281,700	13,334,400
Federal Funds					
Current Receipts	2,181,100	2,636,500	2,752,900	2,378,100	2,378,100
ARRA Receipts	1,229,700				
Total Federal Funds	3,410,800	2,636,500	2,752,900	2,378,100	2,378,100
TOTAL SOURCE OF FUNDS	30,988,400	31,210,800	30,242,000	27,744,100	26,004,800
EXPENDITURES BY CLASS					
Personnel Cost	16,135,300	18,280,700	18,884,800	15,730,400	16,260,200
Operating Expenses	1,785,100	2,101,400	2,101,500	1,596,000	1,614,100
Grants Loans Benefits	5,860,800	5,778,500	5,818,900	5,778,500	5,818,900
TOTAL EXPENDITURES	23,781,200	26,160,600	26,805,200	23,104,900	23,693,200
EXPENDITURES BY FUND SOURCE					
General Fund	10,245,000	13,347,400	13,799,000	10,084,300	10,488,000
Restricted Funds	10,125,400	10,176,700	10,253,300	10,642,500	10,827,100
Federal Funds	3,410,800	2,636,500	2,752,900	2,378,100	2,378,100
TOTAL EXPENDITURES	23,781,200	26,160,600	26,805,200	23,104,900	23,693,200
EXPENDITURES BY UNIT					
Administrative Services	4,067,500	3,632,800	3,749,700	2,842,400	2,934,600
Criminal Services	7,408,600	8,865,700	9,118,300	7,519,000	7,796,400
Advocacy Services	3,117,800	3,903,100	4,015,300	3,381,800	3,383,200
Civil Services	2,287,300	2,807,700	2,894,000	2,461,700	2,603,800
Uninsured Employers Fund	6,900,000	6,951,300	7,027,900	6,900,000	6,975,200
TOTAL EXPENDITURES	23,781,200	26,160,600	26,805,200	23,104,900	23,693,200

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.

Policy

The Executive Budget includes Restricted Funds of \$106,100 in fiscal year 2013 and \$108,000 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

**General Government
Commonwealth's Attorneys**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	35,272,000	42,872,200	43,975,700	37,523,600	38,286,600
State Salary and Compensation Allocation	1,987,800				
Current Year Appropriation	243,000				
Total General Fund	37,502,800	42,872,200	43,975,700	37,523,600	38,286,600
Restricted Funds					
Balance Forward	990,200	693,900	393,600	693,900	393,600
Current Receipts	1,157,200	1,195,000	1,193,500	1,195,000	1,193,500
Non-Revenue Receipts	-13,300				
Total Restricted Funds	2,134,100	1,888,900	1,587,100	1,888,900	1,587,100
Federal Funds					
Current Receipts	242,400	102,300	100,500	102,300	100,500
Non-Revenue Receipts	-45,900	-48,500	-45,200	-48,500	-45,200
Total Federal Funds	196,500	53,800	55,300	53,800	55,300
TOTAL SOURCE OF FUNDS	39,833,400	44,814,900	45,618,100	39,466,300	39,929,000
EXPENDITURES BY CLASS					
Personnel Cost	33,520,900	39,449,600	40,556,900	34,935,100	35,689,500
Operating Expenses	3,940,800	4,948,900	5,007,500	4,114,800	4,210,800
Grants Loans Benefits	28,000	22,800	27,000	22,800	2,000
TOTAL EXPENDITURES	37,489,700	44,421,300	45,591,400	39,072,700	39,902,300
EXPENDITURES BY FUND SOURCE					
General Fund	35,853,000	42,872,200	43,975,700	37,523,600	38,286,600
Restricted Funds	1,440,200	1,495,300	1,560,400	1,495,300	1,560,400
Federal Funds	196,500	53,800	55,300	53,800	55,300
TOTAL EXPENDITURES	37,489,700	44,421,300	45,591,400	39,072,700	39,902,300
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	37,489,700	44,421,300	45,591,400	39,072,700	39,902,300
TOTAL EXPENDITURES	37,489,700	44,421,300	45,591,400	39,072,700	39,902,300

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.

Policy

The Executive Budget includes additional General Fund in fiscal year 2012 in the amount of \$243,000 for Commonwealth's Attorneys for unanticipated personnel and operating expenditures and the constitutional mandated salary increment for elected officials.

**General Government
County Attorneys**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	30,242,100	37,081,600	38,009,200	32,368,200	33,080,100
State Salary and Compensation Allocation	1,808,400				
Current Year Appropriation	238,000				
Total General Fund	32,288,500	37,081,600	38,009,200	32,368,200	33,080,100
Restricted Funds					
Balance Forward	285,300	186,700	112,700	186,700	112,700
Current Receipts	205,100	298,400	301,500	243,400	254,000
Total Restricted Funds	490,400	485,100	414,200	430,100	366,700
Federal Funds					
Current Receipts	499,900	577,400	597,800	534,800	576,800
Non-Revenue Receipts	45,900	48,500	45,200	48,500	45,200
Total Federal Funds	545,800	625,900	643,000	583,300	622,000
TOTAL SOURCE OF FUNDS	33,324,700	38,192,600	39,066,400	33,381,600	34,068,800
EXPENDITURES BY CLASS					
Personnel Cost	30,710,500	36,856,900	37,809,900	32,086,000	32,850,600
Operating Expenses	868,000	1,222,500	1,223,300	1,182,400	1,185,000
Grants Loans Benefits		500	500	500	500
TOTAL EXPENDITURES	31,578,500	38,079,900	39,033,700	33,268,900	34,036,100
EXPENDITURES BY FUND SOURCE					
General Fund	30,729,000	37,081,600	38,009,200	32,368,200	33,080,100
Restricted Funds	303,700	372,400	381,500	317,400	334,000
Federal Funds	545,800	625,900	643,000	583,300	622,000
TOTAL EXPENDITURES	31,578,500	38,079,900	39,033,700	33,268,900	34,036,100
EXPENDITURES BY UNIT					
County Attorneys	31,578,500	38,079,900	39,033,700	33,268,900	34,036,100
TOTAL EXPENDITURES	31,578,500	38,079,900	39,033,700	33,268,900	34,036,100

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.

Policy

The Executive Budget includes General Fund in fiscal year 2012 in the amount of \$238,000 for County Attorneys for unanticipated personnel and operating expenditures and the constitutional mandated salary increment for elected officials.

**General Government
Treasury**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,629,700	2,307,200	2,334,600	1,625,400	1,666,400
State Salary and Compensation Allocation	157,200				
Mandated Expenditure Reductions	-58,900				
Total General Fund	1,728,000	2,307,200	2,334,600	1,625,400	1,666,400
Restricted Funds					
Balance Forward	100,400				
Non-Revenue Receipts	952,900	1,130,900	1,172,500	1,169,300	1,179,500
Fund Transfers	-61,200				
Total Restricted Funds	992,100	1,130,900	1,172,500	1,169,300	1,179,500
Road Fund					
Regular Appropriation	250,000	250,000	250,000	350,000	350,000
Total Road Fund	250,000	250,000	250,000	350,000	350,000
TOTAL SOURCE OF FUNDS	2,970,100	3,688,100	3,757,100	3,144,700	3,195,900
EXPENDITURES BY CLASS					
Personnel Cost	2,497,000	3,104,800	3,163,700	2,676,800	2,727,700
Operating Expenses	390,100	555,600	593,400	467,900	468,200
Capital Outlay		27,700			
TOTAL EXPENDITURES	2,887,100	3,688,100	3,757,100	3,144,700	3,195,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,645,000	2,307,200	2,334,600	1,625,400	1,666,400
Restricted Funds	992,100	1,130,900	1,172,500	1,169,300	1,179,500
Road Fund	250,000	250,000	250,000	350,000	350,000
TOTAL EXPENDITURES	2,887,100	3,688,100	3,757,100	3,144,700	3,195,900
EXPENDITURES BY UNIT					
General Administration and Support	1,160,900	1,660,600	1,630,500	1,243,400	1,268,900
Disbursements and Accounting	734,100	896,600	954,100	732,000	747,500
Abandoned Property Administration	992,100	1,130,900	1,172,500	1,169,300	1,179,500
TOTAL EXPENDITURES	2,887,100	3,688,100	3,757,100	3,144,700	3,195,900

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 \$1,169,300 in fiscal year 2013 and \$1,179,500 in fiscal year 2014. 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 \$350,000 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 surplus appropriations in the capital budget in each fiscal year of the biennium for the lease purchase of two laser check printers and two fold sealers.

**General Government
Agriculture**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,924,800	20,567,100	21,107,300	15,815,200	16,089,400
State Salary and Compensation Allocation	714,000				
Continuing Approp.-General Fund	64,100				
Mandated Expenditure Reductions	-684,100				
Total General Fund	17,018,800	20,567,100	21,107,300	15,815,200	16,089,400
Restricted Funds					
Balance Forward	8,183,100	7,386,800	5,554,900	7,386,800	5,464,000
Current Receipts	6,166,700	6,289,500	6,302,400	6,289,500	6,302,400
Non-Revenue Receipts	1,348,800	150,000	125,000	170,300	145,800
Fund Transfers	-410,400				
Total Restricted Funds	15,288,200	13,826,300	11,982,300	13,846,600	11,912,200
Federal Funds					
Current Receipts	5,853,400	5,249,400	4,895,900	5,249,400	4,895,900
Total Federal Funds	5,853,400	5,249,400	4,895,900	5,249,400	4,895,900
TOTAL SOURCE OF FUNDS	38,160,400	39,642,800	37,985,500	34,911,200	32,897,500
EXPENDITURES BY CLASS					
Personnel Cost	15,983,300	19,908,700	20,378,500	16,098,900	16,513,800
Operating Expenses	8,312,400	8,625,100	7,955,900	8,159,300	7,607,900
Grants Loans Benefits	4,857,400	4,853,900	4,718,300	4,488,800	4,260,800
Capital Outlay	1,029,000	700,200	500,000	700,200	500,000
TOTAL EXPENDITURES	30,182,100	34,087,900	33,552,700	29,447,200	28,882,500
EXPENDITURES BY FUND SOURCE					
General Fund	16,427,300	20,567,100	21,107,300	15,815,200	16,089,400
Restricted Funds	7,901,400	8,271,400	7,549,500	8,382,600	7,897,200
Federal Funds	5,853,400	5,249,400	4,895,900	5,249,400	4,895,900
TOTAL EXPENDITURES	30,182,100	34,087,900	33,552,700	29,447,200	28,882,500
EXPENDITURES BY UNIT					
Strategic Planning and Administration	3,690,500	5,200,800	5,256,500	3,441,800	3,472,900
Motor Fuel Inspection and Testing	885,400	948,100	975,400	916,700	936,900
Consumer and Environmental Programs	13,735,300	15,207,000	15,586,500	14,077,400	14,378,200
State Veterinarian	3,372,800	3,765,000	3,884,300	3,270,900	3,323,400
Animal Control	181,300	150,000	100,000	150,000	100,000
Market Promotion and Protection	111,200	117,100	117,400	112,600	111,900
Mexico Office	100,000	100,000	100,000	100,000	100,000
Farmland Preservation	974,700	602,800	350,000	602,800	350,000
Agriculture Marketing and Product Promotion	6,698,100	7,594,500	6,775,700	6,375,000	5,709,200
Small Winery Support Fund	432,800	402,600	406,900	400,000	400,000
TOTAL EXPENDITURES	30,182,100	34,087,900	33,552,700	29,447,200	28,882,500

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

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

The Office for Consumer and Environmental Protection directs programs which have a direct bearing on agricultural revenue. The Office conducts the grain regulation program, certifies all sales made by solid weight or liquid volume, licenses egg wholesalers, and inspects amusement rides operating within the Commonwealth. Duties include the distribution of commodity

foods to qualifying institutions and individuals on behalf of the United States Department of Agriculture. This office is responsible for conducting various pest and noxious weed control programs, enforcing federal and state laws and regulations pertaining to the control of pesticide use and application, and liaison between the regulator and those being regulated. In addition, the Office will operate the state's motor fuel and pesticide testing laboratory, authorized by the General Assembly in 2006.

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

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

Policy

The Executive Budget includes Restricted Funds of \$20,300 in fiscal year 2013 and \$20,800 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund.

**General Government
Auditor of Public Accounts**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,579,500	5,726,200	6,041,100	4,401,100	4,479,000
State Salary and Compensation Allocation	346,700				
Mandated Expenditure Reductions	-209,900				
Total General Fund	4,716,300	5,726,200	6,041,100	4,401,100	4,479,000
Restricted Funds					
Balance Forward	38,700				
Current Receipts	6,618,600	6,455,600	6,516,700	6,455,600	6,516,700
Fund Transfers	-384,600				
Total Restricted Funds	6,272,700	6,455,600	6,516,700	6,455,600	6,516,700
TOTAL SOURCE OF FUNDS	10,989,000	12,181,800	12,557,800	10,856,700	10,995,700
EXPENDITURES BY CLASS					
Personnel Cost	9,765,900	11,011,300	11,379,200	10,193,700	10,327,400
Operating Expenses	940,700	1,170,500	1,178,600	663,000	668,300
TOTAL EXPENDITURES	10,706,600	12,181,800	12,557,800	10,856,700	10,995,700
EXPENDITURES BY FUND SOURCE					
General Fund	4,433,900	5,726,200	6,041,100	4,401,100	4,479,000
Restricted Funds	6,272,700	6,455,600	6,516,700	6,455,600	6,516,700
TOTAL EXPENDITURES	10,706,600	12,181,800	12,557,800	10,856,700	10,995,700
EXPENDITURES BY UNIT					
Auditor of Public Accounts	1,127,700	1,276,600	1,311,600	1,122,700	1,079,600
Financial Audit	7,797,200	8,971,300	9,242,400	8,023,800	8,268,100
Technology and Specialized Audits	1,781,700	1,933,900	2,003,800	1,710,200	1,648,000
TOTAL EXPENDITURES	10,706,600	12,181,800	12,557,800	10,856,700	10,995,700

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 three program areas: Administration, Office of Financial Audit, and the Office of Technology and Special Audits.

The Administration area includes the Office of the State Auditor, the Office of Legal and Records Services, and the Office of Planning and Management. All policy, budget, fiscal, legal, and personnel duties are performed within the Administration area.

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

The Office of Technology and Special Audits 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.

**General Government
Personnel Board**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	53,500		1,000		
Current Receipts	724,400	834,900	861,500	790,900	803,900
Fund Transfers	-51,300				
Total Restricted Funds	726,600	834,900	862,500	790,900	803,900
TOTAL SOURCE OF FUNDS	726,600	834,900	862,500	790,900	803,900
EXPENDITURES BY CLASS					
Personnel Cost	624,800	732,300	743,600	689,300	702,000
Operating Expenses	101,800	101,600	116,900	101,600	101,900
TOTAL EXPENDITURES	726,600	833,900	860,500	790,900	803,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	726,600	833,900	860,500	790,900	803,900
TOTAL EXPENDITURES	726,600	833,900	860,500	790,900	803,900
EXPENDITURES BY UNIT					
Personnel Board	726,600	833,900	860,500	790,900	803,900
TOTAL EXPENDITURES	726,600	833,900	860,500	790,900	803,900

Created by the 1982 General Assembly, the Personnel Board is composed of seven members. The Governor appoints five, and two are classified employees elected by their colleagues. Pursuant to KRS 18A.0551, elections for the two classified employee members of the Board are held every four years.

The Personnel Board serves in a quasi-judicial capacity and assists the Personnel Cabinet in the development of administrative regulations pertaining to the classified service. The Board administers the appeals process of applicants for classified positions and conducts hearings for any non-probationary employee who is dismissed, demoted, suspended, or otherwise penalized for cause.

Policy

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

**General Government
Kentucky Retirement Systems**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	2,164,100				
Non-Revenue Receipts	36,118,200	42,848,600	43,595,900	39,645,000	40,255,900
Total Restricted Funds	38,282,300	42,848,600	43,595,900	39,645,000	40,255,900
TOTAL SOURCE OF FUNDS	38,282,300	42,848,600	43,595,900	39,645,000	40,255,900
EXPENDITURES BY CLASS					
Personnel Cost	32,753,500	37,319,800	38,067,100	34,116,200	34,727,100
Operating Expenses	5,212,900	5,212,900	5,212,900	5,212,900	5,212,900
Capital Outlay	315,900	315,900	315,900	315,900	315,900
TOTAL EXPENDITURES	38,282,300	42,848,600	43,595,900	39,645,000	40,255,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	38,282,300	42,848,600	43,595,900	39,645,000	40,255,900
TOTAL EXPENDITURES	38,282,300	42,848,600	43,595,900	39,645,000	40,255,900
EXPENDITURES BY UNIT					
Kentucky Retirement Systems	38,282,300	42,848,600	43,595,900	39,645,000	40,255,900
TOTAL EXPENDITURES	38,282,300	42,848,600	43,595,900	39,645,000	40,255,900

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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	18,111,200	17,671,400	16,201,200	18,379,200	15,978,800
Current Receipts	20,592,000	21,320,700	20,836,000	21,588,200	21,155,500
Non-Revenue Receipts	465,100				
Fund Transfers	-1,300,000			-2,400,000	-2,300,000
Total Restricted Funds	37,868,300	38,992,100	37,037,200	37,567,400	34,834,300
TOTAL SOURCE OF FUNDS	37,868,300	38,992,100	37,037,200	37,567,400	34,834,300
EXPENDITURES BY CLASS					
Personnel Cost	14,529,900	17,249,600	17,784,200	16,344,700	16,676,000
Operating Expenses	4,386,200	4,817,100	4,987,400	4,521,700	4,532,900
Grants Loans Benefits	546,000	680,000	662,800	680,000	662,800
Capital Outlay	27,000	44,200	26,200	42,200	26,200
TOTAL EXPENDITURES	19,489,100	22,790,900	23,460,600	21,588,600	21,897,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	19,489,100	22,790,900	23,460,600	21,588,600	21,897,900
TOTAL EXPENDITURES	19,489,100	22,790,900	23,460,600	21,588,600	21,897,900
EXPENDITURES BY UNIT					
Accountancy	487,300	637,400	659,300	519,500	526,400
Certification of Alcohol and Drug Counselors	66,200	82,200	82,200	82,200	82,200
Applied Behavior Analysis Licensing	6,000	6,000	6,000	6,000	6,000
Architects	389,200	423,400	442,900	405,400	411,600
Certification for Professional Art Therapists	11,200	11,200	11,200	11,200	11,200
Auctioneers	354,700	380,000	388,500	366,800	372,300
Barbering	290,000	314,500	321,100	303,200	307,300
Chiropractic Examiners	259,200	282,200	297,900	282,600	286,600
Dentistry	739,500	757,500	783,000	753,000	760,900
Diabetes Educators	1,000	1,000	1,000	1,000	1,000
Licensure & Cert. for Dietitians & Nutritionists	68,600	73,900	73,900	73,900	73,900
Embalmers and Funeral Directors	349,000	402,600	386,900	362,300	368,800
Licensure for Prof. Engineers and Land Surveyors	1,172,000	1,463,200	1,525,000	1,215,400	1,234,800
Certification of Fee-Based Pastoral Counselors	3,400	3,600	3,600	3,600	3,600
Registration for Professional Geologists	113,300	106,900	106,900	106,900	106,900
Hairdressers and Cosmetologists	1,120,900	1,297,200	1,354,000	1,286,900	1,305,600
Specialists in Hearing Instruments	51,900	81,100	81,100	81,100	81,100
Interpreters for the Deaf and Hard of Hearing	30,500	45,900	45,900	45,900	45,900
Home Inspectors	74,300	83,800	83,800	83,800	83,800
Examiners & Registration of Landscape Architects	63,000	64,100	66,500	62,600	63,500
Licensure of Marriage and Family Therapists	82,000	116,400	116,400	116,400	116,400
Licensure for Massage Therapy	128,900	160,600	160,600	160,600	160,600
Medical Licensure	2,500,500	2,817,500	2,904,300	2,764,700	2,817,600
Nursing	5,004,100	6,246,500	6,476,800	5,902,900	5,959,700
Licensure for Nursing Home Administrators	46,300	61,100	61,100	61,100	61,100
Licensure for Occupational Therapy	106,000	135,200	135,200	135,200	135,200
Ophthalmic Dispensers	56,500	55,200	55,200	55,200	55,200

Optometric Examiners	186,100	195,500	199,200	191,500	193,800
Pharmacy	1,300,900	1,533,300	1,610,400	1,473,100	1,538,700
Physical Therapy	384,500	410,400	427,000	407,800	413,100
Podiatry	23,800	24,600	25,300	24,300	24,300
Private Investigators	78,800	101,500	101,500	101,500	101,500
Licensed Professional Counselors	124,900	154,900	154,900	154,900	154,900
Proprietary Education	233,700	187,700	187,700	187,700	187,700
Prosthetics, Orthotics and Pedorthics	9,000	9,000	9,000	9,000	9,000
Examiners of Psychology	188,200	236,400	236,400	236,400	236,400
Real Estate Appraisers	649,600	694,300	716,200	659,100	665,500
Real Estate Commission	1,918,800	2,231,300	2,251,200	2,008,700	2,041,800
Respiratory Care	192,500	198,100	202,300	193,100	196,100
Social Work	233,800	256,000	261,500	244,400	248,200
Speech-Language Pathology and Audiology	154,800	170,100	170,100	170,100	170,100
Veterinary Examiners	234,200	277,600	277,600	277,600	277,600
TOTAL EXPENDITURES	19,489,100	22,790,900	23,460,600	21,588,600	21,897,900

The 42 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.

Twenty two of the 42 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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	255,100	286,800	301,400	242,300	246,400
State Salary and Compensation Allocation	13,800				
Mandated Expenditure Reductions	-9,000				
Total General Fund	259,900	286,800	301,400	242,300	246,400
Restricted Funds					
Balance Forward	2,715,500	2,860,600	471,100	2,860,600	1,019,900
Current Receipts	2,625,200	4,279,600	4,842,000	4,279,600	4,842,000
Fund Transfers	-83,500				
Total Restricted Funds	5,257,200	7,140,200	5,313,100	7,140,200	5,861,900
TOTAL SOURCE OF FUNDS	5,517,100	7,427,000	5,614,500	7,382,500	6,108,300
EXPENDITURES BY CLASS					
Personnel Cost	660,600	737,000	760,400	686,100	700,300
Operating Expenses	125,900	131,100	138,600	111,500	111,400
Grants Loans Benefits	250,000	250,000	260,000	260,000	260,000
Debt Service	1,256,200	2,853,300	3,385,200	2,320,500	3,385,200
Capital Outlay	352,300	2,984,500		2,984,500	
TOTAL EXPENDITURES	2,645,000	6,955,900	4,544,200	6,362,600	4,456,900
EXPENDITURES BY FUND SOURCE					
General Fund	248,400	286,800	301,400	242,300	246,400
Restricted Funds	2,396,600	6,669,100	4,242,800	6,120,300	4,210,500
TOTAL EXPENDITURES	2,645,000	6,955,900	4,544,200	6,362,600	4,456,900
EXPENDITURES BY UNIT					
General Operations	1,117,900	1,149,000	857,600	1,133,000	825,300
Locks and Dams Construction/Maintenance	1,256,200	5,504,500	3,385,200	4,971,700	3,385,200
Locks and Dams Operations	270,900	302,400	301,400	257,900	246,400
TOTAL EXPENDITURES	2,645,000	6,955,900	4,544,200	6,362,600	4,456,900

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 1837. 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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	102,802,000	107,584,600	124,196,700	101,403,400	106,596,700
State Salary and Compensation Allocation	16,000				
Mandated Expenditure Reductions	-11,110,500				
Total General Fund	91,707,500	107,584,600	124,196,700	101,403,400	106,596,700
TOTAL SOURCE OF FUNDS	91,707,500	107,584,600	124,196,700	101,403,400	106,596,700
EXPENDITURES BY CLASS					
Personnel Cost	263,900	310,400	320,500	282,600	288,900
Operating Expenses	22,700	32,400	32,400	38,600	38,600
Debt Service	91,408,400	107,241,800	123,843,800	101,082,200	106,269,200
TOTAL EXPENDITURES	91,695,000	107,584,600	124,196,700	101,403,400	106,596,700
EXPENDITURES BY FUND SOURCE					
General Fund	91,695,000	107,584,600	124,196,700	101,403,400	106,596,700
TOTAL EXPENDITURES	91,695,000	107,584,600	124,196,700	101,403,400	106,596,700
EXPENDITURES BY UNIT					
School Facilities Construction Commission	91,695,000	107,584,600	124,196,700	101,403,400	106,596,700
TOTAL EXPENDITURES	91,695,000	107,584,600	124,196,700	101,403,400	106,596,700

The School Facilities Construction Commission (SFCC), created by the 1985 Extraordinary Session of the General Assembly (KRS 157.611 et seq.), exists to assist local school districts with their school building needs. The Commission is responsible for the distribution of state funds via offers of assistance for approved building or renovation projects. The Commission is empowered to act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease arrangements with local boards of education to finance construction of new facilities or major renovation of existing school facilities.

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

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

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 Executive Budget includes \$2,025,000 in fiscal year 2013 and \$8,437,500 in fiscal year 2014 for debt service for \$100,000,000 in bonds to finance the offers of assistance authorized by the 2010 Regular Session of the General Assembly.

The enacted budget authorizes the School Facilities Construction Commission to make an additional \$100,000,000 in new offers of assistance during the 2012-14 biennium in anticipation of debt service availability during the 2014-16 biennium.

**General Government
Teachers' Retirement System**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	238,637,000	612,150,100	623,554,100	244,670,100	266,534,100
Total General Fund	238,637,000	612,150,100	623,554,100	244,670,100	266,534,100
Restricted Funds					
Balance Forward	3,104,800				
Non-Revenue Receipts	8,925,500	12,410,000	12,995,600	12,030,300	12,030,300
Total Restricted Funds	12,030,300	12,410,000	12,995,600	12,030,300	12,030,300
TOTAL SOURCE OF FUNDS	250,667,300	624,560,100	636,549,700	256,700,400	278,564,400
EXPENDITURES BY CLASS					
Personnel Cost	9,774,700	10,241,300	10,731,400	9,774,700	9,774,700
Operating Expenses	2,096,700	2,002,600	2,090,500	2,096,700	2,096,700
Grants Loans Benefits	143,355,800	508,799,300	520,222,900	141,319,300	136,202,900
Debt Service	95,281,200	103,350,800	103,331,200	103,350,800	130,331,200
Capital Outlay	158,900	166,100	173,700	158,900	158,900
TOTAL EXPENDITURES	250,667,300	624,560,100	636,549,700	256,700,400	278,564,400
EXPENDITURES BY FUND SOURCE					
General Fund	238,637,000	612,150,100	623,554,100	244,670,100	266,534,100
Restricted Funds	12,030,300	12,410,000	12,995,600	12,030,300	12,030,300
TOTAL EXPENDITURES	250,667,300	624,560,100	636,549,700	256,700,400	278,564,400
EXPENDITURES BY UNIT					
Teachers' Retirement System	250,667,300	624,560,100	636,549,700	256,700,400	278,564,400
TOTAL EXPENDITURES	250,667,300	624,560,100	636,549,700	256,700,400	278,564,400

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

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

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

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member and employer contribution rate at 9.855 percent of gross salary for persons other than university faculty members joining the system prior to July 1, 2008. Persons joining on or after that date contribute 10.855 percent of gross salary with the employer contributing the same amount. University faculty members who joined the system prior to July 1, 2008 contribute 8.375 percent of gross salary and their employer matches this amount. University faculty members joining on or after that date contribute 9.375 percent of gross salary with the employer matching that amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

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

2016. This will bring total member medical insurance contributions to 3.75% in fiscal 2016 for all members. As with other employee contributions, employers will match these amounts.

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

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

Policy

The Executive Budget includes General Fund support in the amount of \$103,350,800 in fiscal year 2013 and \$103,331,200 in fiscal year 2014 for debt service on bonds issued 1) to repay past borrowings from the State Accumulation Fund (the Pension fund) on behalf of the Medical Insurance Fund during the period of fiscal year 2005 through fiscal year 2010, and 2) meet the needs of the Medical Insurance Fund during the 2010-12 biennium. The need for the Medical Insurance Fund for the 2012-2014 biennium consists of the State's portion of the shared responsibility plan outlined in KRS 161.550 as enacted by the 2010 regular session in the amount of \$67,200,000 and the unfunded portion of health insurance in the amount of \$123,900,000. The amount of General Fund support included for the fiscal year 2014 debt service on these bonds is \$27,000,000.

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 Executive Budget includes \$4,190,000 in fiscal year 2013 and \$8,630,400 in fiscal year 2014 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2012-2014 biennium who are eligible to add accrued sick leave to their final year of service.

Also included in the Executive Budget is \$3,363,200 in General Fund support in fiscal year 2013 and \$3,363,200 in fiscal year 2014 for amortization payments to cover the 2010-12 biennial cost of the medical insurance subsidy for dependent spouses of retirees under the age of 65. The subsidy was initially started by House Bill 1 enacted by the October 2004 Extraordinary Session of the General Assembly.

**General Government
Judgments**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Continuing Approp.-General Fund	4,146				
Total General Fund	4,146				
TOTAL SOURCE OF FUNDS	4,146				
EXPENDITURES BY CLASS					
Operating Expenses	4,146				
TOTAL EXPENDITURES	4,146				
EXPENDITURES BY FUND SOURCE					
General Fund	4,146				
TOTAL EXPENDITURES	4,146				
EXPENDITURES BY UNIT					
Judgments	4,146				
TOTAL EXPENDITURES	4,146				

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 2012-2014 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 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,776,100	16,246,100	16,246,100	5,290,900	5,290,900
Mandated Allotments	10,470,000				
Total General Fund	16,246,100	16,246,100	16,246,100	5,290,900	5,290,900
TOTAL SOURCE OF FUNDS	16,246,100	16,246,100	16,246,100	5,290,900	5,290,900
EXPENDITURES BY CLASS					
Personnel Cost	12,285,000	12,285,000	12,285,000	2,551,000	2,551,000
Operating Expenses	3,958,600	3,958,600	3,958,600	2,737,400	2,737,400
Grants Loans Benefits	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	16,246,100	16,246,100	16,246,100	5,290,900	5,290,900
EXPENDITURES BY FUND SOURCE					
General Fund	16,246,100	16,246,100	16,246,100	5,290,900	5,290,900
TOTAL EXPENDITURES	16,246,100	16,246,100	16,246,100	5,290,900	5,290,900
EXPENDITURES BY UNIT					
Attorney General Expense	350,000	350,000	350,000	320,600	320,600
Board of Claims Award	525,000	525,000	525,000	480,900	480,900
Guardian Ad Litem	11,875,000	11,875,000	11,875,000	2,175,400	2,175,400
Prior Year Claims	241,600	241,600	241,600	221,300	221,300
Unredeemed Checks Refunded	2,517,000	2,517,000	2,517,000	1,417,000	1,417,000
Involuntary Commitments-ICF/MR	60,000	60,000	60,000	55,000	55,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	178,600	178,600
Frankfort Cemetery	2,500	2,500	2,500	2,500	2,500
Survivor Benefits	240,000	240,000	240,000	219,800	219,800
Med Malpractice Liability Ins Reimb	165,000	165,000	165,000	151,100	151,100
Blanket Employee Bonds	75,000	75,000	75,000	68,700	68,700
TOTAL EXPENDITURES	16,246,100	16,246,100	16,246,100	5,290,900	5,290,900

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.

Economic Development

Economic Development

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,194,500	33,449,100	37,601,400	19,002,800	20,214,600
State Salary and Compensation Allocation	350,000				
Continuing Approp.-General Fund	15,936,500	10,869,200	7,279,200	9,519,200	
Mandated Expenditure Reductions	-944,600				
Total General Fund	36,536,400	44,318,300	44,880,600	28,522,000	20,214,600
Restricted Funds					
Balance Forward	1,521,900	1,203,600	575,500	1,203,600	575,500
Current Receipts	445,000	445,000	445,000	445,000	445,000
Non-Revenue Receipts	1,149,600	1,386,000	1,427,900	1,243,200	1,270,000
Fund Transfers	-142,700				
Total Restricted Funds	2,973,800	3,034,600	2,448,400	2,891,800	2,290,500
Federal Funds					
Balance Forward	2,353,200	7,887,500	22,000	7,887,500	22,000
Current Receipts	16,181,600	89,400	89,400	89,500	89,700
Total Federal Funds	18,534,800	7,976,900	111,400	7,977,000	111,700
TOTAL SOURCE OF FUNDS	58,045,000	55,329,800	47,440,400	39,390,800	22,616,800
EXPENDITURES BY CLASS					
Personnel Cost	8,958,000	10,320,100	10,626,000	8,828,300	8,936,800
Operating Expenses	9,952,300	9,782,100	2,059,600	9,618,900	1,851,700
Grants Loans Benefits	20,282,100	23,635,900	27,324,800	10,846,100	10,744,800
Debt Service		3,715,000	7,430,000		1,083,500
TOTAL EXPENDITURES	39,192,400	47,453,100	47,440,400	29,293,300	22,616,800
EXPENDITURES BY FUND SOURCE					
General Fund	26,774,900	37,039,100	44,880,600	19,022,000	20,214,600
Restricted Funds	1,770,200	2,459,100	2,448,400	2,316,300	2,290,500
Federal Funds	10,647,300	7,954,900	111,400	7,955,000	111,700
TOTAL EXPENDITURES	39,192,400	47,453,100	47,440,400	29,293,300	22,616,800
EXPENDITURES BY UNIT					
Secretary	16,512,300	15,979,100	16,220,000	13,486,200	13,536,800
Business Development	3,656,600	3,902,000	3,908,600	3,343,000	3,248,400
Financial Incentives	19,023,500	27,572,000	27,311,800	12,464,100	5,831,600
TOTAL EXPENDITURES	39,192,400	47,453,100	47,440,400	29,293,300	22,616,800

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 citizen members appointed by the Governor who represent all sectors of the economic development community. 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 Office of Commercialization and Innovation is in the Office of the Secretary.

**Economic Development
Secretary**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,215,800	15,383,500	15,649,500	12,890,600	12,966,300
State Salary and Compensation Allocation	150,800				
Mandated Expenditure Reductions	-379,800				
Total General Fund	13,986,800	15,383,500	15,649,500	12,890,600	12,966,300
Restricted Funds					
Balance Forward	1,006,100	926,100	450,500	926,100	450,500
Current Receipts	120,000	120,000	120,000	120,000	120,000
Fund Transfers	-4,000				
Total Restricted Funds	1,122,100	1,046,100	570,500	1,046,100	570,500
Federal Funds					
Balance Forward	2,312,600				
Current Receipts	167,800				
Total Federal Funds	2,480,400				
TOTAL SOURCE OF FUNDS	17,589,300	16,429,600	16,220,000	13,936,700	13,536,800
EXPENDITURES BY CLASS					
Personnel Cost	4,010,200	4,637,100	4,767,500	3,882,000	3,935,400
Operating Expenses	1,270,000	1,296,100	1,406,700	1,140,300	1,220,300
Grants Loans Benefits	11,232,100	10,045,900	10,045,800	8,463,900	8,381,100
TOTAL EXPENDITURES	16,512,300	15,979,100	16,220,000	13,486,200	13,536,800
EXPENDITURES BY FUND SOURCE					
General Fund	13,835,900	15,383,500	15,649,500	12,890,600	12,966,300
Restricted Funds	196,000	595,600	570,500	595,600	570,500
Federal Funds	2,480,400				
TOTAL EXPENDITURES	16,512,300	15,979,100	16,220,000	13,486,200	13,536,800
EXPENDITURES BY UNIT					
Executive Policy & Management	4,715,000	2,407,800	2,468,600	2,129,900	2,153,300
Commercialization & Innovation	8,843,400	10,285,300	10,293,100	8,618,500	8,539,700
Administration and Support	1,454,900	1,528,700	1,589,900	1,341,300	1,376,500
Research and Public Affairs	1,499,000	1,757,300	1,868,400	1,396,500	1,467,300
TOTAL EXPENDITURES	16,512,300	15,979,100	16,220,000	13,486,200	13,536,800

The Secretary's Office manages the programs and activities of the Cabinet under the policy direction of the Kentucky Economic Development Partnership Board.

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 Office of Commercialization and Innovation (OCI) is within the Office of the Secretary. The Office's mission is 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 Office 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 Office 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 Office of Commercialization and Innovation and the Kentucky Economic Development Finance Authority administer the high tech construction and high tech investment pools, as prescribed in KRS 154.12-278.

The Office of Research and Public Affairs coordinates communications and marketing activities and maintains extensive databases of sites, facilities and existing businesses and industries. The Office also disseminates other information of interest to prospective investors and employers such as local tax rates, workforce availability, housing, utilities, and transportation.

Policy

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

**Economic Development
Business Development**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,715,400	3,642,600	3,783,600	3,083,600	3,123,400
State Salary and Compensation Allocation	170,700				
Mandated Expenditure Reductions	-564,800				
Total General Fund	3,321,300	3,642,600	3,783,600	3,083,600	3,123,400
Restricted Funds					
Balance Forward	377,700	277,500	125,000	277,500	125,000
Fund Transfers	-17,800				
Total Restricted Funds	359,900	277,500	125,000	277,500	125,000
Federal Funds					
Balance Forward		106,900		106,900	
Current Receipts	427,800				
Total Federal Funds	427,800	106,900		106,900	
TOTAL SOURCE OF FUNDS	4,109,000	4,027,000	3,908,600	3,468,000	3,248,400
EXPENDITURES BY CLASS					
Personnel Cost	2,874,500	3,300,300	3,405,800	2,750,800	2,761,300
Operating Expenses	782,100	601,700	502,800	592,200	487,100
TOTAL EXPENDITURES	3,656,600	3,902,000	3,908,600	3,343,000	3,248,400
EXPENDITURES BY FUND SOURCE					
General Fund	3,253,300	3,642,600	3,783,600	3,083,600	3,123,400
Restricted Funds	82,400	152,500	125,000	152,500	125,000
Federal Funds	320,900	106,900		106,900	
TOTAL EXPENDITURES	3,656,600	3,902,000	3,908,600	3,343,000	3,248,400
EXPENDITURES BY UNIT					
Executive Policy & Management	3,379,600	3,594,000	3,584,300	3,081,900	2,981,500
Small and Minority Business	277,000	308,000	324,300	261,100	266,900
TOTAL EXPENDITURES	3,656,600	3,902,000	3,908,600	3,343,000	3,248,400

The Department for Business Development is responsible for coordinating the recruitment of new companies to grow 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 and in Tokyo, Japan to provide information concerning available sites, financing, workforce availability and training, and regulatory requirements to firms interested in locating in the Commonwealth.

Within Kentucky, staff based in Madisonville, Frankfort and Prestonsburg visit existing industries and assist communities with local development efforts. The Department 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 Department operates trade offices in Guadalajara, Mexico and Beijing, China. The Mexico office is a joint venture with the Kentucky Department of Agriculture.

The Division of Small Business Services coordinates technical, financial, and procurement services to promote small business development in Kentucky. It 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 13-member advisory board that serves as a liaison between government and the small business community.

**Economic Development
Financial Incentives**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,263,300	14,423,000	18,168,300	3,028,600	4,124,900
State Salary and Compensation Allocation	28,500				
Continuing Approp.-General Fund	15,936,500	10,869,200	7,279,200	9,519,200	
Total General Fund	19,228,300	25,292,200	25,447,500	12,547,800	4,124,900
Restricted Funds					
Balance Forward	138,100				
Current Receipts	325,000	325,000	325,000	325,000	325,000
Non-Revenue Receipts	1,149,600	1,386,000	1,427,900	1,243,200	1,270,000
Fund Transfers	-120,900				
Total Restricted Funds	1,491,800	1,711,000	1,752,900	1,568,200	1,595,000
Federal Funds					
Balance Forward	40,600	7,780,600	22,000	7,780,600	22,000
Current Receipts	15,586,000	89,400	89,400	89,500	89,700
Total Federal Funds	15,626,600	7,870,000	111,400	7,870,100	111,700
TOTAL SOURCE OF FUNDS	36,346,700	34,873,200	27,311,800	21,986,100	5,831,600
EXPENDITURES BY CLASS					
Personnel Cost	2,073,300	2,382,700	2,452,700	2,195,500	2,240,100
Operating Expenses	7,900,200	7,884,300	150,100	7,886,400	144,300
Grants Loans Benefits	9,050,000	13,590,000	17,279,000	2,382,200	2,363,700
Debt Service		3,715,000	7,430,000		1,083,500
TOTAL EXPENDITURES	19,023,500	27,572,000	27,311,800	12,464,100	5,831,600
EXPENDITURES BY FUND SOURCE					
General Fund	9,685,700	18,013,000	25,447,500	3,047,800	4,124,900
Restricted Funds	1,491,800	1,711,000	1,752,900	1,568,200	1,595,000
Federal Funds	7,846,000	7,848,000	111,400	7,848,100	111,700
TOTAL EXPENDITURES	19,023,500	27,572,000	27,311,800	12,464,100	5,831,600
EXPENDITURES BY UNIT					
Financial Incentives	9,235,800	13,170,000	9,182,900	9,312,200	2,678,500
Bluegrass State Skills	9,557,100	14,155,500	17,861,800	2,921,700	2,914,200
Kentucky Procurement Assistance Program	230,600	246,500	267,100	230,200	238,900
TOTAL EXPENDITURES	19,023,500	27,572,000	27,311,800	12,464,100	5,831,600

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)

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.

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.

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 Executive Budget includes General Fund of \$1,083,500 in fiscal year 2014 for debt service on \$20,000,000 in new bonds for the High Tech Construction/Investment Pools authorized in KRS 154-12.278 with the ability for the Secretary to also use these funds in the Economic Development Bond Program authorized in KRS 154-12.100.

Included in the above General Fund appropriation is \$2,382,200 in fiscal year 2012-2013 and \$2,363,700 in fiscal year 2013-2014 for Bluegrass State Skills Corporation grants-in-aid as provided in KRS 154-12.207. The Corporation is authorized to disburse payments due under all grant agreements approved by its board in prior fiscal years, and in the event that such required disbursements exceed the amounts listed above, funds shall be appropriated from the General Fund Surplus Account (KRS 48.700) in an amount not to exceed \$3,000,000 in each fiscal year.

Department of Education

Department of Education

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,828,830,200	4,613,997,803	4,896,332,103	3,820,954,000	3,849,164,800
State Salary and Compensation Allocation	792,600				
Continuing Approp.-General Fund	1,894,401				
Mandated Expenditure Reductions	-9,428,800				
Mandated Allotments	234,703				
Other	517,300				
Total General Fund	3,822,840,404	4,613,997,803	4,896,332,103	3,820,954,000	3,849,164,800
Restricted Funds					
Mandated Expenditure Reductions	-9,800				
Balance Forward	8,066,962			772,800	772,800
Current Receipts	3,803,768	10,074,500	10,123,500	10,074,500	10,123,500
Non-Revenue Receipts	456,670	1,651,300	1,690,200	1,651,300	1,690,200
Fund Transfers	-8,300				
Total Restricted Funds	12,309,300	11,725,800	11,813,700	12,498,600	12,586,500
Federal Funds					
Balance Forward	2,860,565			2,547,800	
Current Receipts	873,934,835	779,075,500	757,889,000	779,075,500	757,889,000
Non-Revenue Receipts		5,400	-200	5,400	-200
Total Federal Funds	876,795,400	779,080,900	757,888,800	781,628,700	757,888,800
TOTAL SOURCE OF FUNDS	4,711,945,104	5,404,804,503	5,666,034,603	4,615,081,300	4,619,640,100
EXPENDITURES BY CLASS					
Personnel Cost	50,757,101	67,221,300	73,498,100	52,268,709	52,658,929
Operating Expenses	40,554,200	41,980,900	42,301,400	35,799,791	35,633,771
Grants Loans Benefits	4,615,613,603	5,295,252,000	5,549,884,800	4,526,124,400	4,530,459,000
Debt Service	115,600	350,303	350,303	115,600	115,600
TOTAL EXPENDITURES	4,707,040,504	5,404,804,503	5,666,034,603	4,614,308,500	4,618,867,300
EXPENDITURES BY FUND SOURCE					
General Fund	3,821,256,404	4,613,997,803	4,896,332,103	3,820,954,000	3,849,164,800
Restricted Funds	11,536,500	11,725,800	11,813,700	11,725,800	11,813,700
Federal Funds	874,247,600	779,080,900	757,888,800	781,628,700	757,888,800
TOTAL EXPENDITURES	4,707,040,504	5,404,804,503	5,666,034,603	4,614,308,500	4,618,867,300
EXPENDITURES BY UNIT					
Operations and Support Services	335,608,504	340,234,603	337,117,303	324,437,500	321,739,900
Learning and Results Services	1,471,934,000	1,557,192,200	1,610,716,100	1,390,373,000	1,397,629,400
Support Education Excellence in Kentucky (SEEK)	2,899,498,000	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000
TOTAL EXPENDITURES	4,707,040,504	5,404,804,503	5,666,034,603	4,614,308,500	4,618,867,300

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
Operations and Support Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	50,318,100	61,306,703	60,981,803	45,509,600	45,604,400
State Salary and Compensation Allocation	225,700				
Continuing Approp.-General Fund	691,401				
Mandated Expenditure Reductions	-1,454,400				
Mandated Allotments	234,703				
Total General Fund	50,015,504	61,306,703	60,981,803	45,509,600	45,604,400
Restricted Funds					
Mandated Expenditure Reductions	-9,800				
Balance Forward	5,264,962				
Current Receipts	3,243,968	7,445,000	7,494,000	7,445,000	7,494,000
Non-Revenue Receipts	193,170	1,339,300	1,376,700	1,339,300	1,376,700
Fund Transfers	-8,300				
Total Restricted Funds	8,684,000	8,784,300	8,870,700	8,784,300	8,870,700
Federal Funds					
Balance Forward	312,765				
Current Receipts	276,978,935	269,896,300	267,017,500	269,896,300	267,017,500
Non-Revenue Receipts	217,400	247,300	247,300	247,300	247,300
Total Federal Funds	277,509,100	270,143,600	267,264,800	270,143,600	267,264,800
TOTAL SOURCE OF FUNDS	336,208,604	340,234,603	337,117,303	324,437,500	321,739,900
EXPENDITURES BY CLASS					
Personnel Cost	13,510,401	20,425,100	20,137,700	13,602,709	14,269,529
Operating Expenses	23,400,100	24,767,800	25,043,800	19,658,891	19,289,771
Grants Loans Benefits	298,698,003	294,807,000	291,701,100	291,175,900	288,180,600
Debt Service		234,703	234,703		
TOTAL EXPENDITURES	335,608,504	340,234,603	337,117,303	324,437,500	321,739,900
EXPENDITURES BY FUND SOURCE					
General Fund	49,415,404	61,306,703	60,981,803	45,509,600	45,604,400
Restricted Funds	8,684,000	8,784,300	8,870,700	8,784,300	8,870,700
Federal Funds	277,509,100	270,143,600	267,264,800	270,143,600	267,264,800
TOTAL EXPENDITURES	335,608,504	340,234,603	337,117,303	324,437,500	321,739,900
EXPENDITURES BY UNIT					
Commissioner's Office/Board of Education	1,268,201	864,300	882,100	560,500	566,000
Administration and Support	293,189,203	295,121,303	291,823,503	288,859,400	286,905,500
Guiding Support Services	1,823,800	2,165,900	2,247,100	1,615,200	1,711,200
Knowledge, Information and Data Services	39,327,300	42,083,100	42,164,600	33,402,400	32,557,200
TOTAL EXPENDITURES	335,608,504	340,234,603	337,117,303	324,437,500	321,739,900

The Operations and Support Services program area consists of the Office of Administration and Support; the Office of Knowledge, Information, and Data Services; the Office of Guiding Support Services; Commissioner of Education, and the Kentucky Board of Education.

**Department of Education
Operations and Support Services
Commissioner's Office/Board of Education**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	596,500	864,300	882,100	560,500	566,000
State Salary and Compensation Allocation	9,200				
Continuing Approp.-General Fund	691,401				
Total General Fund	1,297,101	864,300	882,100	560,500	566,000
TOTAL SOURCE OF FUNDS	1,297,101	864,300	882,100	560,500	566,000
EXPENDITURES BY CLASS					
Personnel Cost	1,250,501	821,900	839,700	542,800	548,300
Operating Expenses	17,700	42,400	42,400	17,700	17,700
TOTAL EXPENDITURES	1,268,201	864,300	882,100	560,500	566,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,268,201	864,300	882,100	560,500	566,000
TOTAL EXPENDITURES	1,268,201	864,300	882,100	560,500	566,000
EXPENDITURES BY UNIT					
Commissioner's Office	1,244,001	820,700	838,500	536,300	541,800
Kentucky Board of Education	24,200	43,600	43,600	24,200	24,200
TOTAL EXPENDITURES	1,268,201	864,300	882,100	560,500	566,000

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
Administration and Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,787,600	16,550,503	16,048,003	10,288,600	11,130,000
State Salary and Compensation Allocation	131,800				
Mandated Expenditure Reductions	-537,800				
Mandated Allotments	234,703				
Total General Fund	11,616,303	16,550,503	16,048,003	10,288,600	11,130,000
Restricted Funds					
Mandated Expenditure Reductions	-9,800				
Balance Forward	5,148,671				
Current Receipts	3,169,740	7,265,100	7,314,100	7,265,100	7,314,100
Non-Revenue Receipts	203,789	1,339,300	1,376,700	1,339,300	1,376,700
Fund Transfers	-8,300				
Total Restricted Funds	8,504,100	8,604,400	8,690,800	8,604,400	8,690,800
Federal Funds					
Balance Forward	266,957				
Current Receipts	272,997,543	269,896,300	267,017,500	269,896,300	267,017,500
Non-Revenue Receipts	58,400	70,100	67,200	70,100	67,200
Total Federal Funds	273,322,900	269,966,400	267,084,700	269,966,400	267,084,700
TOTAL SOURCE OF FUNDS	293,443,303	295,121,303	291,823,503	288,859,400	286,905,500
EXPENDITURES BY CLASS					
Personnel Cost	7,942,000	11,890,800	11,476,900	7,200,500	8,117,900
Operating Expenses	9,519,800	10,884,500	10,995,900	9,426,400	9,550,400
Grants Loans Benefits	275,727,403	272,111,300	269,116,000	272,232,500	269,237,200
Debt Service		234,703	234,703		
TOTAL EXPENDITURES	293,189,203	295,121,303	291,823,503	288,859,400	286,905,500
EXPENDITURES BY FUND SOURCE					
General Fund	11,362,203	16,550,503	16,048,003	10,288,600	11,130,000
Restricted Funds	8,504,100	8,604,400	8,690,800	8,604,400	8,690,800
Federal Funds	273,322,900	269,966,400	267,084,700	269,966,400	267,084,700
TOTAL EXPENDITURES	293,189,203	295,121,303	291,823,503	288,859,400	286,905,500
EXPENDITURES BY UNIT					
Administration & Resource Management	11,808,403	14,567,903	14,776,203	11,530,750	11,809,000
District Support	10,934,300	9,812,700	6,190,600	7,326,250	4,527,100
School & Community Nutrition	270,446,500	270,740,700	270,856,700	270,002,400	270,569,400
TOTAL EXPENDITURES	293,189,203	295,121,303	291,823,503	288,859,400	286,905,500

The Office of Administration and Support consists of the following divisions: the Division of Budget and Financial Management, the Division of District Support, the Division of Resource Management, and the Division of School and Community Nutrition.

The Division of Budget and Financial Management supervises the department's annual and biennial budget creation, budget analysis and forecasting, expenditure authorizations, personnel approvals, and allotment as well as appropriation adjustments. The Division also supervises expenditure and accounting transactions, purchasing and document preparation, and pre-audit functions. The Division serves as agency liaison with the Auditor of Public Accounts, the Finance and Administration Cabinet, the Office of State Budget Director, and the Legislative Research Commission budget staff.

The Division of District Support distributes state SEEK funds to local school districts and provides districts with assistance on salary schedules, data management, facility management, and budgeting. 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 Division also reviews local school district facility plans and compiles information on school district construction needs for the School Facilities Construction Commission.

The Division of Resource Management provides personnel and payroll services to Department staff. These services include the 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 Division of School and Community Nutrition 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.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,705,200	1,883,800	1,962,100	1,333,100	1,426,200
State Salary and Compensation Allocation	34,500				
Total General Fund	1,739,700	1,883,800	1,962,100	1,333,100	1,426,200
Restricted Funds					
Balance Forward	115,519				
Current Receipts		104,900	104,900	104,900	104,900
Non-Revenue Receipts	-10,619				
Total Restricted Funds	104,900	104,900	104,900	104,900	104,900
Federal Funds					
Non-Revenue Receipts	159,000	177,200	180,100	177,200	180,100
Total Federal Funds	159,000	177,200	180,100	177,200	180,100
TOTAL SOURCE OF FUNDS	2,003,600	2,165,900	2,247,100	1,615,200	1,711,200
EXPENDITURES BY CLASS					
Personnel Cost	1,715,900	2,043,000	2,070,200	1,510,300	1,534,300
Operating Expenses	107,900	122,900	176,900	104,900	176,900
TOTAL EXPENDITURES	1,823,800	2,165,900	2,247,100	1,615,200	1,711,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,559,900	1,883,800	1,962,100	1,333,100	1,426,200
Restricted Funds	104,900	104,900	104,900	104,900	104,900
Federal Funds	159,000	177,200	180,100	177,200	180,100
TOTAL EXPENDITURES	1,823,800	2,165,900	2,247,100	1,615,200	1,711,200

The Office of Guiding Support Services provides in-house counsel and advice for the Commissioner of Education, 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.

Guiding Support Services consists of two divisions: the Division of Communications and the Division of Innovation and Partner Engagement. The Division of Communication 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. The Division of Innovation and Partner Engagement interacts with educational partners across the country to develop and test innovative ideas for change and improvement in educational policy and deployment.

**Department of Education
Operations and Support Services
Knowledge, Information and Data Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	36,228,800	42,008,100	42,089,600	33,327,400	32,482,200
State Salary and Compensation Allocation	50,200				
Mandated Expenditure Reductions	-916,600				
Total General Fund	35,362,400	42,008,100	42,089,600	33,327,400	32,482,200
Restricted Funds					
Balance Forward	772				
Current Receipts	74,228	75,000	75,000	75,000	75,000
Total Restricted Funds	75,000	75,000	75,000	75,000	75,000
Federal Funds					
Balance Forward	45,808				
Current Receipts	3,981,392				
Total Federal Funds	4,027,200				
TOTAL SOURCE OF FUNDS	39,464,600	42,083,100	42,164,600	33,402,400	32,557,200
EXPENDITURES BY CLASS					
Personnel Cost	2,602,000	5,669,400	5,750,900	4,349,109	4,069,029
Operating Expenses	13,754,700	13,718,000	13,828,600	10,109,891	9,544,771
Grants Loans Benefits	22,970,600	22,695,700	22,585,100	18,943,400	18,943,400
TOTAL EXPENDITURES	39,327,300	42,083,100	42,164,600	33,402,400	32,557,200
EXPENDITURES BY FUND SOURCE					
General Fund	35,225,100	42,008,100	42,089,600	33,327,400	32,482,200
Restricted Funds	75,000	75,000	75,000	75,000	75,000
Federal Funds	4,027,200				
TOTAL EXPENDITURES	39,327,300	42,083,100	42,164,600	33,402,400	32,557,200

The Office of Knowledge, Information, and Data Services 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 650,000 direct customers, 1,200 schools, 174 local school districts and the Kentucky Department of Education. The Office consists of three divisions: Division of Engineering and Management, Division of Operations and Services, and Division of Enterprise Data.

The Office also manages the Kentucky Education Technology System (KETS) and the Kentucky Education Network (KEN) programs. The KETS program provides school districts with technical support as well as offers of assistance based on each district's average daily attendance. School districts must spend the offers on appropriate education technology items or services and the districts are required to match this funding dollar for dollar. KEN is the wide-area-network that provides high speed network connectivity and Internet access to the 174 Kentucky school districts, the Kentucky School for the Blind, the Kentucky School for the Deaf, and the Department of Education. The network provides teachers and administrators access to information and tools to be effective teachers, leaders, and decision makers.

**Department of Education
Learning and Results Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	878,367,000	1,045,313,400	1,117,149,100	875,946,400	904,062,400
State Salary and Compensation Allocation	566,900				
Continuing Approp.-General Fund	1,203,000				
Mandated Expenditure Reductions	-7,974,400				
Other	1,164,400				
Total General Fund	873,326,900	1,045,313,400	1,117,149,100	875,946,400	904,062,400
Restricted Funds					
Balance Forward	2,802,000			772,800	772,800
Current Receipts	559,800	2,629,500	2,629,500	2,629,500	2,629,500
Non-Revenue Receipts	263,500	312,000	313,500	312,000	313,500
Total Restricted Funds	3,625,300	2,941,500	2,943,000	3,714,300	3,715,800
Federal Funds					
Balance Forward	2,547,800			2,547,800	
Current Receipts	596,955,900	509,179,200	490,871,500	509,179,200	490,871,500
Non-Revenue Receipts	-217,400	-241,900	-247,500	-241,900	-247,500
Total Federal Funds	599,286,300	508,937,300	490,624,000	511,485,100	490,624,000
TOTAL SOURCE OF FUNDS	1,476,238,500	1,557,192,200	1,610,716,100	1,391,145,800	1,398,402,200
EXPENDITURES BY CLASS					
Personnel Cost	37,246,700	46,796,200	53,360,400	38,666,000	38,389,400
Operating Expenses	17,154,100	17,213,100	17,257,600	16,140,900	16,344,000
Grants Loans Benefits	1,417,417,600	1,493,067,300	1,539,982,500	1,335,450,500	1,342,780,400
Debt Service	115,600	115,600	115,600	115,600	115,600
TOTAL EXPENDITURES	1,471,934,000	1,557,192,200	1,610,716,100	1,390,373,000	1,397,629,400
EXPENDITURES BY FUND SOURCE					
General Fund	872,343,000	1,045,313,400	1,117,149,100	875,946,400	904,062,400
Restricted Funds	2,852,500	2,941,500	2,943,000	2,941,500	2,943,000
Federal Funds	596,738,500	508,937,300	490,624,000	511,485,100	490,624,000
TOTAL EXPENDITURES	1,471,934,000	1,557,192,200	1,610,716,100	1,390,373,000	1,397,629,400
EXPENDITURES BY UNIT					
Next Generation Schools	370,393,100	300,029,200	286,732,500	287,186,100	268,586,200
District 180	4,907,100	11,892,100	11,923,900	4,584,700	4,584,700
Next Generation Learners	371,857,100	455,933,000	462,103,800	362,659,300	360,945,900
Assessment & Accountability	21,428,600	22,790,300	28,818,100	20,316,700	20,270,400
Early Childhood Development	71,949,200	101,296,300	101,313,800	71,932,100	86,932,100
State Schools	16,630,900	19,744,900	20,095,000	16,626,100	16,742,100
Local District Health Insurance	614,768,000	645,506,400	699,729,000	627,068,000	639,568,000
TOTAL EXPENDITURES	1,471,934,000	1,557,192,200	1,610,716,100	1,390,373,000	1,397,629,400

The Learning and Results Services program area consists of the following offices: Office of Assessment and Accountability; Office of District 180; Office of Next Generation Learners; and Office of Next Generation Schools and Districts.

**Department of Education
Learning and Results Services
Next Generation Schools**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,363,400	16,089,700	20,899,200	2,752,900	2,752,900
State Salary and Compensation Allocation	35,700				
Mandated Expenditure Reductions	-393,700				
Total General Fund	3,005,400	16,089,700	20,899,200	2,752,900	2,752,900
Restricted Funds					
Balance Forward	469,000			322,300	322,300
Current Receipts	308,600	418,000	418,000	418,000	418,000
Non-Revenue Receipts	185,700	223,000	223,000	223,000	223,000
Total Restricted Funds	963,300	641,000	641,000	963,300	963,300
Federal Funds					
Balance Forward	493,700			493,700	
Current Receipts	366,803,700	283,298,500	265,192,300	283,298,500	265,192,300
Total Federal Funds	367,297,400	283,298,500	265,192,300	283,792,200	265,192,300
TOTAL SOURCE OF FUNDS	371,266,100	300,029,200	286,732,500	287,508,400	268,908,500
EXPENDITURES BY CLASS					
Personnel Cost	2,666,700	6,304,900	6,366,200	2,997,800	3,067,700
Operating Expenses	471,100	438,400	460,200	326,600	380,200
Grants Loans Benefits	367,255,300	293,285,900	279,906,100	283,861,700	265,138,300
TOTAL EXPENDITURES	370,393,100	300,029,200	286,732,500	287,186,100	268,586,200
EXPENDITURES BY FUND SOURCE					
General Fund	2,948,400	16,089,700	20,899,200	2,752,900	2,752,900
Restricted Funds	641,000	641,000	641,000	641,000	641,000
Federal Funds	366,803,700	283,298,500	265,192,300	283,792,200	265,192,300
TOTAL EXPENDITURES	370,393,100	300,029,200	286,732,500	287,186,100	268,586,200
EXPENDITURES BY UNIT					
Consolidated Plans & Audits	243,806,100	244,158,100	244,237,500	235,774,500	231,662,100
Federal Programs & Educator Effectiveness	39,836,000	41,310,800	41,908,300	36,924,400	36,430,700
Next Generation Schools	86,751,000	14,560,300	586,700	14,487,200	493,400
TOTAL EXPENDITURES	370,393,100	300,029,200	286,732,500	287,186,100	268,586,200

The Office of Next Generation Schools and Districts consists of two divisions: the Division of Consolidated Plans and Audits and the Division of Next Generation Professionals.

The Division of Consolidated Plans and Audits implements and monitors the following federal and state programs: School-Based Decision-Making councils, ESEA No Child Left Behind Act (P.L. 107-110); Title I, Parts A (Improving the Academic Achievement of the Disadvantaged), C (Education of Migrant Children), D (Programs for Children and Youth who are Neglected and Delinquent), F (Comprehensive School Reform), and the Stewart B. McKinney Homeless Assistance Act for the Education of Homeless Children and Youth. The Division also provides assistance to school districts and parents on closing the achievement gap and assuring instructional equity for students.

The Division of Next Generation Professionals oversees several state and federal programs related to recruiting, retaining, supporting, and evaluating highly effective education professionals in the Commonwealth. Federal Title II-A provides flow-through funding to local education agencies to improve teacher effectiveness and to ensure equitable distribution of highly effective teachers. The Division also supports the diversification of the educator population to provide more opportunities for students to have teachers who reflect their background and heritage.

**Department of Education
Learning and Results Services
District 180**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,398,000	11,318,100	11,349,900	4,010,700	4,010,700
State Salary and Compensation Allocation	17,300				
Mandated Expenditure Reductions	-36,800				
Total General Fund	4,378,500	11,318,100	11,349,900	4,010,700	4,010,700
Restricted Funds					
Balance Forward	734,700			178,100	178,100
Current Receipts	17,400	574,000	574,000	574,000	574,000
Total Restricted Funds	752,100	574,000	574,000	752,100	752,100
TOTAL SOURCE OF FUNDS	5,130,600	11,892,100	11,923,900	4,762,800	4,762,800
EXPENDITURES BY CLASS					
Personnel Cost	1,444,800	1,667,000	1,695,800	1,551,500	1,560,500
Operating Expenses	603,900	690,400	624,700	585,300	610,300
Grants Loans Benefits	2,858,400	9,534,700	9,603,400	2,447,900	2,413,900
TOTAL EXPENDITURES	4,907,100	11,892,100	11,923,900	4,584,700	4,584,700
EXPENDITURES BY FUND SOURCE					
General Fund	4,333,100	11,318,100	11,349,900	4,010,700	4,010,700
Restricted Funds	574,000	574,000	574,000	574,000	574,000
TOTAL EXPENDITURES	4,907,100	11,892,100	11,923,900	4,584,700	4,584,700

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.

**Department of Education
Learning and Results Services
Next Generation Learners**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	150,638,200	234,676,100	241,052,500	139,394,600	139,894,600
State Salary and Compensation Allocation	109,800				
Continuing Approp.-General Fund	1,203,000				
Mandated Expenditure Reductions	-6,022,100				
Other	1,164,400				
Total General Fund	147,093,300	234,676,100	241,052,500	139,394,600	139,894,600
Restricted Funds					
Balance Forward	1,249,000			246,700	246,700
Current Receipts	62,200	1,142,300	1,142,300	1,142,300	1,142,300
Non-Revenue Receipts	77,800	89,000	90,500	89,000	90,500
Total Restricted Funds	1,389,000	1,231,300	1,232,800	1,478,000	1,479,500
Federal Funds					
Balance Forward	2,007,800			2,007,800	
Current Receipts	224,012,400	220,267,500	220,066,000	220,267,500	220,066,000
Non-Revenue Receipts	-217,400	-241,900	-247,500	-241,900	-247,500
Total Federal Funds	225,802,800	220,025,600	219,818,500	222,033,400	219,818,500
TOTAL SOURCE OF FUNDS	374,285,100	455,933,000	462,103,800	362,906,000	361,192,600
EXPENDITURES BY CLASS					
Personnel Cost	7,124,200	8,763,700	8,998,200	7,892,600	8,049,100
Operating Expenses	3,512,300	3,517,200	3,565,100	3,995,300	3,527,700
Grants Loans Benefits	361,220,600	443,652,100	449,540,500	350,771,400	349,369,100
TOTAL EXPENDITURES	371,857,100	455,933,000	462,103,800	362,659,300	360,945,900
EXPENDITURES BY FUND SOURCE					
General Fund	146,919,800	234,676,100	241,052,500	139,394,600	139,894,600
Restricted Funds	1,142,300	1,231,300	1,232,800	1,231,300	1,232,800
Federal Funds	223,795,000	220,025,600	219,818,500	222,033,400	219,818,500
TOTAL EXPENDITURES	371,857,100	455,933,000	462,103,800	362,659,300	360,945,900
EXPENDITURES BY UNIT					
Gifted & Talented	6,622,300	6,760,200	6,760,200	6,324,300	6,324,300
Community Education & Service	17,272,300	17,312,600	17,312,600	16,578,100	16,261,800
Next Generation Learner Programs	15,772,500	30,911,900	30,911,900	15,062,700	15,562,700
Program Standards	7,352,700	6,000,700	6,092,900	5,640,200	5,350,100
Learning Services	190,441,200	198,777,300	201,838,000	191,551,800	190,579,700
Career & Technical Education	24,210,000	24,033,000	24,237,500	23,053,000	22,974,200
Extended Learning Services	12,301,200	31,773,000	31,773,000	11,747,600	11,747,600
Family Resource and Youth Services Centers	52,148,300	53,234,300	53,234,300	49,801,600	49,801,600
Read to Achieve	18,693,600	18,693,600	18,693,600	17,942,400	17,942,400
Math Achievement	5,639,100	5,639,100	5,639,100	5,385,300	5,385,300
Professional Growth Fund	1,961,000	758,000	758,000	723,900	723,900
Dropout Prevention	606,800	619,400	619,400	579,500	579,500
Education of State Agency Children	10,108,300	18,318,800	18,318,800	9,653,400	9,653,400
Textbooks		21,059,700	21,059,700		
Local District Life Insurance	1,553,600	2,483,300	2,483,300	1,483,700	1,483,700
Next Generation Learners	7,174,200	19,558,100	22,371,500	7,131,800	6,575,700
TOTAL EXPENDITURES	371,857,100	455,933,000	462,103,800	362,659,300	360,945,900

The Office of Next Generation Learners consists of the Division of Program Standards and the Division of Learning Services, the

Division of Secondary and Virtual Learning, and the Division of Early Childhood Development. This Office oversees several educational programs.

Career and Technical Education Programs assist middle schools, high schools, and locally-operated career centers in developing and implementing career readiness services. Career and Technical Education service areas include Perkins Accountability, High Schools That Work, Tech Prep and high school reform as well as five statewide student organizations. The Kentucky FFA Leadership Training Center at Hardinsburg is also part of Career and Technical Education program.

Community Education & Service 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 **Dropout Prevention Fund** provides competitive grants to local school districts for the reduction of the numbers and rates of Kentucky students who do not complete secondary school.

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, as well as private and public child and youth care programs.

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.

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.

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

The **Division of Learning Services** provides schools with assistance in the development and implementation of services for children and youth with disabilities, including services associated with the federal Individuals with Disabilities Education Act. Program areas include Individuals with Disabilities Education, Preschool Special Education, and Special Education Program Improvement.

Local District Life Insurance Programs for full-time qualified school district employees are mandated by KRS 18A.226, KRS 161.158, and 702 KAR 1:035. Funds in this program are used to pay on behalf of school districts the employer's portion of the premiums to the Personnel Cabinet.

The **Mathematics Achievement 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.

Next Generation Learners Programs consists of a variety of grant programs. Included in this area are: the Collaborative Center for Literacy Development; Save the Children; Elementary Arts and Humanities/World Language; Every 1 Reads; Middle School Center; Writing Program; Teacher Academies; Leadership and Mentor Fund; Professional Development; Safe Schools; Georgia Chaffee Teenage Parent Program; Appalachian Tutoring Program, and the Partnership for Student Success.

The **Office of Next Generation Learners** oversees the Divisions of Learning Services and Program Standards.

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 **Division of Program Standards** assist districts design and implement curriculum based on new academic standards. The Division is working with districts to implement the newly established standards for English Language Arts and Mathematics. The Division is also working with national development teams on standards for Science and Social Studies. Science and Social Studies are expected to be ready for implementation by Kentucky districts in school year 2013-2014.

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.

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

Policy

The Executive Budget includes an additional \$500,000 in fiscal year 2014 for the Save the Children program which supports literacy programs.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,887,300	17,177,100	23,204,900	14,657,200	14,657,200
State Salary and Compensation Allocation	47,200				
Mandated Expenditure Reductions	-573,700				
Total General Fund	15,360,800	17,177,100	23,204,900	14,657,200	14,657,200
Federal Funds					
Balance Forward	46,300			46,300	
Current Receipts	6,139,800	5,613,200	5,613,200	5,613,200	5,613,200
Total Federal Funds	6,186,100	5,613,200	5,613,200	5,659,500	5,613,200
TOTAL SOURCE OF FUNDS	21,546,900	22,790,300	28,818,100	20,316,700	20,270,400
EXPENDITURES BY CLASS					
Personnel Cost	11,054,900	11,964,100	17,836,100	10,438,000	10,356,700
Operating Expenses	10,373,700	10,374,000	10,414,500	9,878,700	9,913,700
Grants Loans Benefits		452,200	567,500		
TOTAL EXPENDITURES	21,428,600	22,790,300	28,818,100	20,316,700	20,270,400
EXPENDITURES BY FUND SOURCE					
General Fund	15,288,800	17,177,100	23,204,900	14,657,200	14,657,200
Federal Funds	6,139,800	5,613,200	5,613,200	5,659,500	5,613,200
TOTAL EXPENDITURES	21,428,600	22,790,300	28,818,100	20,316,700	20,270,400

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 information on regulations; policies and procedures; a calendar of important assessment dates; manuals and forms; and information for districts and schools on using testing data to improve instruction. The Office of Assessment and Accountability also oversees the implementation of testing and data requirements enacted by Senate Bill 1 of the 2009 Regular Session of the General Assembly.

The Office consists of two divisions: the Division of Assessment Implementation and the Division of Assessment Support.

The Division of Assessment Design and 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 Support and Research 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.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,444,100	101,296,300	101,313,800	71,932,100	86,932,100
State Salary and Compensation Allocation	8,100				
Mandated Expenditure Reductions	-491,000				
Total General Fund	71,961,200	101,296,300	101,313,800	71,932,100	86,932,100
TOTAL SOURCE OF FUNDS	71,961,200	101,296,300	101,313,800	71,932,100	86,932,100
EXPENDITURES BY CLASS					
Personnel Cost	623,400	649,800	667,300	623,200	630,500
Operating Expenses	10,500	10,500	10,500	7,400	10,500
Grants Loans Benefits	71,315,300	100,636,000	100,636,000	71,301,500	86,291,100
TOTAL EXPENDITURES	71,949,200	101,296,300	101,313,800	71,932,100	86,932,100
EXPENDITURES BY FUND SOURCE					
General Fund	71,949,200	101,296,300	101,313,800	71,932,100	86,932,100
TOTAL EXPENDITURES	71,949,200	101,296,300	101,313,800	71,932,100	86,932,100
EXPENDITURES BY UNIT					
Preschool	71,758,800	101,099,500	101,110,200	71,747,400	86,747,400
Early Childhood Development	190,400	196,800	203,600	184,700	184,700
TOTAL EXPENDITURES	71,949,200	101,296,300	101,313,800	71,932,100	86,932,100

The Kentucky Education Reform Act established a comprehensive preschool program for two groups of children: four year old children who are at risk of educational failure (KRS 157.3175) and three as well as four year old children with developmental delays or other disabilities (KRS 157.226). School districts must assure services are available for these children through a program operated by the district or by contract or collaborative agreement with another agency. According to state regulation (702 KAR 3:250), state funds are not allowed for eligible children if they are already receiving basic preschool services through other state or federal funds (e.g. Head Start).

Policy

The Executive Budget includes an additional \$15,000,000 from the General Fund in fiscal year 2014 to provide preschool services for four year old children whose family income is within 160% of the federal poverty level. The current eligible family income for state preschool is 150% of the federal poverty level. The additional funds in fiscal year 2014 are estimated to provide preschool services to an additional 4,400 students. Governor Beshear plans to propose sufficient additional funding from the General Fund by fiscal year 2016 to the Preschool program to increase the eligible family income to 200% of the federal poverty level.

**Department of Education
Learning and Results Services
State Schools**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,868,000	19,249,700	19,599,800	16,130,900	16,246,900
State Salary and Compensation Allocation	348,800				
Mandated Expenditure Reductions	-457,100				
Total General Fund	16,759,700	19,249,700	19,599,800	16,130,900	16,246,900
Restricted Funds					
Balance Forward	349,300			25,700	25,700
Current Receipts	171,600	495,200	495,200	495,200	495,200
Total Restricted Funds	520,900	495,200	495,200	520,900	520,900
TOTAL SOURCE OF FUNDS	17,280,600	19,744,900	20,095,000	16,651,800	16,767,800
EXPENDITURES BY CLASS					
Personnel Cost	14,332,700	17,446,700	17,796,800	15,162,900	14,724,900
Operating Expenses	2,182,600	2,182,600	2,182,600	1,347,600	1,901,600
Debt Service	115,600	115,600	115,600	115,600	115,600
TOTAL EXPENDITURES	16,630,900	19,744,900	20,095,000	16,626,100	16,742,100
EXPENDITURES BY FUND SOURCE					
General Fund	16,135,700	19,249,700	19,599,800	16,130,900	16,246,900
Restricted Funds	495,200	495,200	495,200	495,200	495,200
TOTAL EXPENDITURES	16,630,900	19,744,900	20,095,000	16,626,100	16,742,100

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.

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
Local District Health Insurance**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	614,768,000	645,506,400	699,729,000	627,068,000	639,568,000
Total General Fund	614,768,000	645,506,400	699,729,000	627,068,000	639,568,000
TOTAL SOURCE OF FUNDS	614,768,000	645,506,400	699,729,000	627,068,000	639,568,000
EXPENDITURES BY CLASS					
Grants Loans Benefits	614,768,000	645,506,400	699,729,000	627,068,000	639,568,000
TOTAL EXPENDITURES	614,768,000	645,506,400	699,729,000	627,068,000	639,568,000
EXPENDITURES BY FUND SOURCE					
General Fund	614,768,000	645,506,400	699,729,000	627,068,000	639,568,000
TOTAL EXPENDITURES	614,768,000	645,506,400	699,729,000	627,068,000	639,568,000

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

Department of Education
Support Education Excellence in Kentucky (SEEK)

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,900,145,100	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000
Other	-647,100				
Total General Fund	2,899,498,000	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000
TOTAL SOURCE OF FUNDS	2,899,498,000	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000
EXPENDITURES BY CLASS					
Grants Loans Benefits	2,899,498,000	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000
TOTAL EXPENDITURES	2,899,498,000	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000
EXPENDITURES BY FUND SOURCE					
General Fund	2,899,498,000	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000
TOTAL EXPENDITURES	2,899,498,000	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000
EXPENDITURES BY UNIT					
Base Funding	2,034,512,800	2,362,385,500	2,536,441,700	2,028,446,900	2,032,403,500
Pupil Transportation	214,752,800	448,747,000	467,445,300	214,752,800	214,752,800
Equalized Facilities	107,134,700	116,487,500	115,262,100	113,299,100	112,024,700
Tier I Equalization	168,251,400	175,235,000	172,826,000	168,152,900	165,470,700
National Board Certification Salary Supplement	2,750,000	4,284,400	4,660,300	2,750,000	2,750,000
State-Run Vocational Schools Reimbursement	22,641,900	23,579,600	24,936,000	22,641,900	22,641,900
Vocational Education Transportation	2,416,900	7,067,800	7,325,800	2,416,900	2,416,900
Local District Teachers' Retirement Match	347,037,500	369,590,900	389,304,000	347,037,500	347,037,500
TOTAL EXPENDITURES	2,899,498,000	3,507,377,700	3,718,201,200	2,899,498,000	2,899,498,000

The Executive Budget includes funding to maintain the fiscal year 2013 and 2014 appropriation at the same level as the fiscal year 2012 appropriation. The base SEEK per pupil guarantee amount is \$3,833 in fiscal year 2013 and \$3,827 in fiscal year 2014. The recommended budget provides funding to accommodate a projected average daily attendance of 600,662 and projected total local school district assessed property valuation of \$288.8 billion in fiscal year 2013. In fiscal year 2014, the recommended budget provides funding to accommodate projected average daily attendance of 603,523 and projected total local school district assessed property valuation of \$293.6 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 the fiscal year 2012 level of \$214,752,800 in both fiscal year 2013 and fiscal year 2014. The recommended budget includes \$168,152,900 in fiscal year 2013 to provide Tier I funding to local school districts to equalize local revenues raised under this SEEK component at a level of \$725,000 of assessed property valuation per student (150 percent of the projected statewide average per pupil during the 2012-2014 biennium). The recommended budget provides \$165,470,700 in fiscal year 2014 for Tier I.

Also included in the Executive Budget is "hold harmless" funding - \$544,200 in fiscal year 2013 and \$714,800 in fiscal year 2014 - to provide every school district with at least the same level of state SEEK funding per pupil during the 2012-2014 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 \$113,299,100 in fiscal year 2013 and \$112,024,700 in fiscal year 2014 to provide equalization funding for local district revenues from the equivalent nickel levy. As with Tier I, local revenues will be equalized at a level of \$725,000 of assessed property valuation per student in fiscal year 2013 and fiscal year 2014.

The recommended budget includes \$22,641,900 in both fiscal year 2013 and fiscal year 2014 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 2012 level of \$2,416,900 in fiscal year 2013 and fiscal year 2014.

The Executive Budget includes funds - \$347,037,500 in fiscal year 2011 and \$347,037,500 in fiscal year 2012 - for the Teachers' Retirement employer match on behalf of local school districts.

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

Education and Workforce Development

Education and Workforce Development

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	74,614,100	115,530,400	112,605,500	71,334,800	71,925,900
State Salary and Compensation Allocation	1,746,700				
Mandated Expenditure Reductions	-2,633,600				
Other	-517,300				
Total General Fund	73,209,900	115,530,400	112,605,500	71,334,800	71,925,900
Restricted Funds					
Balance Forward	8,993,200	4,883,100	5,308,800	4,203,500	4,866,500
Current Receipts	11,541,800	11,887,300	12,300,500	11,897,300	12,360,400
Non-Revenue Receipts	51,537,500	64,422,200	65,566,500	56,200,100	53,313,100
Fund Transfers	-1,312,200				
Total Restricted Funds	70,760,300	81,192,600	83,175,800	72,300,900	70,540,000
Federal Funds					
Balance Forward	5,912,200			1,356,400	1,356,400
Current Receipts	2,454,382,700	2,464,851,100	2,465,460,800	2,455,169,400	2,457,055,200
Non-Revenue Receipts		-1,500,000	-1,500,000		
ARRA Receipts	1,270,000				
Total Federal Funds	2,461,564,900	2,463,351,100	2,463,960,800	2,456,525,800	2,458,411,600
TOTAL SOURCE OF FUNDS	2,605,535,100	2,660,074,100	2,659,742,100	2,600,161,500	2,600,877,500
EXPENDITURES BY CLASS					
Personnel Cost	136,993,900	164,128,600	167,455,700	143,066,000	145,718,600
Operating Expenses	68,677,600	69,532,700	67,678,600	61,883,900	58,784,500
Grants Loans Benefits	2,388,752,900	2,411,313,500	2,411,742,900	2,386,839,200	2,386,260,000
Debt Service		4,007,000	2,563,000		
Capital Outlay	3,536,700	5,735,600	4,031,000	2,129,500	2,128,900
Construction	20,000	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	2,597,981,100	2,654,737,400	2,653,491,200	2,593,938,600	2,592,912,000
EXPENDITURES BY FUND SOURCE					
General Fund	71,215,800	115,530,400	112,605,500	71,334,800	71,925,900
Restricted Funds	66,556,800	75,855,900	76,924,900	67,434,400	63,930,900
Federal Funds	2,460,208,500	2,463,351,100	2,463,960,800	2,455,169,400	2,457,055,200
TOTAL EXPENDITURES	2,597,981,100	2,654,737,400	2,653,491,200	2,593,938,600	2,592,912,000
EXPENDITURES BY UNIT					
General Administration and Program Support	9,389,200	14,647,800	14,603,900	10,306,900	10,122,500
Deaf and Hard of Hearing	1,496,700	1,967,300	1,972,400	1,565,500	1,521,500
Kentucky Educational Television	15,042,400	18,045,000	17,691,200	13,312,000	13,500,200
Environmental Education Council	331,100	251,700	312,800	245,700	246,000
Libraries and Archives	17,217,700	24,474,900	24,883,700	16,091,700	16,147,300
Workforce Investment	2,546,056,400	2,582,254,600	2,580,793,900	2,544,231,800	2,543,236,500
Education Professional Standards Board	8,447,600	13,096,100	13,233,300	8,185,000	8,138,000
TOTAL EXPENDITURES	2,597,981,100	2,654,737,400	2,653,491,200	2,593,938,600	2,592,912,000

During the 2006 Regular Session of the General Assembly, Senate Bill 105 combined several departments and offices from the former Education, Arts, and Humanities Cabinet and the former Workforce Development Cabinet to create the Education Cabinet. Senate Bill 78 during the 2009 Regular Session of the General Assembly renamed the cabinet to the Education and Workforce Development Cabinet to emphasize the important connection between education and workforce development. Executive order 2009-539, filed with Secretary of State on June 12, 2009 moved the Council on Postsecondary Education from the Education and Workforce Development Cabinet to the Governor's Office for administrative purposes.

The following agencies comprise the Education and Workforce Development Cabinet:

- Department of Education

- Kentucky Center for School Safety
- Governor's Scholars Program
- Education Professional Standards Board
- Kentucky Commission on the Deaf and Hard of Hearing
- Environmental Education Council
- Department for Workforce Investment
- Kentucky Educational Television
- Department for Libraries and Archives

**Education and Workforce Development
General Administration and Program Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,373,800	8,720,400	8,655,600	4,726,700	4,815,800
State Salary and Compensation Allocation	220,400				
Mandated Expenditure Reductions	-275,300				
Total General Fund	4,318,900	8,720,400	8,655,600	4,726,700	4,815,800
Restricted Funds					
Balance Forward	441,500	298,000	501,000	298,000	848,200
Non-Revenue Receipts	4,800,000	5,977,200	6,094,200	5,977,200	6,094,200
Fund Transfers	-177,200				
Total Restricted Funds	5,064,300	6,275,200	6,595,200	6,275,200	6,942,400
Federal Funds					
Current Receipts	497,600	153,200	164,100	153,200	164,100
Total Federal Funds	497,600	153,200	164,100	153,200	164,100
TOTAL SOURCE OF FUNDS	9,880,800	15,148,800	15,414,900	11,155,100	11,922,300
EXPENDITURES BY CLASS					
Personnel Cost	6,291,100	8,621,900	8,587,500	7,322,700	7,138,500
Operating Expenses	1,320,500	1,666,300	1,659,800	1,282,100	1,282,100
Grants Loans Benefits	1,744,000	1,738,000	1,735,000	1,658,500	1,658,300
Debt Service		2,563,000	2,563,000		
Capital Outlay	33,600	58,600	58,600	43,600	43,600
TOTAL EXPENDITURES	9,389,200	14,647,800	14,603,900	10,306,900	10,122,500
EXPENDITURES BY FUND SOURCE					
General Fund	4,125,300	8,720,400	8,655,600	4,726,700	4,815,800
Restricted Funds	4,766,300	5,774,200	5,784,200	5,427,000	5,142,600
Federal Funds	497,600	153,200	164,100	153,200	164,100
TOTAL EXPENDITURES	9,389,200	14,647,800	14,603,900	10,306,900	10,122,500
EXPENDITURES BY UNIT					
Secretary	7,531,700	12,771,500	12,727,900	8,514,400	8,328,500
Governor's Scholars	1,857,500	1,876,300	1,876,000	1,792,500	1,794,000
TOTAL EXPENDITURES	9,389,200	14,647,800	14,603,900	10,306,900	10,122,500

The Education Cabinet was established by the 2006 Regular Session and in 2009 it was renamed the Education and Workforce Development Cabinet.

General Administration and Program Support provides the central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. The program is responsible for the provision of specialized support of Cabinet activities including: policy and budget development and personnel transactions; legal services including legislative and regulatory development and oversight; a communications strategy with the public, business, and industry; economic analysis and research; accounting, purchasing, facilities management, and computer services; and administrative support services.

The program includes the following units:

- The Office of the Secretary provides strategic direction and leadership to establish the focus for policy development, implementation, and program priorities. The Office coordinates Cabinet activities among its departments and agencies to ensure continuous improvement in administration and efficient service to the citizens of the Commonwealth. The Secretary serves as the Chief Executive Officer of the Cabinet and is an advisor to the Governor and the General Assembly.
- The Office of Educational Programs assists in maintaining the Cabinet's presence with educational agencies and managing state-wide educational programs, among other responsibilities.
- The Office of Legal and Legislative Services oversees the Cabinet's legislative agenda and issues, including constituent services and board and commissions responsibilities.

- The Office of Budget and Administration is the Cabinet's chief financial and administrative office and is responsible for developing and executing the biennial budget for the Cabinet and serves as the primary point of contact for the Governor's Office of Policy and Management and the Legislative Research Commission on all budgetary issues. The Office consists of the Division of Administrative Services which is responsible for all central office purchasing, auditing and processing financial documents, maintenance of the eMARS accounting system, compliance with the Federal Cash Management Act, federal reporting, development of the Indirect Cost Plan, monitoring and reconciliation of all financial transactions, and compliance with state and federal guidelines; the Division of Human Resources which is responsible for all Cabinet personnel activities including personnel and payroll processing, providing benefits services to Cabinet employees and developing workshops and training programs for employees; and the Division of Technology Services which oversees the Cabinet's technology resources and serves as the central location for all Cabinet data processing programs statewide.
- The Office of Communication provides internal and external communications, marketing support and media advisory services to the Cabinet, Executive Offices, Department for Workforce Investment and other Cabinet agencies. The Office interprets and disseminates information about the Cabinet and its components to employees, the media and the general public.
- The Governor's Scholars Program (GSP) is designed to motivate and empower Kentucky's brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented rising high school seniors. The scholars, chosen competitively, spend five uninterrupted weeks in the program on three college campuses.

By coordinating strategic partnership planning, legislative review and presentation, information technology services and overall financial management within the General Administration and Program Support, the cabinet agencies can focus on maintaining and enhancing the quality and delivery of services, while enriching ongoing programs.

Policy

The Executive Budget contains General Fund in an amount of \$600,000 in each fiscal year to sustain the existence of the P-20 Data Collaborative. The P-20 Data Collaborative oversees and coordinates longitudinal data collection, reporting and analysis across the independent databases maintained by the Kentucky Department of Education (KDE), the Council on Postsecondary Education (CPE), and the Education Professional Standards Board (EPSB). The system captures information such as student and teacher-level data from the KDE; college enrollment, completion, and progress data from the CPE; and teacher and future teacher data from the EPSB. The system will include information ranging from preschool through college to employment. The P-20 data warehouse provides a secure way of collecting and linking information across agencies, schools, and institutions to provide a complete picture of the education-to-employment process to better inform decisions made by state and local policy makers, the general public, and other stakeholders.

**Education and Workforce Development
Deaf and Hard of Hearing**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	790,700	966,500	971,600	700,000	711,700
State Salary and Compensation Allocation	28,900				
Mandated Expenditure Reductions	-68,600				
Total General Fund	751,000	966,500	971,600	700,000	711,700
Restricted Funds					
Balance Forward	100	1,000	1,000	100	135,400
Current Receipts	831,400	1,000,800	1,000,800	1,000,800	1,000,800
Fund Transfers	-56,800				
Total Restricted Funds	774,700	1,001,800	1,001,800	1,000,900	1,136,200
TOTAL SOURCE OF FUNDS	1,525,700	1,968,300	1,973,400	1,700,900	1,847,900
EXPENDITURES BY CLASS					
Personnel Cost	864,200	1,114,900	1,147,500	974,300	962,900
Operating Expenses	632,500	852,400	824,900	591,200	558,600
TOTAL EXPENDITURES	1,496,700	1,967,300	1,972,400	1,565,500	1,521,500
EXPENDITURES BY FUND SOURCE					
General Fund	722,100	966,500	971,600	700,000	711,700
Restricted Funds	774,600	1,000,800	1,000,800	865,500	809,800
TOTAL EXPENDITURES	1,496,700	1,967,300	1,972,400	1,565,500	1,521,500
EXPENDITURES BY UNIT					
Commission on the Deaf and Hard of Hearing	1,496,700	1,967,300	1,972,400	1,565,500	1,521,500
TOTAL EXPENDITURES	1,496,700	1,967,300	1,972,400	1,565,500	1,521,500

In accordance with KRS 163.510, the Commission on the Deaf and Hard of Hearing advises the Governor and the General Assembly concerning policies and programs to enhance the quality and coordination of services for deaf and hard of hearing individuals in both the public and private sectors. The Commission oversees the provision of interpreter services to deaf and hard of hearing individuals; identifies and evaluates public and private entities that provide services to deaf and hard of hearing residents of Kentucky for information, referral, and advocacy services; administers a Telecommunications Access Program which provides specialized telecommunications equipment to qualified deaf, hard of hearing, and speech-impaired residents of Kentucky; assists local, state, and federal governments and public and private agencies in the development of programs for the deaf and hard of hearing; and reviews legislative programs relating to services for deaf and hard of hearing persons and conducts studies of conditions affecting the health and welfare of the deaf and hard of hearing.

**Education and Workforce Development
Kentucky Educational Television**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,105,800	16,594,000	16,240,200	11,861,000	12,049,200
State Salary and Compensation Allocation	488,400				
Mandated Expenditure Reductions	-426,500				
Total General Fund	12,167,700	16,594,000	16,240,200	11,861,000	12,049,200
Restricted Funds					
Balance Forward	1,157,600				
Current Receipts	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
Fund Transfers	-40,000				
Total Restricted Funds	2,568,600	1,451,000	1,451,000	1,451,000	1,451,000
Federal Funds					
Balance Forward	541,000				
Current Receipts	159,000				
Total Federal Funds	700,000				
TOTAL SOURCE OF FUNDS	15,436,300	18,045,000	17,691,200	13,312,000	13,500,200
EXPENDITURES BY CLASS					
Personnel Cost	8,820,700	11,631,100	11,311,000	8,892,400	9,080,600
Operating Expenses	4,924,200	5,841,700	6,041,000	4,143,400	4,143,400
Grants Loans Benefits	163,000	163,000	163,000	100,000	100,000
Debt Service		233,000			
Capital Outlay	1,134,500	176,200	176,200	176,200	176,200
TOTAL EXPENDITURES	15,042,400	18,045,000	17,691,200	13,312,000	13,500,200
EXPENDITURES BY FUND SOURCE					
General Fund	11,773,800	16,594,000	16,240,200	11,861,000	12,049,200
Restricted Funds	2,568,600	1,451,000	1,451,000	1,451,000	1,451,000
Federal Funds	700,000				
TOTAL EXPENDITURES	15,042,400	18,045,000	17,691,200	13,312,000	13,500,200
EXPENDITURES BY UNIT					
General Administration and Support	2,424,700	2,821,400	2,638,500	2,386,800	2,416,900
Broadcasting and Education	10,123,600	12,793,900	12,580,400	8,638,300	8,771,300
Engineering	2,494,100	2,429,700	2,472,300	2,286,900	2,312,000
TOTAL EXPENDITURES	15,042,400	18,045,000	17,691,200	13,312,000	13,500,200

KET was established by the Kentucky General Assembly in the early 1960s for the purpose of supporting educational excellence in the Commonwealth. The agency's mission includes service to citizens of the Commonwealth in the home, in institutions of education, and in the workplace. As required by KRS 168, the Kentucky Authority for Educational Television (KET) produces and transmits educational programming for students in public schools, state supported institutions of higher education, and others desiring broadcast programs and services. Technologies employed by KET include digital broadcast, microwave transmission, two-way audio and video conferencing through the Kentucky Telelinking Network, the Internet and Internet 2, the Kentucky Post-secondary Educational Network (KPEN), digital data-casting through its new digital broadcast network and traditional technologies such as CD, DVD, and video tape. KET is divided into three program areas: General Administration and Support, Broadcasting and Education, and Engineering.

The General Administration and Support unit oversees the implementation of KET's mission as directed by the Kentucky Authority for Educational Television and recommends and carries out the policies of the Authority in all matters of the agency. The unit assures that the agency is in compliance with pertinent state regulations and federal broadcast laws and works to ascertain the desires of the citizens of the Commonwealth. The unit conducts research and planning activities to verify the needs of current and potential audiences then works to assure effective, efficient, and appropriate service to those audiences. Major areas of agency effort include programs and services in public affairs, K-12 student learning and teacher training, adult basic education, higher education, outreach programs on important state issues, and cultural and performing arts programs. The unit works to insure complementing, productive, non-duplicative efforts with groups such as the Kentucky Department of Education, the Commonwealth Office of Technology, Department for Workforce Investment, colleges and universities (including the Kentucky Community and Technical College System), the Council on Postsecondary Education, and all public schools and school districts throughout the state. The General Administration and Support unit also conducts activities which lead to

constructive recommendations on current practice and future directions of telecommunications for the Commonwealth.

The Broadcasting and Education unit acquires and produces programs and related support material which will most effectively carry out the mission and policies set by the Kentucky Authority for Educational Television. This process includes soliciting feedback from appropriate audiences and seeking input from agencies and groups such as the Kentucky Department of Education and the Higher Education Telecommunications Consortium. The unit assembles three channels of television programming: KET1 carries educational and informational programs for all Kentucky citizens; KET2 carries additional programs and repeats of important programs carried on KET1; and KETKY carries programs about Kentucky and Kentuckians and overnight feeds of instructional programs for schools. KETKY also carries the Kentucky General Assembly when in session or in committee, as well as, occasional special feeds for the State Department of Education, Kentucky Community and Technical College System or other partners as needed.

Instructional programming for elementary and secondary schools directly supports the Kentucky Education Reform Act's learning goals and outcomes. The Broadcasting and Education unit produces interactive and other distance learning courses designed to provide equal access to a variety of learning opportunities for all students. It produces professional development opportunities for educators throughout the state and broadcasts programs designed to help people in the workplace. Acquired and/or locally produced programming services are delivered to under-educated adults, professionals in need of training, and other citizens with various needs related to their jobs and professions. The unit also produces multiple schedules of nationally- and locally-produced programs for citizens at home and in the workplace. This includes educational and public affairs programming as well as quality arts experiences for all Kentuckians. A full line-up of children's educational programs offers a quality alternative to commercial television viewing.

A statewide, regional support staff of instructional and technical specialists provides training, information and help to users with technical issues. This service is provided freely to educational institutions and to citizens in their homes and in the workplace. The operations staff maintains and operates network master control, studio and remote facilities.

KET's Engineering Service unit oversees the delivery of KET programs and other services. It operates and maintains a land-based broadcast network of 16 digital transmitters and three translators capable of delivering multiple channels of content and data into all parts of the state. The Engineering Service unit operates all technical equipment to specifications mandated by the Federal Communications Commission.

This unit is currently exploring and developing new digital data services through its new transmitter network and in partnership with the Cabinet for Health and Family Services, the Transportation Cabinet, Emergency Management, law enforcement, and other agencies to enhance the state's preparedness for disasters on the local, state and national levels and to provide data transmission services where data services are otherwise not available or marginal.

Engineering continues to develop new uses of technologies that can extend the capacity of KET's staff and financial resources. It works to interface KET's technical capabilities with other appropriate technical systems in Kentucky and elsewhere, further extending the variety, reach, accessibility and versatility of KET services to the Commonwealth.

**Education and Workforce Development
Environmental Education Council**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation			50,000		
Total General Fund			50,000		
Restricted Funds					
Balance Forward	327,100	214,100	112,500	208,300	140,600
Current Receipts	15,000	8,000	5,000	22,000	5,000
Non-Revenue Receipts	170,000	170,000	170,000	156,000	170,000
Fund Transfers	-41,200				
Total Restricted Funds	470,900	392,100	287,500	386,300	315,600
Federal Funds					
ARRA Receipts	68,500				
Total Federal Funds	68,500				
TOTAL SOURCE OF FUNDS	539,400	392,100	337,500	386,300	315,600
EXPENDITURES BY CLASS					
Personnel Cost	155,600	173,600	189,000	165,300	168,800
Operating Expenses	107,800	36,000	86,000	38,300	45,200
Grants Loans Benefits	67,700	42,100	37,800	42,100	32,000
TOTAL EXPENDITURES	331,100	251,700	312,800	245,700	246,000
EXPENDITURES BY FUND SOURCE					
General Fund			50,000		
Restricted Funds	262,600	251,700	262,800	245,700	246,000
Federal Funds	68,500				
TOTAL EXPENDITURES	331,100	251,700	312,800	245,700	246,000
EXPENDITURES BY UNIT					
Ky Environmental Education Council	331,100	251,700	312,800	245,700	246,000
TOTAL EXPENDITURES	331,100	251,700	312,800	245,700	246,000

The Kentucky Environmental Education Council is dedicated to improving the environmental literacy of all Kentuckians. The Council provides opportunities for all Kentuckians to understand both that environmental problems exist and how each person's actions contribute to the health of the environment. The Council sponsors programs and activities that improve the quality of environmental education in the Commonwealth. These programs and activities include:

- Working with citizens, especially those engaged in environmental education, to implement the master plan for improving environmental education and environmental literacy.
- Working with the Kentucky Department of Education, the Education Professional Standards Board, and agencies that make up the Environmental Education Interagency Committee to establish guidelines for improving professional development in environmental education for educators.
- Establishing standards for environmental education that fit within the Kentucky Department of Education's instructional standards and help insure balanced, ecologically-based curriculum and instruction.
- Working to ensure that environmental education is equitably distributed to all Kentuckians.

**Education and Workforce Development
Libraries and Archives**

	Revised FY2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,302,800	19,338,800	19,759,000	11,015,900	11,107,500
State Salary and Compensation Allocation	271,400				
Mandated Expenditure Reductions	-281,200				
Total General Fund	11,293,000	19,338,800	19,759,000	11,015,900	11,107,500
Restricted Funds					
Balance Forward	1,542,200	1,976,500	2,420,100	1,976,500	2,480,400
Current Receipts	3,021,500	2,829,600	2,856,700	2,829,600	2,856,700
Fund Transfers	-98,300				
Total Restricted Funds	4,465,400	4,806,100	5,276,800	4,806,100	5,337,100
Federal Funds					
Balance Forward	600				
Current Receipts	2,699,300	2,750,100	2,711,600	2,750,100	2,711,600
ARRA Receipts	962,800				
Total Federal Funds	3,662,700	2,750,100	2,711,600	2,750,100	2,711,600
TOTAL SOURCE OF FUNDS	19,421,100	26,895,000	27,747,400	18,572,100	19,156,200
EXPENDITURES BY CLASS					
Personnel Cost	5,749,800	7,373,000	7,811,900	6,449,200	6,557,100
Operating Expenses	3,307,800	3,061,600	2,955,400	2,711,100	2,684,500
Grants Loans Benefits	8,078,700	10,934,100	12,949,900	6,867,300	6,824,300
Debt Service		1,211,000			
Capital Outlay	81,400	1,895,200	1,166,500	64,100	81,400
TOTAL EXPENDITURES	17,217,700	24,474,900	24,883,700	16,091,700	16,147,300
EXPENDITURES BY FUND SOURCE					
General Fund	11,066,100	19,338,800	19,759,000	11,015,900	11,107,500
Restricted Funds	2,488,900	2,386,000	2,413,100	2,325,700	2,328,200
Federal Funds	3,662,700	2,750,100	2,711,600	2,750,100	2,711,600
TOTAL EXPENDITURES	17,217,700	24,474,900	24,883,700	16,091,700	16,147,300
EXPENDITURES BY UNIT					
Libraries and Archives	10,322,400	13,233,300	11,626,300	9,191,900	9,290,500
Direct Local Aid	6,895,300	11,241,600	13,257,400	6,899,800	6,856,800
TOTAL EXPENDITURES	17,217,700	24,474,900	24,883,700	16,091,700	16,147,300

The Department for Libraries and Archives supports and promotes equitable access to quality library services and information resources, and ensures that adequate documentation of government programs is created, maintained, and available for public use.

The Department is directed by three goals:

- To provide effective services that meet the needs of library and public records customers,
- To build effective and productive partnerships with other organizations and public agencies for enhanced management of and access to information and services, and
- To improve employee job satisfaction and agency operations.

The Department serves both governmental agencies and the people of Kentucky directly through local public libraries. The Department also serves several distinct customer populations including the general public, the blind and physically disabled, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

Education and Workforce Development

Libraries and Archives

Libraries and Archives

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,767,800	9,671,100	8,032,500	5,690,000	5,781,600
State Salary and Compensation Allocation	271,400				
Mandated Expenditure Reductions	-203,400				
Total General Fund	5,835,800	9,671,100	8,032,500	5,690,000	5,781,600
Restricted Funds					
Balance Forward	1,070,300	1,533,900	2,016,400	1,533,900	2,076,700
Current Receipts	2,155,100	1,972,800	1,999,900	1,972,800	1,999,900
Fund Transfers	-80,600				
Total Restricted Funds	3,144,800	3,506,700	4,016,300	3,506,700	4,076,600
Federal Funds					
Balance Forward	600				
Current Receipts	2,139,200	2,071,900	2,076,400	2,071,900	2,076,400
ARRA Receipts	962,800				
Total Federal Funds	3,102,600	2,071,900	2,076,400	2,071,900	2,076,400
TOTAL SOURCE OF FUNDS	12,083,200	15,249,700	14,125,200	11,268,600	11,934,600
EXPENDITURES BY CLASS					
Personnel Cost	5,749,800	7,373,000	7,811,900	6,449,200	6,557,100
Operating Expenses	3,268,700	3,021,600	2,915,400	2,671,100	2,644,500
Grants Loans Benefits	1,222,500	7,500	7,500	7,500	7,500
Debt Service		1,211,000			
Capital Outlay	81,400	1,620,200	891,500	64,100	81,400
TOTAL EXPENDITURES	10,322,400	13,233,300	11,626,300	9,191,900	9,290,500
EXPENDITURES BY FUND SOURCE					
General Fund	5,608,900	9,671,100	8,032,500	5,690,000	5,781,600
Restricted Funds	1,610,900	1,490,300	1,517,400	1,430,000	1,432,500
Federal Funds	3,102,600	2,071,900	2,076,400	2,071,900	2,076,400
TOTAL EXPENDITURES	10,322,400	13,233,300	11,626,300	9,191,900	9,290,500
EXPENDITURES BY UNIT					
Administrative Services	2,790,800	4,780,200	3,156,000	2,789,400	2,795,800
Field Services	3,071,100	2,106,500	2,215,300	1,879,900	1,888,400
State Library Services	1,806,000	1,895,300	2,022,200	1,595,100	1,655,600
Public Records	2,654,500	4,451,300	4,232,800	2,927,500	2,950,700
TOTAL EXPENDITURES	10,322,400	13,233,300	11,626,300	9,191,900	9,290,500

The Department for Libraries and Archives supports and promotes equitable access to quality library services and information resources, and ensures that adequate documentation of government programs is created, maintained, and available for public use.

The Department is directed by three goals:

- To provide effective services that meet the needs of library and public records customers,
- To build effective and productive partnerships with other organizations and public agencies for enhanced management of and access to information and services, and
- To improve employee job satisfaction and agency operations.

The Department serves both governmental agencies and the public directly through local public libraries.

The Department serves several distinct customer populations including the general public, the blind and physically disabled, institutionalized persons, state government personnel, state and local public agencies, and researchers needing historic public records.

Administrative Services

The Libraries and Archives Commissioner's Office sets overall policy and direction for the Department and provides communication advice and support to each division. The Office supports the activities of the State Advisory Council on Libraries, chairs the Archives and Records Commission, and serves on the State Information Systems Commission, the Communications Advisory Committee, and the Oral History Commission.

The Division of Administrative Services formulates and implements executive direction for planning, policy, and procedures for the Department in accordance with KRS Chapter 171. The Division provides administrative support to the program areas of the Department. This division funds and supports the activities of the Commissioner's Office, as well as those of the Financial, Personnel and Payroll, Federal Grants Management, Information Systems, Building Facilities, and Administrative Support units.

Field Services

The Division of Field Services supports Kentucky's public libraries for the improvement of library services by providing consultation, technical assistance, and financial aid. The Division provides services pursuant to KRS Chapter 171.

This division's Public Library Development Branch includes professional and technical staff who provide consultative and technical assistance concerning public library services and programs provided by the Department. The staff is located in regional offices that are mainly housed in local public libraries.

The Program Development Branch provides statewide guidance in specialized library services. This office plans and implements statewide continuing education programs. Services are also provided for technological development, automated operations, and statistical analysis. Branch staff provide consulting services in the areas of library construction; assistance in developing early childhood, children's, and young adult programs and materials; and provides administrative support to the Kentucky State Board for the Certification of Librarians.

The Kentucky Talking Book Library and Institutions Branch provides special library materials and playback equipment to eligible service clientele. Volunteers record materials that are of special interest to Kentucky Talking Book patrons, and department staff coordinate distribution. The Branch also provides library materials and professional consultation to state residential institution libraries.

State Library Services

The Division of State Library Services operates the State Library that serves state government personnel, public libraries, other institutions, and individuals. In an effort to equalize library services and access to information across the state, this division promotes and maintains cooperative arrangements for information and resource sharing among all types of libraries, library consortia, and information centers including state agencies as mandated by Chapter 171.

State Library Support is the administrative unit of the Division and provides coordinated program planning and control to ensure the best service in a cost-effective manner. The unit directs the statewide library resource-sharing activities of the Department, including direct service delivery, coordination of activities on a statewide basis, and support via direct local aid. The Department works closely with the Kentucky Virtual Library (KYVL) in the delivery of services and coordination of activities, and also participates as an individual library institution.

The Public Services Branch is committed to providing resources, research, consultation, and assistance to state agencies and public libraries through use of a variety of information formats including the Internet. The State Library partners with the Governmental Services Center (GSC) and the Kentucky Employee Assistance Program (KEAP) to provide supplementary information resources for those agencies' clients through the Library's web site.

The Audiovisual unit of the Branch provides a centralized collection of videos and films that are loaned without a fee to public libraries, state agencies, and walk-in customers. The unit is unique in that it is the only major source of films and "public performance" videos in the Commonwealth. The primary needs are for children's films suitable for large audience viewing and videos designed for adult training and education.

The Technical Support Branch provides computerized access to information for the State Library's collections and public libraries. The Branch serves as a model for quality control throughout the state, and supplies training and consulting services to librarians and state agency personnel involved in the organization of reference materials.

Public Records

The Division of Public Records, under KRS 171.410-740, works with government agencies to create and preserve documentation of agencies' organizational functions, policies, decisions, procedures, and essential transactions, as well as information that protects the legal and financial rights of government and of individuals directly affected by an agency's activities. The Division establishes standards, procedures, and administrative regulations for recording, managing, preserving, and reproducing government records. It works with the heads of state and local government agencies to ensure that the agencies create and maintain active programs for efficient records management.

The Public Records Support Office provides overall policy development, coordination of program planning, and administrative direction of division programs in public records administration and archival management.

The State Records Branch assists state agencies, boards and commissions, public universities, and judicial offices in developing and maintaining programs to manage government information. Branch staff manage the State Records Center for high volume storage of non-permanent records still in business use.

The Archival Services Branch operates the state's central repository for valuable government records. It serves as the official point of access for state government information. The Branch is also involved in a variety of outreach and educational activities that inform public officials and the general public about the wealth and range of materials housed at the State Archives.

The Technology Analysis and Support Branch provides support to agencies on archival and records management considerations in the application of information technology. It works with other units to provide guidance to public agencies on the management of electronic records and oversees the work of the Department's Document Preservation Laboratory. This includes professional consulting, education and training programs, records disaster recovery assistance, and laboratory conservation treatment.

The Image Management Branch provides centralized image management and micrographics services to state and local government agencies on a cost recovery basis. These central services help improve access to information, reduce the volume of paper-based files, and ensure archival preservation of information contained in fragile paper records.

The Local Records Branch assists local government agencies in implementing and maintaining archives and records management programs.

**Education and Workforce Development
Libraries and Archives
Direct Local Aid**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,535,000	9,667,700	11,726,500	5,325,900	5,325,900
Mandated Expenditure Reductions	-77,800				
Total General Fund	5,457,200	9,667,700	11,726,500	5,325,900	5,325,900
Restricted Funds					
Balance Forward	471,900	442,600	403,700	442,600	403,700
Current Receipts	866,400	856,800	856,800	856,800	856,800
Fund Transfers	-17,700				
Total Restricted Funds	1,320,600	1,299,400	1,260,500	1,299,400	1,260,500
Federal Funds					
Current Receipts	560,100	678,200	635,200	678,200	635,200
Total Federal Funds	560,100	678,200	635,200	678,200	635,200
TOTAL SOURCE OF FUNDS	7,337,900	11,645,300	13,622,200	7,303,500	7,221,600
EXPENDITURES BY CLASS					
Operating Expenses	39,100	40,000	40,000	40,000	40,000
Grants Loans Benefits	6,856,200	10,926,600	12,942,400	6,859,800	6,816,800
Capital Outlay		275,000	275,000		
TOTAL EXPENDITURES	6,895,300	11,241,600	13,257,400	6,899,800	6,856,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,457,200	9,667,700	11,726,500	5,325,900	5,325,900
Restricted Funds	878,000	895,700	895,700	895,700	895,700
Federal Funds	560,100	678,200	635,200	678,200	635,200
TOTAL EXPENDITURES	6,895,300	11,241,600	13,257,400	6,899,800	6,856,800
EXPENDITURES BY UNIT					
Field Services	5,327,700	9,607,000	11,613,300	5,316,300	5,299,500
State Library Services	450,700	451,800	461,300	412,600	386,400
Public Records	1,116,900	1,182,800	1,182,800	1,170,900	1,170,900
TOTAL EXPENDITURES	6,895,300	11,241,600	13,257,400	6,899,800	6,856,800

Direct Local Aid provides the following services to citizens of the Commonwealth:

- Federal grants are provided for continuing education, training, and demonstration projects.
- State aid provides cash grants to all counties with legally established public libraries. The grant funds may be used for the following purposes: purchase, upgrade, and maintenance of technology resources; purchase of library materials and equipment; maintenance and operation of bookmobiles and extension programs; staff and trustee training and compensation; building maintenance; debt service; resource-sharing; program development; and certain other local library needs and services.
- The Bookmobile program furnishes and replaces bookmobiles used by Kentucky's public libraries. The bookmobiles provide informational and educational resources to those who cannot physically reach a public library. Bookmobiles make regular stops at schools, daycare centers, and after-school centers. Services are also provided to the elderly and homebound individuals. Funds are also provided for maintenance and repair of existing bookmobiles. Services are provided as funds are available.
- Construction grants are available through a competitive application process to assist with retiring debt associated with the construction or repair of library facilities.
- Institution grants are given to two local libraries to administer library service in three state prisons. The Danville Library works with the Northpoint Training Center, and the Oldham County Public Library works with the Kentucky State Reformatory and the Kentucky Correctional Institution for Women.
- Kentucky Talking Book Library grants are given to assist in the delivery of services directly to blind and physically disabled library patrons.
- Local Records grants provide funds to assist local governments with the protection and preservation of public records, and the improvement of local government records management programs.

These services are administered by the Department's program divisions: Field Services, State Library Services, and Public Records. Direct services include cash grants, library materials, and bookmobiles.

**Education and Workforce Development
Office for the Blind**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,177,800	1,895,600	1,686,600	1,152,600	1,179,100
State Salary and Compensation Allocation	36,600				
Mandated Expenditure Reductions	-41,300				
Total General Fund	1,173,100	1,895,600	1,686,600	1,152,600	1,179,100
Restricted Funds					
Balance Forward	1,132,300	33,000	33,000	33,000	389,400
Current Receipts	1,025,800	1,075,800	1,075,800	1,075,800	1,075,800
Total Restricted Funds	2,158,100	1,108,800	1,108,800	1,108,800	1,465,200
Federal Funds					
Balance Forward	1,356,400			1,356,400	1,356,400
Current Receipts	7,518,200	11,383,800	10,370,900	8,950,200	8,954,500
Total Federal Funds	8,874,600	11,383,800	10,370,900	10,306,600	10,310,900
TOTAL SOURCE OF FUNDS	12,205,800	14,388,200	13,166,300	12,568,000	12,955,200
EXPENDITURES BY CLASS					
Personnel Cost	6,770,100	7,606,400	7,843,200	6,630,900	6,766,500
Operating Expenses	1,552,800	1,556,500	1,556,500	1,554,700	1,554,700
Grants Loans Benefits	2,461,500	5,192,300	3,766,600	2,636,600	2,565,800
TOTAL EXPENDITURES	10,784,400	14,355,200	13,166,300	10,822,200	10,887,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,141,100	1,895,600	1,686,600	1,152,600	1,179,100
Restricted Funds	2,125,100	1,075,800	1,108,800	719,400	753,400
Federal Funds	7,518,200	11,383,800	10,370,900	8,950,200	8,954,500
TOTAL EXPENDITURES	10,784,400	14,355,200	13,166,300	10,822,200	10,887,000
EXPENDITURES BY UNIT					
General Blind Services	8,548,900	11,855,500	10,581,200	8,574,400	8,618,800
Business Enterprise Program	1,001,100	1,083,200	1,105,300	1,055,900	1,036,000
Center for Independent Living	712,700	833,500	857,500	649,100	650,100
Assistive Technology Service	521,700	583,000	622,300	542,800	582,100
TOTAL EXPENDITURES	10,784,400	14,355,200	13,166,300	10,822,200	10,887,000

Pursuant to KRS 163.470 and the Rehabilitation Act of 1973, the Office for the Blind provides services to assist individuals who are blind and visually impaired in maintaining, improving, preparing for, and obtaining employment, as well as enabling them to live more independent and fulfilling lives. In federal fiscal year 2011, the Office provided services to 2,738 blind or visually impaired Kentuckians so they could receive the education and specialized training services needed to become independent and self-sufficient in the home and workplace. Of these served, 354 were successfully employed; 49 were served by the Deaf/Blind Program; 921 worked toward a vocational goal; 884 were served by the Independent Living Program; and 55 vendors were served by Kentucky Business Enterprises. In addition to these services, the KY Assistive Technology Services Network provided 27,310 direct services to Kentuckians with disabilities such as, equipment loans, demonstrations, and training.

Since its creation in 1976, the Office has provided for the vocational rehabilitation of blind and visually impaired Kentuckians. Office staff provide vocational counseling, evaluation, physical and mental restoration, vocational and higher education training, assistive technology training, adaptive devices, orientation and mobility training, and job placement services. The Office accomplishes this mission through the following avenues:

- The Office has 10 field offices that provide direct vocational rehabilitation services to individuals with severe visual impairments.
- The Charles McDowell Comprehensive Rehabilitation Center for the Blind is a facility in Louisville that provides training in vocational preparation, personal adjustment services, independent living skills, orientation and mobility skills, Braille, assistive technology, career assessment, vocational planning, work adjustment, and work experience.
- In Lexington and Paducah, the Office operates two volunteer recording units that provide audio-recorded materials statewide for blind and visually impaired individuals.
- The Business Enterprise Program trains and provides equipment to blind individuals for self-employment at vending facilities located statewide.

- The Independent Living Program provides training to blind and visually impaired individuals in areas that will enable them to live and function independently.

Pursuant to KRS 163.470(11) and the federal Randolph-Sheppard Act, the Division of Business Enterprises Program (BEP) establishes vending facilities on state, federal, and other property to provide remunerative employment for licensed merchants who are visually impaired. This program provides management services and training to individuals who are visually impaired, identifies and develops new sites suitable for vending facilities, and repairs and replaces equipment in existing vending facilities.

The BEP also collects a set-aside, or fee based upon the percentage of gross sales from vending operations. The visually impaired merchants currently contribute five percent of their net income to be used for their own health insurance and an IRA. The funds received from the interstate vending contract are utilized exclusively in the Business Enterprise Program.

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

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

The Kentucky Assistive Technology Service (KATS) Network is a federally funded project operating within the Office for the Blind. KATS is a statewide collaborative system of consumer-oriented organizations that help to provide assistive technologies to individuals with a variety of disabilities.

**Education and Workforce Development
Employment and Training**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		6,583,000	6,583,000		
Total General Fund		6,583,000	6,583,000		
Restricted Funds					
Balance Forward	1,262,600	1,178,500	1,299,700	497,000	
Current Receipts	784,700	954,400	1,326,400	1,003,000	1,500,000
Non-Revenue Receipts	28,150,500	39,034,000	39,034,000	31,649,900	28,631,900
Fund Transfers	-50,300				
Total Restricted Funds	30,147,500	41,166,900	41,660,100	33,149,900	30,131,900
Federal Funds					
Balance Forward	3,680,300				
Current Receipts	2,390,435,500	2,388,072,900	2,389,735,100	2,387,660,100	2,389,322,300
Non-Revenue Receipts		-1,500,000	-1,500,000		
ARRA Receipts	22,900				
Total Federal Funds	2,394,138,700	2,386,572,900	2,388,235,100	2,387,660,100	2,389,322,300
TOTAL SOURCE OF FUNDS	2,424,286,200	2,434,322,800	2,436,478,200	2,420,810,000	2,419,454,200
EXPENDITURES BY CLASS					
Personnel Cost	42,677,200	50,964,000	52,463,100	44,740,700	45,754,600
Operating Expenses	44,624,500	40,601,600	40,764,700	39,611,800	37,242,100
Grants Loans Benefits	2,334,987,900	2,339,987,900	2,339,987,900	2,334,987,900	2,334,987,900
Capital Outlay	1,499,600	1,469,600	1,469,600	1,469,600	1,469,600
TOTAL EXPENDITURES	2,423,789,200	2,433,023,100	2,434,685,300	2,420,810,000	2,419,454,200
EXPENDITURES BY FUND SOURCE					
General Fund		6,583,000	6,583,000		
Restricted Funds	29,650,500	39,867,200	39,867,200	33,149,900	30,131,900
Federal Funds	2,394,138,700	2,386,572,900	2,388,235,100	2,387,660,100	2,389,322,300
TOTAL EXPENDITURES	2,423,789,200	2,433,023,100	2,434,685,300	2,420,810,000	2,419,454,200
EXPENDITURES BY UNIT					
Employer and Placement Services	32,747,500	34,553,400	35,096,700	33,224,400	33,767,700
Unemployment Insurance	2,316,899,900	2,325,582,600	2,326,618,500	2,319,698,500	2,317,716,400
Workforce Investment Act	74,141,800	72,887,100	72,970,100	67,887,100	67,970,100
TOTAL EXPENDITURES	2,423,789,200	2,433,023,100	2,434,685,300	2,420,810,000	2,419,454,200

The Office of Employment and Training (OET) administers federally-funded programs that provide employment-related services to the citizens of Kentucky. OET provides a wide array of high quality, professional services to employers and job seekers which result in economic stability for the individual and further the economic well-being of the Commonwealth. These services include employment counseling, testing, assessment, job search assistance, and placement services to all citizens, as well as training programs for dislocated workers and other individuals who are economically disadvantaged.

The majority of the programs in the Office are funded by federal grants, with the principal revenue source derived from the Unemployment Insurance (UI) program. The federal government, through the employer-paid Federal Unemployment Tax Act (FUTA), provides the Office's operating and capital funding for the two programs.

The Office also receives funds to administer several smaller programs that are related to UI and Employment Services, including: Veterans' Employment and Training Services, Labor Market Information, Alien Labor Certification, Agricultural Wage Surveys, and Alien Farmworker Housing Inspections. The Office administers training programs under the Trade Adjustment Assistance program, Title I of the Workforce Investment Act, and the Transitional Adjustment Assistance programs. These programs are designed to provide temporary income maintenance through UI to individuals who are unemployed through no fault of their own, and to assist the unemployed, underemployed, and persons who wish to change occupations in finding suitable employment. Additional benefits include the reduction of public burden through the early placement of welfare recipients and UI claimants.

The Department is also responsible for assessing and collecting taxes from employers to distribute benefits to those who qualify for unemployment compensation.

**Education and Workforce Development
Employment and Training
Employer and Placement Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,583,000	1,583,000		
Total General Fund		1,583,000	1,583,000		
Restricted Funds					
Balance Forward	1,262,600	1,178,500	1,299,700	497,000	
Current Receipts	784,700	954,400	1,326,400	1,003,000	1,500,000
Non-Revenue Receipts		1,500,000	1,500,000		
Fund Transfers	-50,300				
Total Restricted Funds	1,997,000	3,632,900	4,126,100	1,500,000	1,500,000
Federal Funds					
Current Receipts	31,224,600	32,137,200	32,680,500	31,724,400	32,267,700
Non-Revenue Receipts		-1,500,000	-1,500,000		
ARRA Receipts	22,900				
Total Federal Funds	31,247,500	30,637,200	31,180,500	31,724,400	32,267,700
TOTAL SOURCE OF FUNDS	33,244,500	35,853,100	36,889,600	33,224,400	33,767,700
EXPENDITURES BY CLASS					
Personnel Cost	12,027,000	16,176,700	16,720,000	13,643,300	14,025,800
Operating Expenses	5,288,700	2,974,900	2,974,900	4,179,300	4,340,100
Grants Loans Benefits	15,291,800	15,291,800	15,291,800	15,291,800	15,291,800
Capital Outlay	140,000	110,000	110,000	110,000	110,000
TOTAL EXPENDITURES	32,747,500	34,553,400	35,096,700	33,224,400	33,767,700
EXPENDITURES BY FUND SOURCE					
General Fund		1,583,000	1,583,000		
Restricted Funds	1,500,000	2,333,200	2,333,200	1,500,000	1,500,000
Federal Funds	31,247,500	30,637,200	31,180,500	31,724,400	32,267,700
TOTAL EXPENDITURES	32,747,500	34,553,400	35,096,700	33,224,400	33,767,700
EXPENDITURES BY UNIT					
Job Placement Services	12,007,100	14,633,400	15,022,100	13,304,400	13,693,100
Special Employment Services	19,089,600	18,071,900	18,172,500	18,071,900	18,172,500
Employment Information Support	1,650,800	1,848,100	1,902,100	1,848,100	1,902,100
TOTAL EXPENDITURES	32,747,500	34,553,400	35,096,700	33,224,400	33,767,700

There are two objectives of the Employer and Placement Services program. The first is to assist individuals who are unemployed, underemployed, or simply seeking to change their employment situation. The second is to assist employers in obtaining qualified workers to fill job openings as quickly as possible. This program provides counseling, employment testing, job development, referral, and placement.

**Education and Workforce Development
Employment and Training
Unemployment Insurance**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Non-Revenue Receipts	28,150,500	37,534,000	37,534,000	31,649,900	28,631,900
Total Restricted Funds	28,150,500	37,534,000	37,534,000	31,649,900	28,631,900
Federal Funds					
Balance Forward	3,680,300				
Current Receipts	2,285,069,100	2,288,048,600	2,289,084,500	2,288,048,600	2,289,084,500
Total Federal Funds	2,288,749,400	2,288,048,600	2,289,084,500	2,288,048,600	2,289,084,500
TOTAL SOURCE OF FUNDS	2,316,899,900	2,325,582,600	2,326,618,500	2,319,698,500	2,317,716,400
EXPENDITURES BY CLASS					
Personnel Cost	27,976,800	31,844,100	32,716,900	28,154,200	28,702,600
Operating Expenses	38,333,100	43,148,500	43,311,600	40,954,300	38,423,800
Grants Loans Benefits	2,249,230,400	2,249,230,400	2,249,230,400	2,249,230,400	2,249,230,400
Capital Outlay	1,359,600	1,359,600	1,359,600	1,359,600	1,359,600
TOTAL EXPENDITURES	2,316,899,900	2,325,582,600	2,326,618,500	2,319,698,500	2,317,716,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	28,150,500	37,534,000	37,534,000	31,649,900	28,631,900
Federal Funds	2,288,749,400	2,288,048,600	2,289,084,500	2,288,048,600	2,289,084,500
TOTAL EXPENDITURES	2,316,899,900	2,325,582,600	2,326,618,500	2,319,698,500	2,317,716,400
EXPENDITURES BY UNIT					
Unemployment Insurance Administration	66,899,900	75,582,600	76,618,500	69,698,500	67,716,400
Unemployment Insurance Benefits	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000	2,250,000,000
TOTAL EXPENDITURES	2,316,899,900	2,325,582,600	2,326,618,500	2,319,698,500	2,317,716,400

The purpose of the Unemployment Insurance (UI) program is to provide temporary financial assistance to workers who become unemployed through no fault of their own, in the form of regular UI benefit payments in an amount determined by the claimant's wage history. Regular UI benefits are funded entirely through payment of the state unemployment taxes by employers determined liable under KRS Chapter 341 based upon the size and duration of payroll.

Within the Office of Employment and Training, the Division of Unemployment Insurance supports the claims activities initiated in the local offices of the Division of Field Services. In the central office, the Benefits Branch ensures and accounts for the proper payment of regular UI and federal program benefits, including the determination of chargeability to a specific employer for the cost of each regular UI claim. In cases where benefits have been drawn in error, the branch pursues restitution and, if fraud is involved, pursues prosecution of the claimant. The Benefits Branch also operates an interstate claims "local office" to serve claimants covered under Kentucky law but filing from other states.

In addition to regular UI benefits, the program also administers payment of federal benefits to unemployed federal employees and discharged military personnel, those affected by changes in international trade, those affected financially in federal disaster areas, and those covered under the Extended Unemployment Compensation program. With the exception of partial payment from state UI funds in the case of some extended benefits, these programs are financed by employer federal unemployment tax collected by the Internal Revenue Service.

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

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

During fiscal year 2011, the Office of Employment and Training made 3,646,238 unemployment insurance benefit payments to out-of-work Kentuckians totaling approximately \$1.5 billion. That amount is projected to decrease to approximately \$490 million in 2014, assuming no further extensions of Emergency Unemployment Compensation (EUC) and Extended Benefits (EB) are enacted.

Policy

The Unemployment Insurance Trust Fund was depleted in January 2009 and Kentucky began to borrow from the Federal Unemployment Account (FUA). As of June 30, 2011, Kentucky had borrowed \$948,700,000. Kentucky made an interest payment on the borrowed funds in September 2011 in an amount of \$28,150,500. It is estimated that the interest payment due in September 2012 will be approximately \$31,649,900, and the interest payment due in September 2013 will be approximately \$26,444,300, and shall be paid from the Penalty and Interest Account in accordance with KRS 341.295.

The Executive Budget assumes that some type of assessment will be established by the 2012 Session of the General Assembly to create a revenue source to finance the interest payments.

**Education and Workforce Development
Employment and Training
Workforce Investment Act**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		5,000,000	5,000,000		
Total General Fund		5,000,000	5,000,000		
Federal Funds					
Current Receipts	74,141,800	67,887,100	67,970,100	67,887,100	67,970,100
Total Federal Funds	74,141,800	67,887,100	67,970,100	67,887,100	67,970,100
TOTAL SOURCE OF FUNDS	74,141,800	72,887,100	72,970,100	67,887,100	67,970,100
EXPENDITURES BY CLASS					
Personnel Cost	2,673,400	2,943,200	3,026,200	2,943,200	3,026,200
Operating Expenses	1,002,700	-5,521,800	-5,521,800	-5,521,800	-5,521,800
Grants Loans Benefits	70,465,700	75,465,700	75,465,700	70,465,700	70,465,700
TOTAL EXPENDITURES	74,141,800	72,887,100	72,970,100	67,887,100	67,970,100
EXPENDITURES BY FUND SOURCE					
General Fund		5,000,000	5,000,000		
Federal Funds	74,141,800	67,887,100	67,970,100	67,887,100	67,970,100
TOTAL EXPENDITURES	74,141,800	72,887,100	72,970,100	67,887,100	67,970,100

On July 1, 1999, Kentucky implemented the Workforce Investment Act (WIA) to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs. Passed by Congress on August 7, 1998 (Public Law 105-220), this reform includes streamlining services through a one-stop service delivery system, empowering individuals by means of information and access to training resources through individual training accounts, providing universal access to core services, increasing accountability for results, ensuring a strong role for local boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth services.

The Workforce Investment Act specifies three funding streams to the states and local areas: adults, dislocated workers, and youth.

Most services for adults and dislocated workers are provided through the one-stop system, and most customers use individual training accounts to determine which training programs and training providers best fit their needs. The Act authorizes core services available to all adults (with no eligibility requirements), and intensive services for unemployed individuals who are not able to find jobs through core services alone. In some cases, intensive services are available to employed workers who need more help to find or keep a job.

Through WIA, youth are prepared for postsecondary educational opportunities or employment. Programs link academic and occupational learning. Programs include tutoring, study skills training, and instruction leading to completion of secondary school (including drop-out prevention), alternative school services, mentoring by appropriate adults, paid and unpaid work experience (i.e. internships and job shadowing), occupational skills training, leadership development, and appropriate supportive services.

**Education and Workforce Development
Career and Technical Education**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	25,709,100	35,854,600	32,845,900	23,971,900	24,092,400
State Salary and Compensation Allocation	570,400				
Mandated Expenditure Reductions	-875,800				
Other	-517,300				
Total General Fund	24,886,400	35,854,600	32,845,900	23,971,900	24,092,400
Restricted Funds					
Balance Forward	680,300	159,600	51,500	159,600	46,900
Current Receipts	1,462,100	1,502,700	1,519,800	1,450,100	1,406,100
Non-Revenue Receipts	18,417,000	19,241,000	20,268,300	18,417,000	18,417,000
Fund Transfers	-815,800				
Total Restricted Funds	19,743,600	20,903,300	21,839,600	20,026,700	19,870,000
Federal Funds					
Current Receipts	11,918,300	13,291,600	13,291,600	12,121,900	12,121,900
Total Federal Funds	11,918,300	13,291,600	13,291,600	12,121,900	12,121,900
TOTAL SOURCE OF FUNDS	56,548,300	70,049,500	67,977,100	56,120,500	56,084,300
EXPENDITURES BY CLASS					
Personnel Cost	37,860,800	45,827,300	46,718,200	38,954,100	39,945,500
Operating Expenses	6,938,000	10,570,900	8,624,700	6,698,000	6,099,700
Grants Loans Benefits	10,360,100	11,506,900	11,509,200	10,078,600	9,714,100
Capital Outlay	355,000	2,092,900	1,125,000	342,900	325,000
TOTAL EXPENDITURES	55,513,900	69,998,000	67,977,100	56,073,600	56,084,300
EXPENDITURES BY FUND SOURCE					
General Fund	24,011,600	35,854,600	32,845,900	23,971,900	24,092,400
Restricted Funds	19,584,000	20,851,800	21,839,600	19,979,800	19,870,000
Federal Funds	11,918,300	13,291,600	13,291,600	12,121,900	12,121,900
TOTAL EXPENDITURES	55,513,900	69,998,000	67,977,100	56,073,600	56,084,300
EXPENDITURES BY UNIT					
School Support and Administration	43,389,900	55,252,200	53,270,900	44,123,500	44,234,900
Equipment	333,300	1,890,300	1,890,300	316,900	316,900
Contract Services	1,432,000	1,290,800	1,249,200	1,238,200	1,135,500
Federal Programs	10,358,700	11,564,700	11,566,700	10,395,000	10,397,000
TOTAL EXPENDITURES	55,513,900	69,998,000	67,977,100	56,073,600	56,084,300

The Office of Career and Technical Education has two major statewide roles: the management and operation of 53 area technology centers serving high school students and workers in business and industry, and serving as the sole state agency for Federal Funds through the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

The Office of Career and Technical Education provides occupational-specific education and training for Kentucky's citizens in order to develop a skilled and versatile workforce. The main responsibility is providing education and technical training to youth and incumbent workers that match the needs of Kentucky business and industry. The area technology centers prepare students for postsecondary technical training leading to a certificate or an associate's degree, academic pursuits at a four-year college or university, or entry into the labor market with an industry-recognized qualification.

Area technology centers are located throughout the Commonwealth. These schools are uniquely positioned to serve business and industry in close cooperation with the Kentucky Community and Technical College System. This provides cost-effective measures for training needs of business and industry, and assists in local economic development initiatives. Area Technology Centers are not only vital in the overall scheme of Kentucky's efforts to better prepare secondary technical students for postsecondary education or employment, but also provide an additional avenue to skill upgrades by incumbent workers in the local businesses and industries.

The 53 area technology centers provide continuing and customized technical education programs on an as-needed basis. This system serves business and industry, as well as adults in the community seeking to enhance their employment opportunities.

Area technology centers provide opportunities in areas of the Commonwealth where continuing education is not available at a postsecondary institution.

Demand for training programs from business and industry may range from continuing education in computer applications to customized training programs such as robotics.

Training programs are also designed to meet the increasing demands of various state and local regulatory certification requirements. Examples include additional programs in water handling, blood and air borne pathogens, and heating and cooling systems.

The Office coordinates the state plan for the Perkins Act and implements the provisions related to the distribution of Federal Funds. Other functions include: reviewing and approving local plans, monitoring and evaluating program effectiveness, monitoring and auditing the expenditure of Federal Funds, implementing and reevaluating the statewide system of accountability, coordinating the development of the annual performance report, assuring compliance with all applicable Federal laws, and providing technical assistance. The Office serves as the liaison to occupational programs and related services in the community and technical colleges, the universities, and the Department of Education. Programs of leadership and professional development are coordinated and monitored for program effectiveness. An automated student information system, with selected characteristics for technical programs, is used in evaluating the effective preparation of students for continued education, employment, and service in the military. This automated system is a major factor in the accountability requirements of the Act. In addition, the operation and refinement of the methods of administration are components of the ongoing program evaluation.

The Perkins Act includes two major components: the Basic Grant and Tech Prep. The Basic Grant funds are for program improvement. Tech Prep funds are earmarked for the development of programs that combine at least two years of secondary education with at least two years of postsecondary education in a technical course of study leading to employment or further education. Tech Prep uses work-based and worksite learning where appropriate and available. The Office of Career and Technical Education provides statewide direction, leadership, and supervision for this initiative.

**Education and Workforce Development
Vocational Rehabilitation**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,547,200	13,460,100	13,547,000	10,764,800	10,799,500
State Salary and Compensation Allocation	51,000				
Mandated Expenditure Reductions	-400,900				
Total General Fund	11,197,300	13,460,100	13,547,000	10,764,800	10,799,500
Restricted Funds					
Balance Forward	1,281,600			8,600	
Current Receipts	2,225,300	2,340,000	2,340,000	2,340,000	2,340,000
Total Restricted Funds	3,506,900	2,340,000	2,340,000	2,348,600	2,340,000
Federal Funds					
Balance Forward	264,000				
Current Receipts	40,916,300	49,078,200	49,078,200	43,412,600	43,671,500
ARRA Receipts	215,800				
Total Federal Funds	41,396,100	49,078,200	49,078,200	43,412,600	43,671,500
TOTAL SOURCE OF FUNDS	56,100,300	64,878,300	64,965,200	56,526,000	56,811,000
EXPENDITURES BY CLASS					
Personnel Cost	24,612,300	27,014,900	27,521,400	25,582,400	25,958,000
Operating Expenses	4,478,400	4,489,700	4,489,700	4,496,900	4,496,900
Grants Loans Benefits	26,425,600	33,320,600	32,901,000	26,393,600	26,303,000
Capital Outlay	432,600	33,100	33,100	33,100	33,100
Construction	20,000	20,000	20,000	20,000	20,000
TOTAL EXPENDITURES	55,968,900	64,878,300	64,965,200	56,526,000	56,811,000
EXPENDITURES BY FUND SOURCE					
General Fund	11,074,500	13,460,100	13,547,000	10,764,800	10,799,500
Restricted Funds	3,498,300	2,340,000	2,340,000	2,348,600	2,340,000
Federal Funds	41,396,100	49,078,200	49,078,200	43,412,600	43,671,500
TOTAL EXPENDITURES	55,968,900	64,878,300	64,965,200	56,526,000	56,811,000
EXPENDITURES BY UNIT					
Carl D. Perkins Vocational Training Center	7,772,100	8,170,900	8,332,900	8,059,600	8,174,800
Program Services	46,798,100	55,242,600	55,135,500	47,010,700	47,164,600
Executive Director	1,398,700	1,464,800	1,496,800	1,455,700	1,471,600
TOTAL EXPENDITURES	55,968,900	64,878,300	64,965,200	56,526,000	56,811,000

The Office of Vocational Rehabilitation provides for and improves the vocational rehabilitation of citizens with physical and mental disabilities. The Office helps eligible persons with disabilities achieve suitable employment.

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

The Office also provides services for employers. The Office prepares job-qualified applicants, conducts job analyses, recommends job modifications, and conducts disability awareness programs. Other services include disability awareness training programs and affirmative action planning and services to employees with disability-related problems. As a result, employers experience risk reduction, save resources spent on training new hires, and increase cash flow through access to tax incentives.

The Rehabilitation Act of 1973 authorizes and provides federal funding for state vocational rehabilitation programs. Kentucky Revised Statutes 151B.180-210 complies with all provisions of the Act. The Code of Federal Regulations (CFR Chapter 34) and Title 781 of the Kentucky Administrative Regulations establish functions of the program. The Office also complies with relevant sections of the Kentucky Department of Education's administrative regulations.

Program Planning and Development provides administrative and staff functions to enhance equitable and efficient service delivery to eligible individuals with disabilities. The Division has statewide responsibility for program planning, program evaluation, policy development, human resource development, job development and placement, and development of new and innovative programs. The Division also provides staff support to the Statewide Advisory Council for Vocational Rehabilitation and the Statewide Independent Living Council. Federal regulations require an approved State Plan for Vocational Rehabilitation Services under Title I of the Rehabilitation Act as a condition for receiving Federal Funds.

The Carl D. Perkins Vocational Training Center (CDPVTC) at Thelma, Kentucky, is a multi-disciplinary residential rehabilitation facility located in Johnson County. The proportion of disabled individuals in the population of Kentucky is highest in southeast Kentucky. Although the majority of referrals to the CDPVTC come from the eastern part of Kentucky, staff of the Center regularly provide services to consumers from the entire Commonwealth.

The CDPVTC operates five major programs: Vocational Evaluation, Work Adjustment, Vocational Training, Physical Restoration/Outpatient Medical Rehabilitation, and Brain Injury Community Re-entry. All programs meet state of the art standards for program quality as documented by the Commission on Accreditation of Rehabilitation Facilities (CARF). CARF is the nationally recognized accreditation authority for organizations serving consumers with disabilities. CARF standards require that accredited facilities provide consumers with timely, quality services that meet the needs of each individual. Center staff utilize CARF accreditation as a marketing tool to obtain new referrals for all programs.

Within these five programs, the following professional services are available: comprehensive vocational assessment, vocational training, physical therapy, occupational therapy, speech therapy, nursing services, physician services, adjustment services, psychological and psychiatric services, adult therapeutic recreation, vocational rehabilitation counseling, social services, assistive technology, transportation, and administrative services. A wide range of educational programs and services including developmental math, reading, GED test preparation, and the External Diploma Program are also available. The CDPVTC offers individualized placement services through Preparing Adults for Competitive Employment (PACE) and an Employment Relations Specialist.

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

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

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

**Education and Workforce Development
Education Professional Standards Board**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,606,900	12,117,400	12,266,600	7,141,900	7,170,700
State Salary and Compensation Allocation	79,600				
Mandated Expenditure Reductions	-264,000				
Total General Fund	7,422,500	12,117,400	12,266,600	7,141,900	7,170,700
Restricted Funds					
Balance Forward	1,167,900	1,022,400	890,000	1,022,400	825,600
Current Receipts	725,000	725,000	725,000	725,000	725,000
Fund Transfers	-32,600				
Total Restricted Funds	1,860,300	1,747,400	1,615,000	1,747,400	1,550,600
Federal Funds					
Balance Forward	69,900				
Current Receipts	238,500	121,300	109,300	121,300	109,300
Total Federal Funds	308,400	121,300	109,300	121,300	109,300
TOTAL SOURCE OF FUNDS	9,591,200	13,986,100	13,990,900	9,010,600	8,830,600
EXPENDITURES BY CLASS					
Personnel Cost	3,192,100	3,801,500	3,862,900	3,354,000	3,386,100
Operating Expenses	791,100	856,000	675,900	756,400	677,300
Grants Loans Benefits	4,464,400	8,428,600	8,692,500	4,074,600	4,074,600
Capital Outlay		10,000	2,000		
TOTAL EXPENDITURES	8,447,600	13,096,100	13,233,300	8,185,000	8,138,000
EXPENDITURES BY FUND SOURCE					
General Fund	7,301,300	12,117,400	12,266,600	7,141,900	7,170,700
Restricted Funds	837,900	857,400	857,400	921,800	858,000
Federal Funds	308,400	121,300	109,300	121,300	109,300
TOTAL EXPENDITURES	8,447,600	13,096,100	13,233,300	8,185,000	8,138,000
EXPENDITURES BY UNIT					
Operations	3,056,700	4,841,000	4,994,200	2,998,200	2,938,200
Kentucky Teacher Internship Program	3,450,300	5,617,800	5,617,800	3,132,400	3,132,400
National Board	517,000	1,000,200	1,000,200	495,200	495,200
Certification	1,423,600	1,637,100	1,621,100	1,559,200	1,572,200
TOTAL EXPENDITURES	8,447,600	13,096,100	13,233,300	8,185,000	8,138,000

Authorized in KRS 161.028, the Education Professional Standards Board (EPSB) is a 17-member body appointed by the Governor to oversee teacher and administrator preparation, internship, and certification.

The EPSB is responsible for issuing, suspending, and revoking certificates for Kentucky's more than 50,000 active Kentucky educators, and ensures, via an annual review, that all professional positions in the state's 174 public school districts are appropriately staffed. It is responsible for developing (in cooperation with the Kentucky Department of Education and the Council on Postsecondary Education) a statewide data system for the collection, interpretation, and dissemination of data relative to the quality of educator preparation, supply, demand, and effectiveness. The board establishes performance-based standards for teacher/administrator preparation and induction, and for the accreditation of the 27 preparation programs at Kentucky's public and independent colleges and universities. It oversees the teacher/administrator assessments and the related Title II reporting, and annually publishes the Kentucky Educator Preparation Program Report Card. It administers the Continuing Education Option, in which teachers can use professional development to renew certification and move up in rank. It also administers the National Board Certification Incentive program, the supervising teacher stipend program, and alternative routes to certification, including the Troops to Teachers program.

The EPSB annually provides support to approximately 2,700 teacher interns, 3,500 supervising teachers, and 500 prospective National Board-certified teachers.

This page intentionally left blank

Energy and Environment

Energy and Environment

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	74,025,100	99,092,500	103,743,600	76,962,600	82,284,800
State Salary and Compensation Allocation	4,095,800				
Current Year Appropriation	952,000				
Continuing Approp.-General Fund	409,700				
Mandated Expenditure Reductions	-6,449,300				
Total General Fund	73,033,300	99,092,500	103,743,600	76,962,600	82,284,800
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	6,000,000	2,810,000	2,810,000	2,500,000	2,500,000
Continuing Approp.-Tobacco Settlement	7,463,500				
Total Tobacco Settlement - Phase I	13,463,500	2,810,000	2,810,000	2,500,000	2,500,000
Restricted Funds					
Balance Forward	17,575,200	9,573,500	12,592,600	9,573,500	6,189,100
Current Receipts	21,732,300	22,876,000	23,408,900	21,908,800	22,378,200
Non-Revenue Receipts	116,491,600	72,403,800	72,289,200	101,310,300	103,137,700
Fund Transfers	-55,591,200			-35,500,000	-35,500,000
Total Restricted Funds	100,207,900	104,853,300	108,290,700	97,292,600	96,205,000
Federal Funds					
Balance Forward	68,500				
Current Receipts	86,730,100	84,453,300	84,602,900	82,342,400	82,328,000
Non-Revenue Receipts	-2,647,000	-2,465,600	-2,184,500	-2,465,600	-2,184,500
ARRA Receipts	25,528,000	8,000,700	168,300	8,000,700	168,300
Total Federal Funds	109,679,600	89,988,400	82,586,700	87,877,500	80,311,800
Road Fund					
Regular Appropriation	300,000	300,000	300,000	400,000	400,000
Total Road Fund	300,000	300,000	300,000	400,000	400,000
TOTAL SOURCE OF FUNDS	296,684,300	297,044,200	297,731,000	265,032,700	261,701,600
EXPENDITURES BY CLASS					
Personnel Cost	136,486,000	153,686,500	157,995,500	132,820,800	135,022,100
Operating Expenses	45,301,100	51,666,900	51,334,200	46,635,900	48,676,300
Grants Loans Benefits	72,306,100	47,257,500	42,171,900	43,749,600	38,621,000
Debt Service	589,000	589,000	589,000	1,897,100	6,079,200
Capital Outlay	8,532,200	7,599,500	7,057,500	4,545,500	4,841,100
Construction	20,561,100	23,652,200	21,924,700	23,652,200	21,924,700
TOTAL EXPENDITURES	283,775,500	284,451,600	281,072,800	253,301,100	255,164,400
EXPENDITURES BY FUND SOURCE					
General Fund	69,700,600	99,092,500	103,743,600	71,420,100	76,969,400
Tobacco Settlement - Phase I	13,463,500	2,810,000	2,810,000	2,500,000	2,500,000
Restricted Funds	90,634,400	92,260,700	91,632,500	91,103,500	94,983,200
Federal Funds	109,679,600	89,988,400	82,586,700	87,877,500	80,311,800
Road Fund	297,400	300,000	300,000	400,000	400,000
TOTAL EXPENDITURES	283,775,500	284,451,600	281,072,800	253,301,100	255,164,400
EXPENDITURES BY UNIT					
Secretary	5,188,400	6,916,200	7,081,400	5,771,500	6,117,900
Environmental Protection	114,385,600	119,912,900	122,372,600	111,959,300	119,344,500
Natural Resources	122,153,600	125,570,900	127,111,500	108,729,900	110,150,500
Energy Development and Independence	29,062,700	15,666,600	8,310,500	15,237,400	7,804,400
Environmental Quality Commission	239,000	235,600	239,400	222,000	223,400
Kentucky Nature Preserves Commission	2,580,700	1,959,600	2,018,800	1,357,700	1,387,100

Public Service Commission	10,165,500	14,189,800	13,938,600	10,023,300	10,136,600
TOTAL EXPENDITURES	283,775,500	284,451,600	281,072,800	253,301,100	255,164,400

The Energy and Environment Cabinet is charged with the protection and preservation of land, air and water resources as well as creating efficient, sustainable energy solutions. The Cabinet has three departments: Environmental Protection, Natural Resources, and Energy Development and Independence. Attached for administrative purposes are the Mine Safety Review Commission, the State Nature Preserves Commission, the Environmental Quality Commission, and the Public Service Commission.

A Secretary appointed by the Governor heads the Cabinet. The Secretary is responsible for leadership, monitoring trends and shaping a vision for the future of Kentucky's energy platform and environment.

**Energy and Environment
Secretary**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,427,900	4,807,900	5,036,000	3,254,500	3,670,300
State Salary and Compensation Allocation	175,700				
Mandated Expenditure Reductions	-120,700				
Total General Fund	3,482,900	4,807,900	5,036,000	3,254,500	3,670,300
Restricted Funds					
Balance Forward	224,900	207,300	62,500	207,300	62,500
Current Receipts	75,300	75,300	75,300	75,300	75,300
Non-Revenue Receipts	15,747,100	664,200	669,400	1,164,200	1,169,800
Fund Transfers	-15,007,400				
Total Restricted Funds	1,039,900	946,800	807,200	1,446,800	1,307,600
Federal Funds					
Balance Forward	2,500				
Current Receipts	1,040,200	1,263,000	1,298,000	1,171,700	1,199,800
Non-Revenue Receipts	-36,800	-39,000	-37,700	-39,000	-37,700
Total Federal Funds	1,005,900	1,224,000	1,260,300	1,132,700	1,162,100
TOTAL SOURCE OF FUNDS	5,528,700	6,978,700	7,103,500	5,834,000	6,140,000
EXPENDITURES BY CLASS					
Personnel Cost	4,102,400	5,370,300	5,575,900	4,894,600	4,900,000
Operating Expenses	1,086,000	1,295,900	1,255,500	876,900	863,900
Grants Loans Benefits		250,000	250,000		
Debt Service					354,000
TOTAL EXPENDITURES	5,188,400	6,916,200	7,081,400	5,771,500	6,117,900
EXPENDITURES BY FUND SOURCE					
General Fund	3,349,900	4,807,900	5,036,000	3,254,500	3,670,300
Restricted Funds	832,600	884,300	785,100	1,384,300	1,285,500
Federal Funds	1,005,900	1,224,000	1,260,300	1,132,700	1,162,100
TOTAL EXPENDITURES	5,188,400	6,916,200	7,081,400	5,771,500	6,117,900
EXPENDITURES BY UNIT					
Administrative Hearings	654,800	820,700	845,800	674,100	675,000
Ofc of Sec - Leg & Interg Aff - Gen Coun	4,533,600	6,095,500	6,235,600	5,097,400	5,442,900
TOTAL EXPENDITURES	5,188,400	6,916,200	7,081,400	5,771,500	6,117,900

The Office of the Secretary formulates and executes Cabinet policies based on administration priorities, state and federal statutes, regulations and legislative initiatives. The Office of the Secretary responds to concerns of the general public, initiates public information and education efforts.

The Office of Legislative and Intergovernmental Affairs is responsible for communicating programmatic and policy information to stakeholders including the legislature and local governments.

The Office of Legal Services provides litigation and other legal services for the Cabinet.

Office of Administrative Hearings conducts administrative appeal hearings and issues recommended orders for review by the Secretary.

Policy

The Executive Budget includes General Fund debt service in the amount of \$354,000 in fiscal year 2014 to support a \$2,300,000 bond issue in each fiscal year of the biennium for the Heritage Land Conservation Fund.

**Energy and Environment
Environmental Protection**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,282,300	28,406,100	31,185,200	21,524,100	25,737,100
State Salary and Compensation Allocation	1,169,300				
Mandated Expenditure Reductions	-817,800				
Total General Fund	21,633,800	28,406,100	31,185,200	21,524,100	25,737,100
Restricted Funds					
Balance Forward	7,951,700	3,301,000	9,229,800	3,301,000	2,357,200
Current Receipts	16,061,900	17,459,800	18,029,300	16,492,600	16,998,600
Non-Revenue Receipts	86,629,900	56,457,200	56,485,800	84,880,200	86,853,400
Fund Transfers	-40,018,200			-35,500,000	-35,500,000
Total Restricted Funds	70,625,300	77,218,000	83,744,900	69,173,800	70,709,200
Federal Funds					
Current Receipts	25,131,100	24,393,700	24,419,100	24,393,700	24,419,100
Non-Revenue Receipts	-1,212,500	-1,175,100	-1,173,900	-1,175,100	-1,173,900
ARRA Receipts	2,169,700				
Total Federal Funds	26,088,300	23,218,600	23,245,200	23,218,600	23,245,200
Road Fund					
Regular Appropriation	300,000	300,000	300,000	400,000	400,000
Total Road Fund	300,000	300,000	300,000	400,000	400,000
TOTAL SOURCE OF FUNDS	118,647,400	129,142,700	138,475,300	114,316,500	120,091,500
EXPENDITURES BY CLASS					
Personnel Cost	56,944,800	63,967,200	66,361,900	57,271,900	58,655,900
Operating Expenses	32,662,100	37,388,900	37,406,800	34,962,500	36,948,500
Grants Loans Benefits	18,502,900	13,498,300	13,512,400	13,498,300	13,512,400
Debt Service				1,308,100	5,136,200
Capital Outlay	3,797,500	2,558,500	2,591,500	2,418,500	2,591,500
Construction	2,478,300	2,500,000	2,500,000	2,500,000	2,500,000
TOTAL EXPENDITURES	114,385,600	119,912,900	122,372,600	111,959,300	119,344,500
EXPENDITURES BY FUND SOURCE					
General Fund	20,675,600	28,406,100	31,185,200	21,524,100	25,737,100
Restricted Funds	67,324,300	67,988,200	67,642,200	66,816,600	69,962,200
Federal Funds	26,088,300	23,218,600	23,245,200	23,218,600	23,245,200
Road Fund	297,400	300,000	300,000	400,000	400,000
TOTAL EXPENDITURES	114,385,600	119,912,900	122,372,600	111,959,300	119,344,500
EXPENDITURES BY UNIT					
Commissioner	445,900	530,200	542,600	433,700	440,300
Water	27,585,100	30,747,400	31,455,200	27,448,800	28,296,800
Waste Management	36,337,800	31,737,000	32,335,100	30,347,000	31,447,800
Air Quality	14,410,800	15,743,700	16,416,900	14,543,500	15,041,600
Environmental Program Support	4,282,700	4,805,100	5,007,900	4,133,200	4,179,400
Enforcement	1,425,000	1,778,800	1,845,200	1,559,600	1,572,400
Compliance Assistance	1,446,200	1,509,300	1,554,200	1,359,400	1,385,100
Petroleum Storage Tank	28,452,100	33,061,400	33,215,500	32,134,100	36,981,100
Environmental Assur Fund					
TOTAL EXPENDITURES	114,385,600	119,912,900	122,372,600	111,959,300	119,344,500

The Department for Environmental Protection is responsible for the protection of the environment through the prevention, abatement, and control of water, land, and air pollution. The Department also is responsible for the Maxey Flats low-level nuclear waste disposal site.

**Energy and Environment
Environmental Protection
Commissioner**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	723,600	528,400	542,400	431,900	440,100
Mandated Expenditure Reductions	-167,200				
Other	-63,200				
Total General Fund	493,200	528,400	542,400	431,900	440,100
Restricted Funds					
Balance Forward	7,200	6,500	4,800	6,500	4,800
Current Receipts	100	100	100	100	100
Total Restricted Funds	7,300	6,600	4,900	6,600	4,900
TOTAL SOURCE OF FUNDS	500,500	535,000	547,300	438,500	445,000
EXPENDITURES BY CLASS					
Personnel Cost	377,100	454,700	469,900	371,100	380,500
Operating Expenses	68,200	75,400	72,500	62,500	59,600
Capital Outlay	600	100	200	100	200
TOTAL EXPENDITURES	445,900	530,200	542,600	433,700	440,300
EXPENDITURES BY FUND SOURCE					
General Fund	445,100	528,400	542,400	431,900	440,100
Restricted Funds	800	1,800	200	1,800	200
TOTAL EXPENDITURES	445,900	530,200	542,600	433,700	440,300

The Office of the Commissioner, pursuant to KRS 224.10-020(1), provides leadership, policy direction, and management for the Department for Environmental Protection.

**Energy and Environment
Environmental Protection
Water**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,462,600	12,858,700	13,951,800	9,871,500	10,200,800
Mandated Expenditure Reductions	-650,600				
Total General Fund	9,812,000	12,858,700	13,951,800	9,871,500	10,200,800
Restricted Funds					
Balance Forward	1,684,700	1,640,000	622,600	1,640,000	1,034,000
Current Receipts	2,079,500	1,207,600	1,389,900	1,207,600	1,389,900
Non-Revenue Receipts	351,800	434,400	427,700	434,400	427,700
Fund Transfers	-30,500				
Total Restricted Funds	4,085,500	3,282,000	2,440,200	3,282,000	2,851,600
Federal Funds					
Current Receipts	15,859,700	15,510,500	15,510,500	15,510,500	15,510,500
Non-Revenue Receipts	-605,300	-581,200	-581,200	-581,200	-581,200
ARRA Receipts	191,800				
Total Federal Funds	15,446,200	14,929,300	14,929,300	14,929,300	14,929,300
Road Fund					
Regular Appropriation	300,000	300,000	300,000	400,000	400,000
Total Road Fund	300,000	300,000	300,000	400,000	400,000
TOTAL SOURCE OF FUNDS	29,643,700	31,370,000	31,621,300	28,482,800	28,381,700
EXPENDITURES BY CLASS					
Personnel Cost	21,274,900	24,434,800	25,378,600	21,509,500	22,176,500
Operating Expenses	2,820,100	3,079,300	3,059,800	2,846,000	2,847,500
Grants Loans Benefits	3,156,900	2,680,100	2,663,600	2,680,100	2,663,600
Debt Service					256,000
Capital Outlay	333,200	553,200	353,200	413,200	353,200
TOTAL EXPENDITURES	27,585,100	30,747,400	31,455,200	27,448,800	28,296,800
EXPENDITURES BY FUND SOURCE					
General Fund	9,396,000	12,858,700	13,951,800	9,871,500	10,200,800
Restricted Funds	2,445,500	2,659,400	2,274,100	2,248,000	2,766,700
Federal Funds	15,446,200	14,929,300	14,929,300	14,929,300	14,929,300
Road Fund	297,400	300,000	300,000	400,000	400,000
TOTAL EXPENDITURES	27,585,100	30,747,400	31,455,200	27,448,800	28,296,800

The Division of Water, pursuant to KRS Chapters 146, 149, 151, 200, 223, 224, 224A, 261, 350.029, 350.275 and federal law including PL 92-500 (the Clean Water Act) and 92-523 (the Safe Drinking Water Act), is responsible for administering programs for: ensuring a safe drinking water supply, water quality planning and monitoring, stormwater management, dam safety, groundwater protection, wastewater treatment and sewer line construction, water conservation, and regulation development.

The Division administers programs relating to groundwater protection plans, Total Maximum Daily Load Plans, the Non-Point Source 319(h) Grant program, watershed management, dam safety inspections, floodplain management, 401 Water Quality Certifications, water quality standards, water quality monitoring and assessment, Clean Water and Drinking Water State Revolving Loan programs, Kentucky Pollution Discharge Elimination System permitting, confined animal feeding operations compliance, the Wild Rivers program, and logging operations.

Policy

The Executive Budget includes General Fund debt service in the amount of \$256,000 in fiscal year 2014 to support a \$2,500,000 bond issue for the State-Owned Dam Repair program.

**Energy and Environment
Environmental Protection
Waste Management**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,711,000	8,390,900	9,359,800	4,608,800	5,560,800
State Salary and Compensation Allocation	547,600				
Total General Fund	5,258,600	8,390,900	9,359,800	4,608,800	5,560,800
Restricted Funds					
Balance Forward	3,590,900	586,300	138,300	586,300	375,900
Current Receipts	3,117,300	3,252,800	3,288,800	3,252,800	3,288,800
Non-Revenue Receipts	19,223,500	14,064,100	14,071,400	16,693,800	16,745,500
Fund Transfers	-1,176,200				
Total Restricted Funds	24,755,500	17,903,200	17,498,500	20,532,900	20,410,200
Federal Funds					
Current Receipts	5,694,300	5,989,600	6,017,200	5,989,600	6,017,200
Non-Revenue Receipts	-424,400	-408,400	-410,100	-408,400	-410,100
ARRA Receipts	1,943,700				
Total Federal Funds	7,213,600	5,581,200	5,607,100	5,581,200	5,607,100
TOTAL SOURCE OF FUNDS	37,227,700	31,875,300	32,465,400	30,722,900	31,578,100
EXPENDITURES BY CLASS					
Personnel Cost	15,449,800	14,860,600	15,412,800	13,582,800	13,782,200
Operating Expenses	2,733,100	2,576,600	2,570,600	2,464,400	2,458,400
Grants Loans Benefits	14,531,700	10,703,400	10,734,000	10,703,400	10,734,000
Debt Service					855,500
Capital Outlay	1,144,900	1,096,400	1,117,700	1,096,400	1,117,700
Construction	2,478,300	2,500,000	2,500,000	2,500,000	2,500,000
TOTAL EXPENDITURES	36,337,800	31,737,000	32,335,100	30,347,000	31,447,800
EXPENDITURES BY FUND SOURCE					
General Fund	4,955,000	8,390,900	9,359,800	4,608,800	5,560,800
Restricted Funds	24,169,200	17,764,900	17,368,200	20,157,000	20,279,900
Federal Funds	7,213,600	5,581,200	5,607,100	5,581,200	5,607,100
TOTAL EXPENDITURES	36,337,800	31,737,000	32,335,100	30,347,000	31,447,800

The Division of Waste Management, pursuant to KRS 224, administers programs that regulate the generation, transportation, storage, treatment, and disposal of all hazardous and solid wastes in the state. Additional responsibilities include resources use and recycling initiatives, technical assistance to counties, and solid waste management districts to facilitate compliance with 401 KAR, Chapter 49. The Division is also responsible for investigation and restoration duties at abandoned hazardous waste disposal sites and citizen education concerning waste management issues. The Division also administers the Voluntary Environmental Remediation Act and the Certified Clean Counties initiative.

Pursuant to KRS 224.43-505, the Division manages the Kentucky Pride Fund, which encourages proper solid waste management in Kentucky through waste reduction, recycling, proper closure of abandoned landfills, education, proper collection and disposal of solid waste, elimination of illegal open dumps, and abatement of litter.

Maxey Flats, originally operated as a low-level nuclear waste disposal site, was closed in 1977. The Commonwealth of Kentucky assumed ownership and responsibility for the toxic site in 1978, and is responsible for long-term monitoring and maintenance activities of the site in perpetuity. Maxey Flats is funded solely with general funds.

The Kentucky Recycling and Marketing Assistance Program (KRMA), an administrative unit of the DWM, was established by KRS 154.12-202 to promote, develop, and sustain an effective recycling infrastructure in Kentucky. KRMA is funded solely with general funds.

Policy

The Executive Budget includes General Fund debt service in the amount of \$855,500 in fiscal year 2014 to support a \$17,000,000 bond issue for the Maxey Flats Cap project.

Notwithstanding KRS 224.43-320, no funds are provided in the above appropriations for the assignment of full-time inspectors to each municipal solid waste landfill operating in the Commonwealth.

**Energy and Environment
Environmental Protection
Air Quality**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,281,700	1,415,200	1,692,800	1,124,700	1,149,900
State Salary and Compensation Allocation	50,000				
Total General Fund	1,331,700	1,415,200	1,692,800	1,124,700	1,149,900
Restricted Funds					
Balance Forward	836,200	449,900	250,900	449,900	321,300
Current Receipts	10,205,000	12,271,400	12,673,000	11,432,100	11,770,200
Non-Revenue Receipts	3,900	116,400	115,500	116,400	115,500
Fund Transfers	-14,800				
Total Restricted Funds	11,030,300	12,837,700	13,039,400	11,998,400	12,207,000
Federal Funds					
Current Receipts	2,619,300	1,859,700	1,845,300	1,859,700	1,845,300
Non-Revenue Receipts	-122,800	-118,000	-114,300	-118,000	-114,300
ARRA Receipts	34,200				
Total Federal Funds	2,530,700	1,741,700	1,731,000	1,741,700	1,731,000
TOTAL SOURCE OF FUNDS	14,892,700	15,994,600	16,463,200	14,864,800	15,087,900
EXPENDITURES BY CLASS					
Personnel Cost	11,155,000	13,093,900	13,591,400	11,912,300	12,234,700
Operating Expenses	1,809,400	1,765,700	1,763,000	1,747,100	1,744,400
Grants Loans Benefits	745,000	113,800	113,800	113,800	113,800
Capital Outlay	701,400	770,300	948,700	770,300	948,700
TOTAL EXPENDITURES	14,410,800	15,743,700	16,416,900	14,543,500	15,041,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,299,700	1,415,200	1,692,800	1,124,700	1,149,900
Restricted Funds	10,580,400	12,586,800	12,993,100	11,677,100	12,160,700
Federal Funds	2,530,700	1,741,700	1,731,000	1,741,700	1,731,000
TOTAL EXPENDITURES	14,410,800	15,743,700	16,416,900	14,543,500	15,041,600

The Division of Air Quality is responsible for the identification and implementation of measures necessary to achieve and maintain ambient air quality standards as mandated by the federal Clean Air Act and KRS 224.10-100. The Division accomplishes its mission through air quality monitoring, permitting, source inspections and enforcement to ensure compliance with air pollution laws and regulations.

The 1990 Clean Air Act Amendments imposed new permitting requirements to protect air quality. Federal law requires that an emission fee be levied on facilities with significant air pollutants to fund the implementation of the new requirements. If a state does not have continued authorization, the fee will be collected by the U.S. Environmental Protection Agency to fund a federal permitting program. The Division has been granted authority to enforce portions of the Clean Air Act in the Commonwealth. Under that authority the Division operates the Title V Operating Permit Program, and costs associated therewith are funded through emission fees assessed pursuant to the Clean Air Act and KRS 224.20-050.

**Energy and Environment
Environmental Protection
Environmental Program Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,090,500	3,897,000	4,102,200	3,225,100	3,273,700
State Salary and Compensation Allocation	496,800				
Other	63,200				
Total General Fund	3,650,500	3,897,000	4,102,200	3,225,100	3,273,700
Restricted Funds					
Balance Forward	96,300	241,800	105,800	241,800	105,800
Current Receipts	44,000				
Non-Revenue Receipts	727,700	565,300	591,600	565,300	591,600
Fund Transfers	-15,200				
Total Restricted Funds	852,800	807,100	697,400	807,100	697,400
Federal Funds					
Current Receipts	133,700	220,900	222,500	220,900	222,500
Non-Revenue Receipts	-1,600	-14,100	-14,200	-14,100	-14,200
Total Federal Funds	132,100	206,800	208,300	206,800	208,300
TOTAL SOURCE OF FUNDS	4,635,400	4,910,900	5,007,900	4,239,000	4,179,400
EXPENDITURES BY CLASS					
Personnel Cost	3,019,500	3,390,800	3,502,100	2,755,600	2,769,400
Operating Expenses	1,251,800	1,277,400	1,336,500	1,240,700	1,240,700
Grants Loans Benefits	5,900	1,000	1,000	1,000	1,000
Capital Outlay	5,500	135,900	168,300	135,900	168,300
TOTAL EXPENDITURES	4,282,700	4,805,100	5,007,900	4,133,200	4,179,400
EXPENDITURES BY FUND SOURCE					
General Fund	3,539,600	3,897,000	4,102,200	3,225,100	3,273,700
Restricted Funds	611,000	701,300	697,400	701,300	697,400
Federal Funds	132,100	206,800	208,300	206,800	208,300
TOTAL EXPENDITURES	4,282,700	4,805,100	5,007,900	4,133,200	4,179,400

The Division of Environmental Program Support provides support to the Department in the areas of laboratory services, personnel, budget, information technology and overall administration. The Division provides centralized laboratory testing for the Department. The Division also supports and directs the activities of the Environmental Response Team and is responsible for the cabinet's twenty-four (24) hour environmental response line. Activities are conducted pursuant to KRS 224.10-100(7).

**Energy and Environment
Environmental Protection
Enforcement**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	772,500	962,100	1,031,900	742,900	759,100
State Salary and Compensation Allocation	74,900				
Total General Fund	847,400	962,100	1,031,900	742,900	759,100
Restricted Funds					
Balance Forward	210,700	237,100	105,000	237,100	105,000
Non-Revenue Receipts	416,700	411,000	425,300	411,000	425,300
Fund Transfers	-10,400				
Total Restricted Funds	617,000	648,100	530,300	648,100	530,300
Federal Funds					
Current Receipts	256,600	294,200	304,300	294,200	304,300
Non-Revenue Receipts	-22,300	-20,600	-21,300	-20,600	-21,300
Total Federal Funds	234,300	273,600	283,000	273,600	283,000
TOTAL SOURCE OF FUNDS	1,698,700	1,883,800	1,845,200	1,664,600	1,572,400
EXPENDITURES BY CLASS					
Personnel Cost	1,266,000	1,608,900	1,680,100	1,399,800	1,411,300
Operating Expenses	156,200	169,300	164,300	159,200	160,300
Capital Outlay	2,800	600	800	600	800
TOTAL EXPENDITURES	1,425,000	1,778,800	1,845,200	1,559,600	1,572,400
EXPENDITURES BY FUND SOURCE					
General Fund	810,800	962,100	1,031,900	742,900	759,100
Restricted Funds	379,900	543,100	530,300	543,100	530,300
Federal Funds	234,300	273,600	283,000	273,600	283,000
TOTAL EXPENDITURES	1,425,000	1,778,800	1,845,200	1,559,600	1,572,400

The Division of Enforcement, pursuant to KRS 224.10-050, is responsible for effective and timely enforcement of Kentucky's environmental laws pertaining to air, waste, and water. The Division carries out enforcement actions against corporations and individuals who are out of compliance with environmental law and/or regulations.

**Energy and Environment
Environmental Protection
Compliance Assistance**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	240,400	353,800	504,300	211,100	328,000
Total General Fund	240,400	353,800	504,300	211,100	328,000
Restricted Funds					
Balance Forward	212,700	139,400	96,700	139,400	103,900
Current Receipts	394,200	412,200	361,800	412,200	361,800
Non-Revenue Receipts	233,700	214,600	220,800	214,600	220,800
Fund Transfers	-15,800				
Total Restricted Funds	824,800	766,200	679,300	766,200	686,500
Federal Funds					
Current Receipts	567,500	518,800	519,300	518,800	519,300
Non-Revenue Receipts	-36,100	-32,800	-32,800	-32,800	-32,800
Total Federal Funds	531,400	486,000	486,500	486,000	486,500
TOTAL SOURCE OF FUNDS	1,596,600	1,606,000	1,670,100	1,463,300	1,501,000
EXPENDITURES BY CLASS					
Personnel Cost	1,142,700	1,270,300	1,316,000	1,120,400	1,146,800
Operating Expenses	237,700	238,500	237,500	238,500	237,600
Grants Loans Benefits	63,400				
Capital Outlay	2,400	500	700	500	700
TOTAL EXPENDITURES	1,446,200	1,509,300	1,554,200	1,359,400	1,385,100
EXPENDITURES BY FUND SOURCE					
General Fund	229,400	353,800	504,300	211,100	328,000
Restricted Funds	685,400	669,500	563,400	662,300	570,600
Federal Funds	531,400	486,000	486,500	486,000	486,500
TOTAL EXPENDITURES	1,446,200	1,509,300	1,554,200	1,359,400	1,385,100

The Division of Compliance Assistance supports the Cabinet's environmental mission by providing training and technical assistance to regulated facilities, helping communities in brownfield redevelopment efforts, certifying environmental professionals and encouraging environmental leadership.

**Energy and Environment
Environmental Protection
Petroleum Storage Tank Environmental Assurance Fund**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				1,308,100	4,024,700
Total General Fund				1,308,100	4,024,700
Restricted Funds					
Balance Forward	1,313,000		7,905,700		306,500
Current Receipts	221,800	315,700	315,700	187,800	187,800
Non-Revenue Receipts	65,672,600	40,651,400	40,633,500	66,444,700	68,327,000
Fund Transfers	-38,755,300			-35,500,000	-35,500,000
Total Restricted Funds	28,452,100	40,967,100	48,854,900	31,132,500	33,321,300
TOTAL SOURCE OF FUNDS	28,452,100	40,967,100	48,854,900	32,440,600	37,346,000
EXPENDITURES BY CLASS					
Personnel Cost	3,259,800	4,853,200	5,011,000	4,620,400	4,754,500
Operating Expenses	23,585,600	28,206,700	28,202,600	26,204,100	28,200,000
Debt Service				1,308,100	4,024,700
Capital Outlay	1,606,700	1,500	1,900	1,500	1,900
TOTAL EXPENDITURES	28,452,100	33,061,400	33,215,500	32,134,100	36,981,100
EXPENDITURES BY FUND SOURCE					
General Fund				1,308,100	4,024,700
Restricted Funds	28,452,100	33,061,400	33,215,500	30,826,000	32,956,400
TOTAL EXPENDITURES	28,452,100	33,061,400	33,215,500	32,134,100	36,981,100

The Petroleum Storage Tank Environmental Assurance Fund (PSTEAF), pursuant to KRS Chapter 224.60, assists owners and operators of underground storage tanks to meet federal environmental mandates and provides reimbursement for eligible clean-up costs and third party damages in the event of a release into the environment. Pursuant to KRS 224.60-130, the Fund is managed by the Department for Environmental Protection, Division of Waste Management.

Policy

The Executive Budget includes General Fund debt service in the amount of \$1,308,100 in fiscal year 2013 and \$4,024,700 in fiscal year 2014 to support a bond issue in the amount of \$26,000,000 in fiscal year 2013 and \$28,000,000 in fiscal year 2014 for this program. The Executive Budget includes these bond funds within the operating budget of PSTEAF in fiscal year 2013 and 2014 as Restricted Funds and the money will be used to make PSTEAF claim payments.

**Energy and Environment
Natural Resources**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,836,000	48,369,100	49,848,400	34,879,900	35,528,700
State Salary and Compensation Allocation	2,182,000				
Current Year Appropriation	952,000				
Mandated Expenditure Reductions	-1,197,900				
Total General Fund	35,772,100	48,369,100	49,848,400	34,879,900	35,528,700
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	6,000,000	2,810,000	2,810,000	2,500,000	2,500,000
Continuing Approp.-Tobacco Settlement	7,463,500				
Total Tobacco Settlement - Phase I	13,463,500	2,810,000	2,810,000	2,500,000	2,500,000
Restricted Funds					
Balance Forward	5,674,600	2,609,400	1,433,200	2,609,400	1,809,300
Current Receipts	5,347,600	5,140,400	5,140,400	5,140,400	5,140,400
Non-Revenue Receipts	9,796,800	11,030,600	11,137,200	11,027,700	11,133,700
Fund Transfers	-498,300				
Total Restricted Funds	20,320,700	18,780,400	17,710,800	18,777,500	18,083,400
Federal Funds					
Current Receipts	57,830,600	57,979,900	58,151,000	55,317,100	55,316,700
Non-Revenue Receipts	-935,700	-935,300	-915,500	-935,300	-915,500
ARRA Receipts	100,000				
Total Federal Funds	56,994,900	57,044,600	57,235,500	54,381,800	54,401,200
TOTAL SOURCE OF FUNDS	126,551,200	127,004,100	127,604,700	110,539,200	110,513,300
EXPENDITURES BY CLASS					
Personnel Cost	57,801,000	68,496,300	69,821,800	58,488,600	59,089,000
Operating Expenses	9,479,500	10,443,400	10,312,400	8,888,000	8,964,500
Grants Loans Benefits	32,080,600	20,788,100	23,136,700	18,074,100	20,422,700
Capital Outlay	4,709,700	4,690,900	4,415,900	2,127,000	2,249,600
Construction	18,082,800	21,152,200	19,424,700	21,152,200	19,424,700
TOTAL EXPENDITURES	122,153,600	125,570,900	127,111,500	108,729,900	110,150,500
EXPENDITURES BY FUND SOURCE					
General Fund	33,983,900	48,369,100	49,848,400	34,879,900	35,528,700
Tobacco Settlement - Phase I	13,463,500	2,810,000	2,810,000	2,500,000	2,500,000
Restricted Funds	17,711,300	17,347,200	17,217,600	16,968,200	17,720,600
Federal Funds	56,994,900	57,044,600	57,235,500	54,381,800	54,401,200
TOTAL EXPENDITURES	122,153,600	125,570,900	127,111,500	108,729,900	110,150,500
EXPENDITURES BY UNIT					
Commissioner	921,000	1,117,300	1,154,500	967,900	986,100
Forestry	17,986,000	19,555,600	19,150,700	14,718,600	14,922,200
Technical and Administrative Support	801,700	943,000	987,000	822,400	849,800
Conservation	18,896,500	10,814,100	10,870,000	7,758,200	7,787,100
Oil and Gas	1,926,800	2,474,300	2,482,800	1,893,200	1,910,000
Mine Permits	8,204,600	9,394,500	9,695,200	8,405,600	8,608,700
Mine Reclamation and Enforcement	12,457,300	16,159,900	16,509,300	12,586,900	12,891,500
DNR Bond Pool Fund	71,900	73,400	68,500	70,500	65,000
Abandoned Mine Lands	17,186,200	17,939,200	18,166,500	17,613,600	17,770,900
Bond Pool Reclamation Fund	310,900	310,900	310,900	310,900	310,900
Abandoned Mine Land Reclamation Projects	28,758,700	28,758,700	28,758,700	28,758,700	28,758,700

Mine Safety Review Commission	164,600	193,000	184,300	152,600	154,800
Mine Safety and Licensing	14,467,400	17,837,000	18,773,100	14,670,800	15,134,800
TOTAL EXPENDITURES	122,153,600	125,570,900	127,111,500	108,729,900	110,150,500

The Department for Natural Resources' mission is to preserve, protect, and enhance the Commonwealth's natural land resources.

The Department oversees activities and programs related to forestry, conservation, mining, oil and gas, and land preservation. The Department, through its divisions and partnerships, provides technical assistance, educational programs, and funding to assist the general public, landowners, institutions, industries, and communities in conserving and sustaining Kentucky's natural resources. In addition, the Department is responsible for the inspection of timber harvests, mining operations, and oil and gas wells to ensure compliance with laws that protect the public, the environment, and Kentucky's coal miners.

**Energy and Environment
Natural Resources
Commissioner**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	419,200	608,200	677,700	478,700	489,400
State Salary and Compensation Allocation	96,800				
Mandated Expenditure Reductions	-6,800				
Total General Fund	509,200	608,200	677,700	478,700	489,400
Restricted Funds					
Balance Forward	500				19,900
Non-Revenue Receipts	491,800	509,100	476,800	509,100	476,800
Fund Transfers	-45,100				
Total Restricted Funds	447,200	509,100	476,800	509,100	496,700
TOTAL SOURCE OF FUNDS	956,400	1,117,300	1,154,500	987,800	986,100
EXPENDITURES BY CLASS					
Personnel Cost	820,900	1,016,000	1,051,500	921,500	944,100
Operating Expenses	100,100	101,300	103,000	46,400	42,000
TOTAL EXPENDITURES	921,000	1,117,300	1,154,500	967,900	986,100
EXPENDITURES BY FUND SOURCE					
General Fund	473,800	608,200	677,700	478,700	489,400
Restricted Funds	447,200	509,100	476,800	489,200	496,700
TOTAL EXPENDITURES	921,000	1,117,300	1,154,500	967,900	986,100

The Office of the Commissioner provides leadership, policy direction, and management for the Department for Natural Resources. The Commissioner provides guidance in policy and program implementation for the sustainability of Kentucky's natural resources and the safety of Kentucky's miners. The Office also provides administrative oversight for the Kentucky Heritage Land Conservation Fund Board and the Biodiversity Council.

**Energy and Environment
Natural Resources
Forestry**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,606,900	14,703,500	14,502,000	9,940,800	10,199,200
State Salary and Compensation Allocation	883,600				
Mandated Expenditure Reductions	-201,200				
Other	296,600				
Total General Fund	10,585,900	14,703,500	14,502,000	9,940,800	10,199,200
Restricted Funds					
Balance Forward	450,300	582,200	457,700	582,200	532,000
Current Receipts	1,152,200	911,000	911,000	911,000	911,000
Non-Revenue Receipts	36,300	50,800	50,700	50,800	50,700
Total Restricted Funds	1,638,800	1,544,000	1,419,400	1,544,000	1,493,700
Federal Funds					
Current Receipts	6,876,500	3,816,600	3,642,800	3,816,600	3,642,800
Non-Revenue Receipts	-55,300	-50,800	-50,700	-50,800	-50,700
Total Federal Funds	6,821,200	3,765,800	3,592,100	3,765,800	3,592,100
TOTAL SOURCE OF FUNDS	19,045,900	20,013,300	19,513,500	15,250,600	15,285,000
EXPENDITURES BY CLASS					
Personnel Cost	10,548,000	13,202,800	13,631,900	10,254,300	10,486,000
Operating Expenses	2,413,900	2,763,500	2,560,900	1,942,000	1,943,100
Grants Loans Benefits	1,307,600	1,284,300	1,149,900	1,200,300	1,065,900
Capital Outlay	3,716,500	2,305,000	1,808,000	1,322,000	1,427,200
TOTAL EXPENDITURES	17,986,000	19,555,600	19,150,700	14,718,600	14,922,200
EXPENDITURES BY FUND SOURCE					
General Fund	10,108,200	14,703,500	14,502,000	9,940,800	10,199,200
Restricted Funds	1,056,600	1,086,300	1,056,600	1,012,000	1,130,900
Federal Funds	6,821,200	3,765,800	3,592,100	3,765,800	3,592,100
TOTAL EXPENDITURES	17,986,000	19,555,600	19,150,700	14,718,600	14,922,200

In accordance with KRS 149 the Division of Forestry provides technical assistance on sound forest management practices; provides forest stewardship assistance to private landowners; assists timber operators and wood-using industries; grows and distributes tree seedlings at low cost for timber production; and provides urban and community forestry technical assistance to provide sustainability of the Commonwealth's 11.9 million acres of forestland.

The Division enforces the Kentucky Forest Conservation Act (149.330 – 149.355); the Division is responsible for inspecting logging operations and enforcing compliance with the Kentucky Master Logger Program and Best Management Practices to protect water quality. In addition, the Division maintains an inventory of Kentucky's forests. The Division provides administrative oversight to the Forestry Best Management Practice Board.

The Kentucky Division of Forestry is mandated to provide wildland fire protection for the Commonwealth. The Division has established a statewide system of wildland fire prevention, detection and suppression.

Policy

General Fund baseline resources of \$240,000 annually are provided to the Division for emergency fire suppression costs. Language contained in the appropriations bill declares that expenditures in excess of this amount are a necessary government expense and are to be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund (KRS 48.705).

**Energy and Environment
Natural Resources
Technical and Administrative Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		111,400	146,400		
Total General Fund		111,400	146,400		
Restricted Funds					
Balance Forward	29,800				9,200
Non-Revenue Receipts	796,000	831,600	840,600	831,600	840,600
Fund Transfers	-24,100				
Total Restricted Funds	801,700	831,600	840,600	831,600	849,800
TOTAL SOURCE OF FUNDS	801,700	943,000	987,000	831,600	849,800
EXPENDITURES BY CLASS					
Personnel Cost	605,900	738,400	755,300	617,800	625,700
Operating Expenses	134,300	139,100	137,200	139,100	137,200
Grants Loans Benefits	61,500	65,500	69,500	65,500	69,500
Capital Outlay			25,000		17,400
TOTAL EXPENDITURES	801,700	943,000	987,000	822,400	849,800
EXPENDITURES BY FUND SOURCE					
General Fund		111,400	146,400		
Restricted Funds	801,700	831,600	840,600	822,400	849,800
TOTAL EXPENDITURES	801,700	943,000	987,000	822,400	849,800

The Division of Technical and Administrative Support, pursuant to KRS 224.10-020, provides general support to all divisions and programs in the Department for Natural Resources. The Division is responsible for the development, coordination and implementation of all administrative processes within the Department including fiscal affairs, human resources, property management, purchasing, and state and federal program administration. The Division provides technical expertise to develop and implement state and federal regulations relating to surface mining, abandoned mine lands, oil and gas conservation, mine safety, forestry, and conservation. The Division also coordinates information technology processes and applications within the Department in accordance with cabinet, state, and federal guidelines. The Kentucky Heritage Land Conservation Fund is attached to and administered by the Division pursuant to KRS 146.570.

**Energy and Environment
Natural Resources
Conservation**

	Revised FY 2012	Requested FY 2013	Requested FY 2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,117,900	4,490,700	4,545,800	2,244,800	2,272,900
State Salary and Compensation Allocation	328,200				
Mandated Expenditure Reductions	-33,900				
Total General Fund	2,412,200	4,490,700	4,545,800	2,244,800	2,272,900
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	6,000,000	2,810,000	2,810,000	2,500,000	2,500,000
Continuing Approp.-Tobacco Settlement	7,463,500				
Total Tobacco Settlement - Phase I	13,463,500	2,810,000	2,810,000	2,500,000	2,500,000
Restricted Funds					
Balance Forward	1,957,600	1,222,900	611,500	1,222,900	611,500
Current Receipts	42,200	42,300	42,300	42,300	42,300
Non-Revenue Receipts	571,100	574,000	574,700	574,000	574,700
Fund Transfers	-600				
Total Restricted Funds	2,570,300	1,839,200	1,228,500	1,839,200	1,228,500
Federal Funds					
Current Receipts	1,635,900	2,288,200	2,288,100	1,788,200	1,788,100
Non-Revenue Receipts	-2,400	-2,500	-2,400	-2,500	-2,400
ARRA Receipts	100,000				
Total Federal Funds	1,733,500	2,285,700	2,285,700	1,785,700	1,785,700
TOTAL SOURCE OF FUNDS	20,179,500	11,425,600	10,870,000	8,369,700	7,787,100
EXPENDITURES BY CLASS					
Personnel Cost	1,525,300	1,723,500	1,777,800	1,307,700	1,335,100
Operating Expenses	184,600	199,300	199,400	119,200	119,200
Grants Loans Benefits	17,186,600	8,891,300	8,892,800	6,331,300	6,332,800
TOTAL EXPENDITURES	18,896,500	10,814,100	10,870,000	7,758,200	7,787,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,352,100	4,490,700	4,545,800	2,244,800	2,272,900
Tobacco Settlement - Phase I	13,463,500	2,810,000	2,810,000	2,500,000	2,500,000
Restricted Funds	1,347,400	1,227,700	1,228,500	1,227,700	1,228,500
Federal Funds	1,733,500	2,285,700	2,285,700	1,785,700	1,785,700
TOTAL EXPENDITURES	18,896,500	10,814,100	10,870,000	7,758,200	7,787,100

The Division of Conservation provides assistance to Kentucky's 121 conservation districts in the development and implementation of sound conservation programs to protect, enhance, and develop the Commonwealth's natural resources. The Division works with the conservation districts to provide technical and financial assistance, including equipment loans, to Kentucky landowners for conservation and water quality-related work on Kentucky lands.

The Division administers the Kentucky Soil Erosion and Water Quality Cost Share Program and the Kentucky Soil Stewardship Program to help agricultural operations protect and preserve Kentucky's soil and water resources. The Division provides administrative services to the State Soil and Water Conservation Commission. The Division and the conservation districts provide educational opportunities to promote conservation of Kentucky's natural resources. These programs mitigate soil erosion, and other environmental problems associated with agricultural, woodland and construction operations which impact water quality.

Policy

The Executive Budget provides Phase I Tobacco Settlement Funds of \$2,500,000 in fiscal year 2013 and in fiscal year 2014 for the state share of the Environmental Stewardship Program.

**Energy and Environment
Natural Resources
Oil and Gas**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	744,700	1,562,100	1,608,000	1,156,000	1,178,200
State Salary and Compensation Allocation	505,400				
Mandated Expenditure Reductions	-16,400				
Total General Fund	1,233,700	1,562,100	1,608,000	1,156,000	1,178,200
Restricted Funds					
Balance Forward	41,000	5,400		5,400	
Current Receipts	731,800	731,800	731,800	731,800	731,800
Fund Transfers	-20,800				
Total Restricted Funds	752,000	737,200	731,800	737,200	731,800
Federal Funds					
Current Receipts		175,000	143,000		
Total Federal Funds		175,000	143,000		
TOTAL SOURCE OF FUNDS	1,985,700	2,474,300	2,482,800	1,893,200	1,910,000
EXPENDITURES BY CLASS					
Personnel Cost	1,514,100	1,844,300	1,909,200	1,554,200	1,590,400
Operating Expenses	349,900	404,200	380,800	276,200	256,800
Grants Loans Benefits	62,800	132,800	132,800	62,800	62,800
Capital Outlay		93,000	60,000		
TOTAL EXPENDITURES	1,926,800	2,474,300	2,482,800	1,893,200	1,910,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,180,200	1,562,100	1,608,000	1,156,000	1,178,200
Restricted Funds	746,600	737,200	731,800	737,200	731,800
Federal Funds		175,000	143,000		
TOTAL EXPENDITURES	1,926,800	2,474,300	2,482,800	1,893,200	1,910,000

The Division of Oil and Gas, pursuant to KRS Chapter 353, is responsible for the conservation of oil and gas resources of the Commonwealth and for the protection of correlative rights of mineral owners. The Division's mission is to prevent waste and unnecessary loss, to encourage the maximum recovery of oil and gas, to promote safety, and to prevent contamination of underground water resources. The Division is also charged with the collection of geological data obtained from the drilling of oil and gas wells for deposit in the Kentucky Geological Survey whose records are for public use. The Division is also responsible for the plugging of abandoned wells.

**Energy and Environment
Natural Resources
Mine Permits**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,163,100	1,983,000	2,209,200	1,212,700	1,238,400
Mandated Expenditure Reductions	-189,200				
Total General Fund	973,900	1,983,000	2,209,200	1,212,700	1,238,400
Restricted Funds					
Balance Forward	517,500	124,800	97,800	124,800	110,300
Current Receipts	2,651,300	2,651,300	2,651,300	2,651,300	2,651,300
Non-Revenue Receipts	41,200	57,500	74,300	57,500	74,300
Fund Transfers	-97,300				
Total Restricted Funds	3,112,700	2,833,600	2,823,400	2,833,600	2,835,900
Federal Funds					
Current Receipts	4,493,700	4,891,900	5,009,200	4,685,800	4,750,600
Non-Revenue Receipts	-216,200	-216,200	-216,200	-216,200	-216,200
Total Federal Funds	4,277,500	4,675,700	4,793,000	4,469,600	4,534,400
TOTAL SOURCE OF FUNDS	8,364,100	9,492,300	9,825,600	8,515,900	8,608,700
EXPENDITURES BY CLASS					
Personnel Cost	6,768,900	7,980,000	8,221,600	6,991,100	7,135,100
Operating Expenses	758,800	737,600	796,700	737,600	796,700
Grants Loans Benefits	676,900	676,900	676,900	676,900	676,900
TOTAL EXPENDITURES	8,204,600	9,394,500	9,695,200	8,405,600	8,608,700
EXPENDITURES BY FUND SOURCE					
General Fund	939,200	1,983,000	2,209,200	1,212,700	1,238,400
Restricted Funds	2,987,900	2,735,800	2,693,000	2,723,300	2,835,900
Federal Funds	4,277,500	4,675,700	4,793,000	4,469,600	4,534,400
TOTAL EXPENDITURES	8,204,600	9,394,500	9,695,200	8,405,600	8,608,700

The Division of Mine Permits, pursuant to KRS 350 and 405 KAR Chapter 8, reviews all surface mining permit applications in accordance with Kentucky law and the federal Surface Mining Control and Reclamation Act. The Division, pursuant to KRS 350.450 and 405 KAR 7:080, administers the federal Small Operator Assistance Program and pursuant to KRS 350.610, the Lands Unsuitable for Mining program. The Division, pursuant to KRS 350.060(13) and 405 KAR 8:040, also reviews underground mining permit applications to determine the surface effects of such operations.

**Energy and Environment
Natural Resources
Mine Reclamation and Enforcement**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,874,800	8,208,700	8,532,700	6,170,300	6,291,100
State Salary and Compensation Allocation	321,500				
Mandated Expenditure Reductions	-151,400				
Total General Fund	6,044,900	8,208,700	8,532,700	6,170,300	6,291,100
Restricted Funds					
Balance Forward	431,000				100,200
Current Receipts	111,500	124,500	124,500	124,500	124,500
Non-Revenue Receipts	-285,300	-3,100	-1,800	-3,100	-1,800
Total Restricted Funds	257,200	121,400	122,700	121,400	222,900
Federal Funds					
Current Receipts	6,707,200	8,142,300	8,152,300	6,707,900	6,675,900
Non-Revenue Receipts	-311,200	-312,500	-298,400	-312,500	-298,400
Total Federal Funds	6,396,000	7,829,800	7,853,900	6,395,400	6,377,500
TOTAL SOURCE OF FUNDS	12,698,100	16,159,900	16,509,300	12,687,100	12,891,500
EXPENDITURES BY CLASS					
Personnel Cost	10,036,000	12,009,400	12,365,200	10,138,500	10,443,100
Operating Expenses	2,241,300	2,707,000	2,700,600	2,254,900	2,254,900
Grants Loans Benefits	180,000	193,500	193,500	193,500	193,500
Capital Outlay		1,250,000	1,250,000		
TOTAL EXPENDITURES	12,457,300	16,159,900	16,509,300	12,586,900	12,891,500
EXPENDITURES BY FUND SOURCE					
General Fund	5,804,100	8,208,700	8,532,700	6,170,300	6,291,100
Restricted Funds	257,200	121,400	122,700	21,200	222,900
Federal Funds	6,396,000	7,829,800	7,853,900	6,395,400	6,377,500
TOTAL EXPENDITURES	12,457,300	16,159,900	16,509,300	12,586,900	12,891,500

The Division of Mine Reclamation and Enforcement, pursuant to KRS 350, develops policies and procedures for reclamation and enforcement programs related to coal and non-coal minerals. The Division reviews permit applications for non-coal mineral operations pursuant to KRS 350.028 and 405 KAR 5:032. The Division conducts inspection programs to carry out these policies and procedures in accordance with applicable federal and state statutes. Pursuant to KRS 351 and 805 KAR Chapter 4, the Division is charged with ensuring the safety and regulation of all blasting operations within the Commonwealth, which includes the use, storage or transportation of explosives. The Division investigates citizens' complaints relating to surface mining and blasting activities.

**Energy and Environment
Natural Resources
DNR Bond Pool Fund**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	18,100				
Non-Revenue Receipts	56,500	73,400	68,500	70,500	65,000
Fund Transfers	-2,700				
Total Restricted Funds	71,900	73,400	68,500	70,500	65,000
TOTAL SOURCE OF FUNDS	71,900	73,400	68,500	70,500	65,000
EXPENDITURES BY CLASS					
Personnel Cost	69,700	71,200	66,300	68,300	62,800
Operating Expenses	2,200	2,200	2,200	2,200	2,200
TOTAL EXPENDITURES	71,900	73,400	68,500	70,500	65,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	71,900	73,400	68,500	70,500	65,000
TOTAL EXPENDITURES	71,900	73,400	68,500	70,500	65,000

The Abandoned Mine Lands Bond Pool Reclamation Fund, pursuant to KRS 350.595, provides the additional money necessary to reclaim permitted mine areas. In the event that an entire bond is not needed to complete the required reclamation on a permit, the remaining balance is deposited into the Fund.

**Energy and Environment
Natural Resources
Abandoned Mine Lands**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	875,800	152,900	92,600	152,900	92,600
Current Receipts	22,600	21,400	21,400	21,400	21,400
Non-Revenue Receipts	8,056,400	8,907,300	8,886,100	8,907,300	8,886,100
Fund Transfers	-10,400				
Total Restricted Funds	8,944,400	9,081,600	9,000,100	9,081,600	9,000,100
Federal Funds					
Current Receipts	8,712,500	9,273,500	9,484,200	8,947,900	9,088,600
Non-Revenue Receipts	-317,800	-323,300	-317,800	-323,300	-317,800
Total Federal Funds	8,394,700	8,950,200	9,166,400	8,624,600	8,770,800
TOTAL SOURCE OF FUNDS	17,339,100	18,031,800	18,166,500	17,706,200	17,770,900
EXPENDITURES BY CLASS					
Personnel Cost	11,462,800	12,212,000	12,442,800	11,886,400	12,047,200
Operating Expenses	885,100	891,900	888,400	891,900	888,400
Grants Loans Benefits	629,200	629,200	629,200	629,200	629,200
Capital Outlay	808,000	805,000	805,000	805,000	805,000
Construction	3,401,100	3,401,100	3,401,100	3,401,100	3,401,100
TOTAL EXPENDITURES	17,186,200	17,939,200	18,166,500	17,613,600	17,770,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	8,791,500	8,989,000	9,000,100	8,989,000	9,000,100
Federal Funds	8,394,700	8,950,200	9,166,400	8,624,600	8,770,800
TOTAL EXPENDITURES	17,186,200	17,939,200	18,166,500	17,613,600	17,770,900

The Division of Abandoned Mine Lands administers abandoned or unreclaimed land reclamation activities on previously surface-mined land or land used in connection with surface mining under Title IV of Public Law 95-87 and/or KRS 350.550 to KRS 350.597.

The division administers a bond forfeiture reclamation program; bonds forfeited to the commonwealth due to the failure to mine and reclaim a coal mine site to the standards specified by the mine permit, the forfeited funds are used by the state to reclaim the site for which the bond was posted.

The division administers a water supply replacement program which extends waterlines into areas where drinking water has been contaminated by past mining. The division budgets up to 30 percent of its annual funding on waterline projects each year. Federal funds for this program are provided from federal tax levies imposed under Public Law 95-87 on all coal mined since August 3, 1977. Approximately 150,000 acres of abandoned mine lands in Kentucky are eligible for reclamation. All state and partial federal project contracts are administered by this agency.

**Energy and Environment
Natural Resources
Bond Pool Reclamation Fund**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	795,400	484,500	173,600	484,500	173,600
Non-Revenue Receipts			137,300		137,300
Total Restricted Funds	795,400	484,500	310,900	484,500	310,900
TOTAL SOURCE OF FUNDS	795,400	484,500	310,900	484,500	310,900
EXPENDITURES BY CLASS					
Personnel Cost	310,900	310,900	310,900	310,900	310,900
TOTAL EXPENDITURES	310,900	310,900	310,900	310,900	310,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	310,900	310,900	310,900	310,900	310,900
TOTAL EXPENDITURES	310,900	310,900	310,900	310,900	310,900

The Bond Pool Fund, pursuant to KRS 350.700, provides an alternative bonding source for permittees of a surface coal mining operations in Kentucky. Program participants must meet the criteria set forth in KRS 350.720 and 405 KAR 10:200. A seven-member Bond Pool Commission, pursuant to KRS 350.705, reviews and approves applications for bonding under the Bond Pool Fund.

**Energy and Environment
Natural Resources
Abandoned Mine Land Reclamation Projects**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	28,758,700	28,758,700	28,758,700	28,758,700	28,758,700
Total Federal Funds	28,758,700	28,758,700	28,758,700	28,758,700	28,758,700
TOTAL SOURCE OF FUNDS	28,758,700	28,758,700	28,758,700	28,758,700	28,758,700
EXPENDITURES BY CLASS					
Personnel Cost	2,275,000	2,275,000	1,525,000	2,275,000	1,525,000
Grants Loans Benefits	11,802,000	8,732,600	11,210,100	8,732,600	11,210,100
Construction	14,681,700	17,751,100	16,023,600	17,751,100	16,023,600
TOTAL EXPENDITURES	28,758,700	28,758,700	28,758,700	28,758,700	28,758,700
EXPENDITURES BY FUND SOURCE					
Federal Funds	28,758,700	28,758,700	28,758,700	28,758,700	28,758,700
TOTAL EXPENDITURES	28,758,700	28,758,700	28,758,700	28,758,700	28,758,700

The Abandoned Mine Lands (AML) Reclamation Projects program in the Department for Natural Resources receives 100 percent federal funding for the reclamation of certain mine sites that have been abandoned or left unreclaimed under Title IV of Public Law 95-87 or KRS 350. If the Commonwealth does not maintain an approved AML Reclamation program, federal funds allocated for reclamation projects within Kentucky may be reallocated to other coal-producing states. The Department reclaims abandoned mine sites through a priority ranking system based on human health and safety considerations.

**Energy and Environment
Natural Resources
Mine Safety Review Commission**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	159,200	193,000	184,300	152,600	154,800
State Salary and Compensation Allocation	10,100				
Mandated Expenditure Reductions	-5,600				
Total General Fund	163,700	193,000	184,300	152,600	154,800
Restricted Funds					
Balance Forward	5,800				
Total Restricted Funds	5,800				
TOTAL SOURCE OF FUNDS	169,500	193,000	184,300	152,600	154,800
EXPENDITURES BY CLASS					
Personnel Cost	146,100	161,500	165,700	140,700	143,300
Operating Expenses	18,500	18,600	18,600	11,900	11,500
Capital Outlay		12,900			
TOTAL EXPENDITURES	164,600	193,000	184,300	152,600	154,800
EXPENDITURES BY FUND SOURCE					
General Fund	158,800	193,000	184,300	152,600	154,800
Restricted Funds	5,800				
TOTAL EXPENDITURES	164,600	193,000	184,300	152,600	154,800

The Mine Safety Review Commission, pursuant to KRS Chapter 351, protects the health and safety of coal miners by ensuring the enforcement of mine safety regulations. Its three members, appointed by the governor, conduct hearings on drug and safety violations and impose penalties for serious violations. The Commission has the power to probate, revoke or suspend a mine's license or an individual miner's certification and fine certified miners up to the equivalent of wages for ten working days for their first offense.

The Commission is an independent agency attached to the Energy and Environment Cabinet for administrative purposes only.

**Energy and Environment
Natural Resources
Mine Safety and Licensing**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,750,200	16,508,500	17,442,300	13,524,000	13,704,700
State Salary and Compensation Allocation	36,400				
Current Year Appropriation	952,000				
Mandated Expenditure Reductions	-593,400				
Other	-296,600				
Total General Fund	13,848,600	16,508,500	17,442,300	13,524,000	13,704,700
Restricted Funds					
Balance Forward	551,800	36,700		36,700	160,000
Current Receipts	636,000	658,100	658,100	658,100	658,100
Non-Revenue Receipts	32,800	30,000	30,000	30,000	30,000
Fund Transfers	-297,300				
Total Restricted Funds	923,300	724,800	688,100	724,800	848,100
Federal Funds					
Current Receipts	646,100	633,700	672,700	612,000	612,000
Non-Revenue Receipts	-32,800	-30,000	-30,000	-30,000	-30,000
Total Federal Funds	613,300	603,700	642,700	582,000	582,000
TOTAL SOURCE OF FUNDS	15,385,200	17,837,000	18,773,100	14,830,800	15,134,800
EXPENDITURES BY CLASS					
Personnel Cost	11,717,400	14,951,300	15,598,600	12,022,200	12,440,300
Operating Expenses	2,390,800	2,478,700	2,524,600	2,466,600	2,512,500
Grants Loans Benefits	174,000	182,000	182,000	182,000	182,000
Capital Outlay	185,200	225,000	467,900		
TOTAL EXPENDITURES	14,467,400	17,837,000	18,773,100	14,670,800	15,134,800
EXPENDITURES BY FUND SOURCE					
General Fund	12,967,500	16,508,500	17,442,300	13,524,000	13,704,700
Restricted Funds	886,600	724,800	688,100	564,800	848,100
Federal Funds	613,300	603,700	642,700	582,000	582,000
TOTAL EXPENDITURES	14,467,400	17,837,000	18,773,100	14,670,800	15,134,800
EXPENDITURES BY UNIT					
Mine Safety and Licensing- Administrative Support	1,020,800	1,149,000	1,182,500	1,035,000	1,015,800
Safety Inspection and Licensing	8,118,700	10,871,600	11,167,500	8,491,100	8,640,700
Safety Analysis, Training and Certification	5,327,900	5,816,400	6,423,100	5,144,700	5,478,300
TOTAL EXPENDITURES	14,467,400	17,837,000	18,773,100	14,670,800	15,134,800

The Office of Mine Safety and Licensing, pursuant to KRS Chapter 351, is responsible for the regulation of mining practices to prevent injuries and fatalities in underground, strip, and auger mines.

The Office trains, tests, and licenses mine personnel. Its mine safety instructors provide general and technical safety training and education courses to mine personnel to maintain an adequate number of certified and qualified personnel for the mining industry. Moreover, the agency encourages safe work habits of coal miners by providing quality on-the-job, one-on-one safety training for surface and underground miners.

The Office licenses all underground and surface coal mines in the Commonwealth. It issues permits for specific mining methods including the use of diesel equipment, roof control, extended cuts, mining near oil and gas wells, and additional mine openings. The agency inspects mines and investigates illegal mining operations.

The Office develops and maintains a database to track information about each mining operation. The database includes the number of miners employed by the mine, type of operations, type of worker's compensation insurance, and the number and type of mining law violations, closures, and abatements for each mine and mine operator. A second database provides information on

all individuals certified as surface mine foremen, surface mine safety analysts, underground mine foremen, underground mine instructors, underground mine inspectors, and electrical inspectors.

The Office administers drug testing of all miners as a condition of certification. A data base is maintained on the status of those miners whose certifications have been revoked as a result of testing positive for drugs. The Office provides administrative oversight of the Kentucky Mining Board.

Federal Law 30 CFR, Section 49, requires mine rescue teams to be stationed within one hour of each active coal mine and to be trained and knowledgeable about each mine the team covers. The Commonwealth, through the Office of Mine Safety and Licensing, provides state-sponsored mine rescue teams to help Kentucky's mines comply with this federal regulation.

Policy

Included in the above General Fund appropriation is \$7,552,000 for fiscal year 2013 and fiscal year 2014 to provide state-sponsored mine rescue teams pursuant to KRS 351.191 as well as for staff including mine inspectors, mine safety analysts, and mine safety instructors to comply with the increased inspection and training requirements of KRS 351.140 and KRS 351.242. The originating source of this General Fund money is the Coal Severance Tax.

Energy and Environment
Energy Development and Independence

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,448,000	2,382,300	2,482,600	1,324,400	1,347,800
State Salary and Compensation Allocation	57,500				
Mandated Expenditure Reductions	-86,200				
Total General Fund	1,419,300	2,382,300	2,482,600	1,324,400	1,347,800
Restricted Funds					
Balance Forward	3,301,500	3,231,500	1,748,300	3,231,500	1,748,300
Current Receipts	10,100	10,100	10,100	10,100	10,100
Non-Revenue Receipts	3,878,700	3,732,800	3,474,000	3,732,800	3,474,000
Fund Transfers	-39,900				
Total Restricted Funds	7,150,400	6,974,400	5,232,400	6,974,400	5,232,400
Federal Funds					
Current Receipts	1,381,000	563,100	481,200	1,191,800	1,109,900
Non-Revenue Receipts	-458,700	-312,800	-54,000	-312,800	-54,000
ARRA Receipts	22,873,900	7,807,900	168,300	7,807,900	168,300
Total Federal Funds	23,796,200	8,058,200	595,500	8,686,900	1,224,200
TOTAL SOURCE OF FUNDS	32,365,900	17,414,900	8,310,500	16,985,700	7,804,400
EXPENDITURES BY CLASS					
Personnel Cost	8,192,800	2,683,400	2,775,500	2,841,400	2,899,600
Operating Expenses	341,800	340,100	340,200	296,800	296,900
Grants Loans Benefits	20,528,100	12,643,100	5,194,800	12,099,200	4,607,900
TOTAL EXPENDITURES	29,062,700	15,666,600	8,310,500	15,237,400	7,804,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,347,600	2,382,300	2,482,600	1,324,400	1,347,800
Restricted Funds	3,918,900	5,226,100	5,232,400	5,226,100	5,232,400
Federal Funds	23,796,200	8,058,200	595,500	8,686,900	1,224,200
TOTAL EXPENDITURES	29,062,700	15,666,600	8,310,500	15,237,400	7,804,400
EXPENDITURES BY UNIT					
Energy Development and Independence	29,062,700	15,666,600	8,310,500	15,237,400	7,804,400
TOTAL EXPENDITURES	29,062,700	15,666,600	8,310,500	15,237,400	7,804,400

The Department for Energy Development and Independence is comprised of the following divisions: Division of Efficiency and Conservation; Division of Renewable Energy; Division of Biofuels; Division of Energy Generation Transmission and Distribution; Division of Carbon Management; and Division of Fossil Energy Development.

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

To the extent that funding is available the Department administers grant programs to support energy-related research, development and demonstration, including supporting multi-state cooperative regional partnerships and research initiatives. The Department develops and implements programs for the production, utilization and conservation of energy in a manner that meets basic needs while maintaining Kentucky's economic growth at the highest feasible level.

The Department enters into agreements, administers grant programs and serves as a liaison with the federal government and other states in matters relating to energy; and participates in the review of applications and, upon request of the Kentucky Economic Development Finance Authority, assists in monitoring tax incentive agreements as provided in Subchapter 27 of KRS 154.

Policy

Included in the Executive Budget is \$3,500,000 in Restricted Funds in fiscal year 2013 and fiscal year 2014 for research grants. These funds will originate from the Local Government Economic Development Fund Multi-county Fund (coal severance tax).

Included in the Executive Budget is \$400,000 for fiscal year 2013 and fiscal year 2014 to be paid to the State Treasury and credited to the Department for Energy Development and Independence for the purpose of public education of coal-related issues pursuant to KRS 132.020(5).

**Energy and Environment
Environmental Quality Commission**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	54,900				
Non-Revenue Receipts	200,800	235,600	239,400	222,000	223,400
Fund Transfers	-16,700				
Total Restricted Funds	239,000	235,600	239,400	222,000	223,400
TOTAL SOURCE OF FUNDS	239,000	235,600	239,400	222,000	223,400
EXPENDITURES BY CLASS					
Personnel Cost	211,000	202,700	209,500	189,100	193,500
Operating Expenses	28,000	32,900	29,900	32,900	29,900
TOTAL EXPENDITURES	239,000	235,600	239,400	222,000	223,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	239,000	235,600	239,400	222,000	223,400
TOTAL EXPENDITURES	239,000	235,600	239,400	222,000	223,400
EXPENDITURES BY UNIT					
Environmental Quality Commission	239,000	235,600	239,400	222,000	223,400
TOTAL EXPENDITURES	239,000	235,600	239,400	222,000	223,400

Pursuant to KRS 224.01-100 to 224.01-115, the Environmental Quality Commission is an independent citizen board with seven members representing various interests and geographic areas of the state. The Commission serves as a public forum for discussion and resolution of environmental issues. The Commission advises the Governor and the Energy and Environment Cabinet on environmental rules, regulations, policies, plans, and procedures.

The Environmental Quality Commission is administratively attached to the Energy and Environment Cabinet

**Energy and Environment
Kentucky Nature Preserves Commission**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,030,900	1,550,400	1,663,800	979,700	1,000,900
State Salary and Compensation Allocation	51,200				
Mandated Expenditure Reductions	-36,600				
Total General Fund	1,045,500	1,550,400	1,663,800	979,700	1,000,900
Restricted Funds					
Balance Forward	358,300	215,000	118,800	215,000	150,000
Current Receipts	226,400	179,400	142,800	179,400	142,800
Non-Revenue Receipts	38,300	83,400	83,400	83,400	83,400
Fund Transfers	-10,700				
Total Restricted Funds	612,300	477,800	345,000	477,800	376,200
Federal Funds					
Current Receipts	1,180,200	53,600	53,600	53,600	53,600
Non-Revenue Receipts	-3,300	-3,400	-3,400	-3,400	-3,400
Total Federal Funds	1,176,900	50,200	50,200	50,200	50,200
TOTAL SOURCE OF FUNDS	2,834,700	2,078,400	2,059,000	1,507,700	1,427,300
EXPENDITURES BY CLASS					
Personnel Cost	1,164,200	1,616,800	1,677,500	1,195,900	1,226,700
Operating Expenses	197,000	214,700	213,200	83,800	82,400
Grants Loans Benefits	1,194,500	78,000	78,000	78,000	78,000
Capital Outlay	25,000	50,100	50,100		
TOTAL EXPENDITURES	2,580,700	1,959,600	2,018,800	1,357,700	1,387,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,006,500	1,550,400	1,663,800	979,700	1,000,900
Restricted Funds	397,300	359,000	304,800	327,800	336,000
Federal Funds	1,176,900	50,200	50,200	50,200	50,200
TOTAL EXPENDITURES	2,580,700	1,959,600	2,018,800	1,357,700	1,387,100
EXPENDITURES BY UNIT					
Kentucky Nature Preserves Commission	2,580,700	1,959,600	2,018,800	1,357,700	1,387,100
TOTAL EXPENDITURES	2,580,700	1,959,600	2,018,800	1,357,700	1,387,100

Pursuant to KRS 146.410-146.530, the Kentucky State Nature Preserves Commission's mission is two-fold: to inventory the Commonwealth for its natural diversity, including its plants, animal life, biological communities, and areas of natural significance, and to protect these natural features by establishing a system of nature preserves. Pursuant to KRS 224.10-022, the Commission is attached to the Energy and Environment Cabinet.

Acquisition and management funds for the agency are derived through a tax refund check-off system authorized in KRS 141.450-141.480, through gifts, grants, devises and bequests pursuant to KRS 146.465, and through allocations from the Kentucky Heritage Land Conservation Fund pursuant to KRS 146.570. The Commission, together with the Kentucky Department of Fish and Wildlife Resources, shares equally the receipts generated by the Non-game Species Protection and Habitat Acquisition program.

**Energy and Environment
Public Service Commission**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,000,000	13,576,700	13,527,600	15,000,000	15,000,000
State Salary and Compensation Allocation	460,100				
Continuing Approp.-General Fund	409,700				
Mandated Expenditure Reductions	-4,190,100				
Total General Fund	9,679,700	13,576,700	13,527,600	15,000,000	15,000,000
Restricted Funds					
Balance Forward	9,300	9,300		9,300	61,800
Current Receipts	11,000	11,000	11,000	11,000	11,000
Non-Revenue Receipts	200,000	200,000	200,000	200,000	200,000
Total Restricted Funds	220,300	220,300	211,000	220,300	272,800
Federal Funds					
Balance Forward	66,000				
Current Receipts	167,000	200,000	200,000	214,500	228,900
ARRA Receipts	384,400	192,800		192,800	
Total Federal Funds	617,400	392,800	200,000	407,300	228,900
TOTAL SOURCE OF FUNDS	10,517,400	14,189,800	13,938,600	15,627,600	15,501,700
EXPENDITURES BY CLASS					
Personnel Cost	8,069,800	11,349,800	11,573,400	7,939,300	8,057,400
Operating Expenses	1,506,700	1,951,000	1,776,200	1,495,000	1,490,200
Debt Service	589,000	589,000	589,000	589,000	589,000
Capital Outlay		300,000			
TOTAL EXPENDITURES	10,165,500	14,189,800	13,938,600	10,023,300	10,136,600
EXPENDITURES BY FUND SOURCE					
General Fund	9,337,100	13,576,700	13,527,600	9,457,500	9,684,600
Restricted Funds	211,000	220,300	211,000	158,500	223,100
Federal Funds	617,400	392,800	200,000	407,300	228,900
TOTAL EXPENDITURES	10,165,500	14,189,800	13,938,600	10,023,300	10,136,600
EXPENDITURES BY UNIT					
Commission Operations	4,976,400	7,002,900	6,992,600	4,671,000	4,659,500
Financial Analysis	1,471,500	1,945,900	2,020,200	1,390,400	1,420,400
Engineering	1,365,300	2,421,800	2,038,400	1,457,000	1,487,000
Division of Filings	1,501,200	1,895,600	1,936,100	1,614,500	1,645,400
Consumer Services	346,500	423,400	436,800	403,400	411,500
Gas Pipeline Safety	504,600	500,200	514,500	487,000	512,800
TOTAL EXPENDITURES	10,165,500	14,189,800	13,938,600	10,023,300	10,136,600

The Public Service Commission, pursuant to KRS Chapter 278, regulates the intrastate rates and services of over 500 investor-owned electric, natural gas, telephone, water and sewage utilities, rural electric and telephone cooperatives, and water districts. The three-member Commission performs its regulatory functions through written orders following adjudicative and rulemaking procedures outlined in statute. The Commission is an independent agency attached to the Energy and Environment Cabinet for administrative purposes only.

The Commission's goal is to ensure that every utility charges fair, just, and reasonable rates for the services rendered and that those services are adequate and efficient.

The agency is funded by an assessment of all utilities under the Commission's jurisdiction based on the annual gross intrastate revenues.

The Commission staff is organized into the Divisions of Consumer Services, Filings, Engineering, and Financial Analysis and Gas Pipeline Safety.

Policy

The Executive Budget includes \$5,542,500 in fiscal year 2013 and \$5,315,400 in fiscal year 2014 that shall lapse to the credit of the General Fund from the Public Service Commission.

This page intentionally left blank

Finance and Administration

Finance and Administration

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	444,934,300	606,122,300	655,933,600	579,247,200	596,900,300
State Salary and Compensation Allocation	6,258,400				
Mandated Expenditure Reductions	-59,322,100				
Total General Fund	391,870,600	606,122,300	655,933,600	579,247,200	596,900,300
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	30,550,700	29,436,900	31,556,200	28,566,900	30,935,800
Continuing Approp.-Tobacco Settlement	100				
Budget Reduction-General Fund Tobacco	-2,717,200				
Total Tobacco Settlement - Phase I	27,833,600	29,436,900	31,556,200	28,566,900	30,935,800
Restricted Funds					
Balance Forward	56,773,300	43,572,800	29,743,800	45,518,000	34,266,100
Current Receipts	147,523,500	147,230,200	147,230,200	147,230,200	147,230,200
Non-Revenue Receipts	6,253,400	6,968,900	6,390,100	8,325,700	8,358,800
Fund Transfers	-19,292,400			-3,000,000	-3,000,000
Total Restricted Funds	191,257,800	197,771,900	183,364,100	198,073,900	186,855,100
Federal Funds					
Current Receipts	2,438,900	3,550,000	3,550,000	3,550,000	3,550,000
Non-Revenue Receipts	1,200				
ARRA Receipts	31,808,000	471,700	291,000	471,700	291,000
Total Federal Funds	34,248,100	4,021,700	3,841,000	4,021,700	3,841,000
Road Fund					
Regular Appropriation	2,725,000	3,198,000	3,198,000	3,857,200	3,910,200
Current Year Appropriation	395,400				
Total Road Fund	3,120,400	3,198,000	3,198,000	3,857,200	3,910,200
TOTAL SOURCE OF FUNDS	648,330,500	840,550,800	877,892,900	813,766,900	822,442,400
EXPENDITURES BY CLASS					
Personnel Cost	171,366,600	210,472,700	216,760,500	194,728,900	199,334,300
Operating Expenses	107,867,300	128,811,100	132,519,900	113,104,300	114,158,100
Grants Loans Benefits	34,761,400	5,217,200	5,036,500	5,717,200	5,036,500
Debt Service	252,965,400	449,919,200	494,754,600	434,311,300	454,755,800
Capital Outlay	9,393,400	16,386,800	14,759,400	16,450,300	16,316,700
TOTAL EXPENDITURES	576,354,100	810,807,000	863,830,900	764,312,000	789,601,400
EXPENDITURES BY FUND SOURCE					
General Fund	369,442,100	606,122,300	655,933,600	566,352,000	584,005,100
Tobacco Settlement - Phase I	23,901,500	29,436,900	31,556,200	26,273,300	28,642,200
Restricted Funds	145,739,800	168,028,100	169,302,100	163,807,800	169,202,900
Federal Funds	34,248,100	4,021,700	3,841,000	4,021,700	3,841,000
Road Fund	3,022,600	3,198,000	3,198,000	3,857,200	3,910,200
TOTAL EXPENDITURES	576,354,100	810,807,000	863,830,900	764,312,000	789,601,400
EXPENDITURES BY UNIT					
General Administration	64,797,200	42,240,100	42,857,200	38,249,900	38,227,300
Controller	15,372,300	15,623,100	16,087,400	16,773,500	16,911,700
Debt Service	252,935,300	449,889,100	469,018,500	433,844,200	453,226,700
Facilities and Support Services	41,455,700	55,725,000	80,609,300	43,941,800	46,460,300
County Costs	18,442,300	19,546,300	19,546,300	17,036,200	17,036,200
Commonwealth Office of Technology	64,639,400	77,471,900	80,394,500	75,719,100	79,174,700
Revenue	80,273,300	99,570,800	105,242,700	98,639,400	97,699,800
Property Valuation Administrators	38,438,600	50,740,700	50,075,000	40,107,900	40,864,700
TOTAL EXPENDITURES	576,354,100	810,807,000	863,830,900	764,312,000	789,601,400

The Finance and Administration Cabinet is responsible for managing the financial resources of the Commonwealth and providing central administrative services to agencies of state and local government. The mission of the Finance and Administration Cabinet is to provide its customers with assistance in the delivery of quality services, effective administration, and sound financial management. The Cabinet provides leadership, coordination, and support to other state agencies to ensure accountability and integrity in the use of public resources. The Finance and Administration Cabinet constantly strives to conduct government business more effectively. Moreover, among the highest priorities of the Cabinet is providing the eleven cabinets and all other agencies of state government with the resources necessary to carry out their stated missions by equitable and efficient revenue collection.

The Cabinet's duties include construction of state facilities, property management including motor vehicles, tax administration and collection, management of the Commonwealth's information technology systems, expenditure control, and state purchasing.

**Finance and Administration
General Administration**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,055,600	7,536,700	7,848,000	7,222,500	7,040,300
State Salary and Compensation Allocation	434,000				
Mandated Expenditure Reductions	-503,400				
Total General Fund	6,986,200	7,536,700	7,848,000	7,222,500	7,040,300
Restricted Funds					
Balance Forward	21,469,100	7,653,400	5,612,100	9,753,200	8,487,900
Current Receipts	28,156,900	28,075,000	28,075,000	28,075,000	28,075,000
Non-Revenue Receipts	500,000	687,100	700,000	687,100	700,000
Fund Transfers	-13,158,200			-3,000,000	-3,000,000
Total Restricted Funds	36,967,800	36,415,500	34,387,100	35,515,300	34,262,900
Federal Funds					
Current Receipts	2,438,900	3,500,000	3,500,000	3,500,000	3,500,000
ARRA Receipts	28,095,600				
Total Federal Funds	30,534,500	3,500,000	3,500,000	3,500,000	3,500,000
Road Fund					
Regular Appropriation	400,000	400,000	400,000	500,000	500,000
Total Road Fund	400,000	400,000	400,000	500,000	500,000
TOTAL SOURCE OF FUNDS	74,888,500	47,852,200	46,135,100	46,737,800	45,303,200
EXPENDITURES BY CLASS					
Personnel Cost	9,955,400	11,078,100	11,547,400	9,762,000	10,064,100
Operating Expenses	20,207,300	20,114,500	20,262,300	20,052,200	20,049,500
Grants Loans Benefits	30,534,500	3,500,000	3,500,000	4,000,000	3,500,000
Debt Service				178,000	356,000
Capital Outlay	4,100,000	7,547,500	7,547,500	4,257,700	4,257,700
TOTAL EXPENDITURES	64,797,200	42,240,100	42,857,200	38,249,900	38,227,300
EXPENDITURES BY FUND SOURCE					
General Fund	6,655,500	7,536,700	7,848,000	7,222,500	7,040,300
Restricted Funds	27,214,600	30,803,400	31,109,200	27,027,400	27,187,000
Federal Funds	30,534,500	3,500,000	3,500,000	3,500,000	3,500,000
Road Fund	392,600	400,000	400,000	500,000	500,000
TOTAL EXPENDITURES	64,797,200	42,240,100	42,857,200	38,249,900	38,227,300
EXPENDITURES BY UNIT					
Secretary	1,797,100	1,946,700	2,070,500	2,374,600	2,092,000
Office of General Counsel	2,127,400	2,233,900	2,367,000	1,951,300	1,989,300
Office of Administrative Services	2,826,100	3,046,100	3,158,700	2,753,900	2,779,000
Fleet Management	23,967,800	27,485,100	27,544,000	24,097,500	24,137,900
Postal Services	2,714,300	2,966,200	3,100,500	2,741,500	2,883,800
Policy and Audit	830,000	1,062,100	1,116,500	831,100	845,300
Weatherization	30,534,500	3,500,000	3,500,000	3,500,000	3,500,000
TOTAL EXPENDITURES	64,797,200	42,240,100	42,857,200	38,249,900	38,227,300

The General Administration appropriation unit provides coordination and management of the Cabinet. It is comprised of the Office of the Secretary, Office of Public Information, Office of General Counsel, Office of Equal Employment Opportunity and Contract Compliance, Office of Policy and Audit, and Office of Administrative Services.

The Office of the Secretary, including the Office of Public Information, develops executive policy and directs the overall management of the Commonwealth's property and financial assets. Office staff coordinates fiscal and personnel administration for the Cabinet, reviews all internal reorganizations, prepares the Cabinet legislative package, and handles inquiries and issues that arise from the General Assembly, the news media, and the general public. The Secretary of Finance serves on numerous boards and commissions including the Kentucky Economic Development Partnership Board, the Kentucky Economic Development Finance Authority, the Kentucky Infrastructure Authority, the Kentucky Higher Education Assistance Authority, and

the Kentucky Housing Corporation.

The Office of Equal Employment Opportunity (EEO) and Contract Compliance is responsible for developing, implementing, and monitoring the Finance and Administration Cabinet's affirmative action plan as required by KRS 18A.138. The Office also monitors all contracts in excess of \$250,000 awarded by the Cabinet to ensure compliance with the affirmative action provisions of the Kentucky Equal Opportunity Act.

The Office of General Counsel provides legal services to the departments of the Finance and Administration Cabinet and Cabinet-related entities. Members of this office represent the Secretary of the Cabinet in civil litigation. The unit also reviews legislation being considered by the General Assembly.

The Office of Administrative Services manages personnel, fiscal policy, and payroll functions for all units within the Finance and Administration Cabinet, the Governor's Office, the Executive Branch Ethics Commission, the School Facilities Construction Commission, and the Lieutenant Governor's Office. This unit prepares the Cabinet's budget and manages the Cabinet's personal property inventory. The Office also has responsibility for the management and oversight of the Division of Postal Services and the Division of Fleet Management.

The Division of Postal Services has recently consolidated from five locations into one mail management center which provides a more secure environment for the Commonwealth's mail. The Division provides messenger service to all state agencies and performs mail processing functions for over 125 state agencies. This division advises agencies about USPS rules, regulations, and services. The Division of Fleet Management manages and maintains the Commonwealth's vehicle fleet for use by state agencies and employees.

Policy

The Executive Budget provides General Fund of \$178,000 in fiscal year 2013 and \$356,000 in fiscal year 2014 for debt service on \$3.5 million in new bonds for the Lexington Downtown Redevelopment Project – Planning and Design capital project.

The Executive Budget includes \$500,000 in fiscal year 2013 to support the Kentucky Home Performance program. The program leverages federal funds to provide better-than-market rate loans to families across the Commonwealth to make their homes more energy efficient, reducing overall energy demand.

**Finance and Administration
Controller**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,869,900	7,399,500	8,429,700	5,577,800	5,643,800
State Salary and Compensation Allocation	234,200				
Mandated Expenditure Reductions	-89,500				
Total General Fund	6,014,600	7,399,500	8,429,700	5,577,800	5,643,800
Restricted Funds					
Balance Forward	4,441,600	3,494,600	3,100,700	3,341,500	2,239,300
Current Receipts	2,393,500	2,175,000	2,175,000	2,175,000	2,175,000
Non-Revenue Receipts	6,420,300	5,654,700	5,030,700	7,418,500	7,438,700
Fund Transfers	-374,300				
Total Restricted Funds	12,881,100	11,324,300	10,306,400	12,935,000	11,853,000
Road Fund					
Regular Appropriation				500,000	500,000
Total Road Fund				500,000	500,000
TOTAL SOURCE OF FUNDS	18,895,700	18,723,800	18,736,100	19,012,800	17,996,800
EXPENDITURES BY CLASS					
Personnel Cost	8,117,400	8,502,000	8,819,400	10,705,700	10,840,200
Operating Expenses	7,254,900	7,121,100	7,268,000	6,067,800	6,071,500
TOTAL EXPENDITURES	15,372,300	15,623,100	16,087,400	16,773,500	16,911,700
EXPENDITURES BY FUND SOURCE					
General Fund	5,832,700	7,399,500	8,429,700	5,577,800	5,643,800
Restricted Funds	9,539,600	8,223,600	7,657,700	10,695,700	10,767,900
Road Fund				500,000	500,000
TOTAL EXPENDITURES	15,372,300	15,623,100	16,087,400	16,773,500	16,911,700
EXPENDITURES BY UNIT					
Controller	2,619,700	2,752,700	2,852,600	2,517,100	2,543,900
Local Government Services	735,400	779,000	803,500	594,600	605,300
Financial Management	4,045,200	4,073,000	4,131,100	4,788,100	4,824,300
Procurement Services	1,414,100	1,545,900	1,647,500	1,458,900	1,487,400
Customer Resource Center	5,229,600	5,052,400	5,205,100	6,117,200	6,117,200
State Risk and Insurance Services	1,328,300	1,420,100	1,447,600	1,297,600	1,333,600
TOTAL EXPENDITURES	15,372,300	15,623,100	16,087,400	16,773,500	16,911,700

The Office of the Controller provides management for financial accounting control policies and procedures; financial accounting systems; debt management; state purchasing; administration of the Old-Age, Survivors, Disability and Hospital Insurance program; and functions relating to the county fee systems for local entities. The State Controller functions as the Commonwealth's Chief Accounting Officer and participates in the development and maintenance of the Commonwealth's strategic financial management program.

The Division of Local Government Services administers, for the benefit of state employees and political subdivisions within the Commonwealth, the Old Age and Survivors Insurance program under Section 218 of the federal Social Security Act. This program is responsible for ensuring that the social security obligations of the state and its political subdivisions are met. To fulfill this responsibility, the State Office for Social Security periodically visits each of the political subdivisions for a procedural, compliance, and fiscal audit pursuant to KRS 61.410 - 61.500. The Division also provides personnel, accounting, and other administrative services to counties through the County Costs, County Fees, and PVA programs.

The Division of Statewide Accounting Services is responsible for maintenance and operation of the central statewide accounting system and provides centralized accounting of all receipts and disbursements of the Commonwealth. In addition, this division prepares daily, monthly, and annual financial reports, which constitute a complete report of the financial activities and condition of the Commonwealth.

The Office of Financial Management manages the state's investments and debt. This includes managing cash flow to maximize the return on state investments, making debt service payments, managing the sale of bonds, and reporting to the General Assembly on all investment and debt matters. The Office is responsible for developing a long-term debt plan for the Commonwealth, including the

development of criteria for the issuance of debt, providing an evaluation of how much total state debt is justified, and evaluating revenue projections relative to proposed revenue bond issues. The Office handles all investments on behalf of the General Fund, the Capital Construction Fund, the Road Fund, and approximately 50 other accounts.

The Office of Material and Procurement Services is responsible for the central purchasing and materials management for state government (excluding construction and road maintenance). The Office supports the Procurement Desktop software module of eMARS, designing and testing modifications to the software to ensure it meets the needs of using agencies. The Procurement Services Branch and the Procurement of Technology Services Branch are responsible, with respect to their area of expertise, for purchasing all commodities and non-professional services for state agencies that exceed an agency's small purchase authority limit. The Government Contract Review Branch provides administrative oversight and review of all personal service contracts and Memoranda of Agreement, and ensures compliance with the provisions of KRS Chapter 45A prior to forwarding contracts to the Legislative Research Commission, Government Contract Review Committee, for review.

The Office of the Customer Resource Center (CRC) operates a help desk to support nearly 5,000 users of the eMARS system and is responsible for training Commonwealth employees on all eMARS products. In addition, CRC is responsible for developing and analyzing reports to identify areas that need improvement.

The Office of Policy and Audit is responsible for assuring the reliability and integrity of information used to support management decision making, evaluating how state assets are safeguarded, providing risk and insurance management to the Cabinet, and appraising the economy and efficiency of resource use. Staff also ascertains whether the operations and programs are being implemented as planned, and performs special studies at the request of management.

The Division of State Risk Services manages the state property insurance program and the state building sprinkler system program in accordance with KRS Chapter 56.

**Finance and Administration
Debt Service**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	302,232,500	420,712,700	437,722,800	420,712,700	437,722,800
Mandated Expenditure Reductions	-55,420,600				
Total General Fund	246,811,900	420,712,700	437,722,800	420,712,700	437,722,800
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	30,275,700	29,176,400	31,295,700	28,320,300	30,692,700
Continuing Approp.-Tobacco Settlement	100				
Budget Reduction-General Fund Tobacco	-2,702,700				
Total Tobacco Settlement - Phase I	27,573,100	29,176,400	31,295,700	28,320,300	30,692,700
TOTAL SOURCE OF FUNDS	274,385,000	449,889,100	469,018,500	449,033,000	468,415,500
EXPENDITURES BY CLASS					
Debt Service	252,935,300	449,889,100	469,018,500	433,844,200	453,226,700
TOTAL EXPENDITURES	252,935,300	449,889,100	469,018,500	433,844,200	453,226,700
EXPENDITURES BY FUND SOURCE					
General Fund	229,294,300	420,712,700	437,722,800	407,817,500	424,827,600
Tobacco Settlement - Phase I	23,641,000	29,176,400	31,295,700	26,026,700	28,399,100
TOTAL EXPENDITURES	252,935,300	449,889,100	469,018,500	433,844,200	453,226,700
EXPENDITURES BY UNIT					
Debt Service	252,935,300	449,889,100	469,018,500	433,844,200	453,226,700
TOTAL EXPENDITURES	252,935,300	449,889,100	469,018,500	433,844,200	453,226,700

Previously authorized State Property and Buildings Commission General Fund debt service for all agencies is consolidated in the Finance and Administration Cabinet. All new 2012-2014 General Fund debt service is reflected in budgets of the affected agencies.

Policy

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the General Fund. The amount of the General Fund lapse is \$12,895,200 in each fiscal year. The amount of Tobacco Fund lapse is \$2,293,600 in each fiscal year.

**Finance and Administration
Facilities and Support Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,326,900	16,623,000	40,675,800	5,388,700	6,374,300
State Salary and Compensation Allocation	346,000				
Mandated Expenditure Reductions	-188,000				
Total General Fund	5,484,900	16,623,000	40,675,800	5,388,700	6,374,300
Restricted Funds					
Balance Forward	8,959,900	8,912,400	7,181,600	8,912,400	7,730,500
Current Receipts	37,371,200	37,371,200	37,371,200	37,371,200	37,371,200
Fund Transfers	-1,834,900				
Total Restricted Funds	44,496,200	46,283,600	44,552,800	46,283,600	45,101,700
Federal Funds					
ARRA Receipts	681,000				
Total Federal Funds	681,000				
TOTAL SOURCE OF FUNDS	50,662,100	62,906,600	85,228,600	51,672,300	51,476,000
EXPENDITURES BY CLASS					
Personnel Cost	21,964,800	25,045,700	26,217,100	22,217,100	23,223,700
Operating Expenses	17,596,600	26,411,200	28,837,400	17,706,800	18,280,800
Debt Service	30,100	30,100	21,772,100	289,100	1,173,100
Capital Outlay	1,864,200	4,238,000	3,782,700	3,728,800	3,782,700
TOTAL EXPENDITURES	41,455,700	55,725,000	80,609,300	43,941,800	46,460,300
EXPENDITURES BY FUND SOURCE					
General Fund	5,190,900	16,623,000	40,675,800	5,388,700	6,374,300
Restricted Funds	35,583,800	39,102,000	39,933,500	38,553,100	40,086,000
Federal Funds	681,000				
TOTAL EXPENDITURES	41,455,700	55,725,000	80,609,300	43,941,800	46,460,300
EXPENDITURES BY UNIT					
Commissioner's Office	538,500	602,700	22,382,400	836,900	1,746,800
Facility Development and Efficiency	4,369,400	15,692,000	17,846,400	4,621,100	4,680,600
Real Property	1,449,400	1,643,700	1,745,100	1,364,900	1,392,600
Historic Properties	386,500	389,100	403,500	315,700	319,200
Building and Mechanical Services	33,746,400	36,325,000	37,099,500	35,805,900	37,297,500
State Surplus Property	424,300	471,800	497,200	457,000	468,500
Federal Surplus Property	541,200	600,700	635,200	540,300	555,100
TOTAL EXPENDITURES	41,455,700	55,725,000	80,609,300	43,941,800	46,460,300

The Department for Facilities and Support Services consists of the Commissioner's Office and five offices/divisions: Engineering and Contract Administration, Historic Properties, Real Properties, Surplus Properties, and the Office of Building and Mechanical Services. The Department manages the State's facilities construction program, maintains Finance and Administration Cabinet buildings, provides management and oversight of state-owned historical buildings and sites, and provides real property acquisition, disposition, leasing, and inventory services.

The Commissioner's Office coordinates and supervises the activities of the five offices/divisions authorized in KRS 42.027.

The Division of Engineering and Contract Administration provides professional and technical engineering and architectural services to state agencies, reviews capital construction design documents, acts as a liaison between the Department and state agencies on new construction and major maintenance projects, and monitors construction and maintenance contracts for compliance with plans and specifications. The Division is also responsible for administering the procurement process for construction projects of the Commonwealth of Kentucky, excluding roads and bridges, as prescribed by the Kentucky Model Procurement Code (KRS 45A) and the related administrative regulations. The Division prepares invitations to bid, opens and evaluates those bids, and awards contracts. The General Contracting Branch provides general construction procurement, administers the advertising and awarding of state general construction projects and related support systems, provides procurement information to state agencies, and administers procurement programs for new building construction, renovation, and mechanical, electrical, and HVAC systems. The Specialized Contracting Branch administers the advertising and awarding of state specialized construction projects and related

support systems; provides procurement information to state agencies; and administers programs such as reclamation under the Abandoned Mines Lands program, the procurement of state-owned telephone switching systems, asbestos abatement projects, and master agreements for maintenance of elevators, escalators, and similar services. The Administrative Services Branch and the Pre-Audit Branch provide support services to the Division and Department.

The Division of Real Properties provides buildings and parking facilities for state agencies throughout the Commonwealth. The Leased Properties Branch is responsible for administering space requests for leased property, acquisitions of privately-owned leased property for state use, lease renewals and cancellations, modifications to leased property, and related activities. The State Properties Branch administers space assignments for state-owned real property, acquisitions and sales of real properties, leases of state-owned real property to other entities, easements on state-owned real property, appraisals and appraisal reviews for acquisitions and dispositions, authorization of demolition of state-owned buildings, and relocation assistance. The Inventory and Property Utilization Branch plans space utilization including minor building alterations and renovations and interior space standards and administers inventory of state-owned real property, inventory of state-owned leased-out real property, inventory of state leased-in real property, building use permits, reserved parking assignments in Frankfort, and deed and easement records of state-owned real property.

The Division of Historic Properties, in accordance with KRS 42.019 and KRS 11.026, is responsible for the preservation and maintenance of Finance and Administration Cabinet-owned historic sites including the Kentucky State Capitol, Executive Mansion, Old Governor's Mansion, Berry Hill Mansion, and the Vest-Lindsey State Meeting House. The Division consults with the Department of Parks to preserve and maintain those historic sites under the management and control of the Tourism Development Cabinet. The same consultation services are provided to other agencies within state government as requested. The Director of the Division of Historic Properties serves as State Curator and a member of the Historic Properties Advisory Commission. The Commission is statutorily responsible for overseeing the maintenance, restoration, preservation, and care of furnishings and grounds of the Executive Mansion, Old Governor's Mansion, and State Capitol grounds. Historic Properties staff is responsible for scheduling and coordinating events held in the public areas of the Capitol Building and grounds. Staff have established and implemented policies and guidelines for the use of this space to allow public access while preserving and protecting the historic and architectural integrity of the buildings and grounds.

The Office of Building and Mechanical Services, which includes the Division of Building Services and the Division of Mechanical Services, as authorized by KRS 42.027, provides services for all Finance and Administration Cabinet-operated buildings and for the state agencies occupying those facilities. The Office is responsible for several buildings in Frankfort including the Capitol, New Capitol Annex, Old Capitol, Old Capitol Annex, Capital Plaza Complex, Human Resources Building, Executive Mansion, Old Governor's Mansion, New State Office Building, Library and Archives Building, Central Lab Facility, the Kentucky History Center and the Transportation Cabinet building. The Office also services buildings at the London Regional and Madisonville state office complexes, the Spindletop Research Complex in Fayette County, and offices in Ashland, Jackson, Louisville, Owensboro, and Richmond that were formerly owned and operated by Cabinet for Health and Family Services. Services provided include minor renovations; maintaining parking lots, sidewalks and ramps; janitorial and landscaping services; maintaining the heating, ventilating, and air conditioning systems; maintaining special equipment within the buildings as requested; roof repair; fire alarm and security systems; electrical systems; energy conservation; maintaining elevators and escalators; maintaining emergency power systems; and after-hours emergency services.

Additionally, the Office is responsible for developing plans and specifications for a wide variety of construction projects. After plans and specifications are complete and have been approved, the Office oversees the construction phase and provides contract administration.

Policy

The Executive Budget provides General Fund in the amount of \$259,000 in fiscal year 2013 and \$1,143,000 in fiscal year 2014 for debt service on new bonds included in the capital budget.

**Finance and Administration
County Costs**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,739,800	17,843,800	17,843,800	15,333,700	15,333,700
Total General Fund	16,739,800	17,843,800	17,843,800	15,333,700	15,333,700
Restricted Funds					
Balance Forward	7,100				
Current Receipts	1,695,400	1,702,500	1,702,500	1,702,500	1,702,500
Total Restricted Funds	1,702,500	1,702,500	1,702,500	1,702,500	1,702,500
TOTAL SOURCE OF FUNDS	18,442,300	19,546,300	19,546,300	17,036,200	17,036,200
EXPENDITURES BY CLASS					
Personnel Cost	2,274,600	2,274,600	2,274,600	2,129,700	2,129,700
Operating Expenses	14,972,200	16,076,200	16,076,200	13,711,000	13,711,000
Grants Loans Benefits	1,195,500	1,195,500	1,195,500	1,195,500	1,195,500
TOTAL EXPENDITURES	18,442,300	19,546,300	19,546,300	17,036,200	17,036,200
EXPENDITURES BY FUND SOURCE					
General Fund	16,739,800	17,843,800	17,843,800	15,333,700	15,333,700
Restricted Funds	1,702,500	1,702,500	1,702,500	1,702,500	1,702,500
TOTAL EXPENDITURES	18,442,300	19,546,300	19,546,300	17,036,200	17,036,200
EXPENDITURES BY UNIT					
Public Defender Program	2,231,600	2,231,600	2,231,600	2,086,700	2,086,700
Witnesses	100,000	100,000	100,000	91,600	91,600
DUI Service Fees	1,195,500	1,195,500	1,195,500	1,195,500	1,195,500
Sheriffs Fees'	9,900,000	11,004,000	11,004,000	9,068,400	9,068,400
County Clerks (Make Tax Bills)	250,000	250,000	250,000	229,000	229,000
Board Of Assessment Appeals	60,000	60,000	60,000	55,000	55,000
Fugitive From Justice	1,225,000	1,225,000	1,225,000	1,122,100	1,122,100
Jury Fund	3,000,000	3,000,000	3,000,000	2,748,000	2,748,000
Sheriffs Expense Allowance	466,600	466,600	466,600	427,400	427,400
Premium On Sheriffs' Bonds	13,600	13,600	13,600	12,500	12,500
TOTAL EXPENDITURES	18,442,300	19,546,300	19,546,300	17,036,200	17,036,200

The County Costs program pays local officials for the performance of functions required by state statutes. For example, a sheriff is paid by the state for services rendered to the state for enforcing state laws. This falls within the Criminal Prosecutions program. A witness in a state court trial is paid by the state for performing a function required by state statute. This is an example of the Miscellaneous Fee program. Payments under the County Costs program are statutorily mandated and are regarded as a necessary governmental expense.

KRS 31.185 requires the fiscal court or legislative body of an urban county government, containing less than ten circuit judges, to annually appropriate twelve and one-half cents (\$0.125) per capita to the county as determined by the Council of Local Governments' most recent population statistics. The funds, which shall not lapse, shall be held in a special account to be administered by the Finance and Administration Cabinet, and shall be used to pay all court orders (KRS 31.185) that have been entered into as a result of a needy defendant's motion for funding assistance. If the funds are depleted in any given year, any unpaid court orders will be paid as a judgment against the Commonwealth.

Pursuant to KRS 64.092 the sheriff or other law enforcement officer serving in a Circuit or District Court shall be compensated at the rate of \$8 per hour of service.

Under KRS 27A.630, filing fees for civil actions include \$20 in Circuit Court and \$10 in District Court to support access to justice by indigent clients. The fees are paid to the General Fund, and the Finance and Administration Cabinet distributes them monthly to non-profit agencies designated by the Chief Justice in each judicial district to provide the legal services. In previous years these have been accounted for as expenditures requiring an appropriation upon recommendation of the Finance Cabinet. These will be considered as reductions to revenue and accounted for solely on the revenue side of the ledger.

Policy

Funds required to pay county costs are appropriated and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and

Administration Cabinet as a necessary governmental expense, subject to the conditions and procedures provided in the Appropriations Act.

**Finance and Administration
Commonwealth Office of Technology**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation			2,611,000		
Total General Fund			2,611,000		
Restricted Funds					
Balance Forward	17,155,300	20,218,600	11,742,300	20,217,100	13,086,600
Current Receipts	67,846,800	67,846,800	67,846,800	67,846,800	67,846,800
Non-Revenue Receipts	533,100	627,100	659,400	220,100	220,100
Fund Transfers	-3,710,100				
Total Restricted Funds	81,825,100	88,692,500	80,248,500	88,284,000	81,153,500
Federal Funds					
Current Receipts		50,000	50,000	50,000	50,000
ARRA Receipts	3,031,400	471,700	291,000	471,700	291,000
Total Federal Funds	3,031,400	521,700	341,000	521,700	341,000
TOTAL SOURCE OF FUNDS	84,856,500	89,214,200	83,200,500	88,805,700	81,494,500
EXPENDITURES BY CLASS					
Personnel Cost	35,195,800	44,135,000	45,825,400	41,344,400	42,100,500
Operating Expenses	22,983,000	28,213,900	28,187,900	25,576,700	28,456,900
Grants Loans Benefits	3,031,400	521,700	341,000	521,700	341,000
Debt Service			2,611,000		
Capital Outlay	3,429,200	4,601,300	3,429,200	8,276,300	8,276,300
TOTAL EXPENDITURES	64,639,400	77,471,900	80,394,500	75,719,100	79,174,700
EXPENDITURES BY FUND SOURCE					
General Fund			2,611,000		
Restricted Funds	61,608,000	76,950,200	77,442,500	75,197,400	78,833,700
Federal Funds	3,031,400	521,700	341,000	521,700	341,000
TOTAL EXPENDITURES	64,639,400	77,471,900	80,394,500	75,719,100	79,174,700
EXPENDITURES BY UNIT					
Commonwealth Office of Technology	5,759,900	4,509,100	5,908,800	8,073,100	8,011,300
Chief Information Security Officer	1,325,600	1,357,000	1,915,700	1,381,800	1,401,600
Application Development	10,359,500	12,360,300	12,700,500	10,796,700	10,951,500
Infrastructure Services	45,615,400	56,908,500	57,476,100	53,171,900	56,467,300
Office of Enterprise Technology	1,579,000	2,337,000	2,393,400	2,295,600	2,343,000
TOTAL EXPENDITURES	64,639,400	77,471,900	80,394,500	75,719,100	79,174,700

The Commonwealth Office of Technology (COT) provides leadership, policy direction, and technical support to all executive branch agencies in the application of information technology and the delivery of information services. This broad statement of responsibility encompasses major information resource functions such as data center operations; voice, data, and video communications; application development; data security administration; computer hardware selection and installation; and related end-user and customer support services. The workload for COT is highly sensitive to agency programmatic shifts, particularly changes mandated by state and federal legislation.

COT consists of five units for budgetary purposes: Commissioner, Chief Information Security Officer, Application Development, Infrastructure Services, and Enterprise Technology.

The Commissioner is responsible for developing strategies and policies to promote the effective application of information technology within state government as a means of saving money, increasing efficiency and employee productivity, and improving services to the public, including electronic access to information of the Commonwealth.

The Chief Information Security Officer manages security, access and acceptable use policies for all COT functions. As more and more of the Commonwealth's mission-critical applications go on-line, their potential exposure to malicious activity increases. In addition to maintaining the physical security of the Commonwealth Data Center and other COT facilities, the Security Office develops and maintains the disaster recovery business continuity plan.

The Office of Application Development analyzes, designs, develops and installs systems and applications for client agencies throughout state government. Support is provided for systems that drive mission-critical activities for the Commonwealth,

including public assistance, public health and safety, collection of taxes, and financial and personnel management of state government. The Office provides consulting services and support in a broad range of technical environments including Windows NT, 2000, and XP; UNIX; and Z/OS using languages such as Java, VB, .NET, COBOL, SAS, and others.

The Office of Infrastructure Services operates the Commonwealth's enterprise computing and communications environment. This Office includes the daily operation of the Commonwealth Data Center, operation and maintenance of the Kentucky Information Highway, and all communication services, including data, voice, video, and wireless. Other responsibilities include providing help desk assistance to end-users and ensuring the security of client information in the areas of electronic commerce and network computing. The Division of Printing provides agencies with hard copy access to information, especially for high volume, color, and wide-format documents, as well as print project planning, consulting and electronic forms design.

The Office of Enterprise Technology is responsible for the statewide strategic information technology (IT) plan. Staff in this office assist state agencies in developing their own IT plans that conform with the policies and architecture standards determined by COT. Other responsibilities include enterprise capacity planning, testing, research, and development.

The Commonwealth Office of Technology operates as an internal service fund agency with budgetary support derived through the application of a federally-approved cost allocation plan, which distributes costs to user agencies based upon utilization of services. The rate schedule by which COT bills agencies for IT services is reviewed annually and adjusted as necessary to accurately reflect actual cost. By consolidating infrastructure services and purchases of equipment and software licenses, COT is able to provide many basic services at very competitive rates.

**Finance and Administration
Revenue**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	73,086,800	88,800,300	94,261,800	88,472,600	87,420,700
State Salary and Compensation Allocation	2,902,700				
Mandated Expenditure Reductions	-2,582,100				
Total General Fund	73,407,400	88,800,300	94,261,800	88,472,600	87,420,700
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	275,000	260,500	260,500	246,600	243,100
Budget Reduction-General Fund Tobacco	-14,500				
Total Tobacco Settlement - Phase I	260,500	260,500	260,500	246,600	243,100
Restricted Funds					
Balance Forward	4,470,300	3,225,100	2,072,800	3,225,100	2,721,800
Current Receipts	6,559,700	6,559,700	6,559,700	6,559,700	6,559,700
Non-Revenue Receipts	-1,200,000				
Fund Transfers	-214,900				
Total Restricted Funds	9,615,100	9,784,800	8,632,500	9,784,800	9,281,500
Federal Funds					
Non-Revenue Receipts	1,200				
Total Federal Funds	1,200				
Road Fund					
Regular Appropriation	2,325,000	2,798,000	2,798,000	2,857,200	2,910,200
Current Year Appropriation	395,400				
Total Road Fund	2,720,400	2,798,000	2,798,000	2,857,200	2,910,200
TOTAL SOURCE OF FUNDS	86,004,600	101,643,600	105,952,800	101,361,200	99,855,500
EXPENDITURES BY CLASS					
Personnel Cost	55,443,400	69,178,700	72,483,700	68,462,100	70,111,400
Operating Expenses	24,829,900	30,392,100	31,406,000	29,989,800	27,588,400
Debt Service			1,353,000		
Capital Outlay				187,500	
TOTAL EXPENDITURES	80,273,300	99,570,800	105,242,700	98,639,400	97,699,800
EXPENDITURES BY FUND SOURCE					
General Fund	70,991,600	88,800,300	94,261,800	88,472,600	87,420,700
Tobacco Settlement - Phase I	260,500	260,500	260,500	246,600	243,100
Restricted Funds	6,390,000	7,712,000	7,922,400	7,063,000	7,125,800
Federal Funds	1,200				
Road Fund	2,630,000	2,798,000	2,798,000	2,857,200	2,910,200
TOTAL EXPENDITURES	80,273,300	99,570,800	105,242,700	98,639,400	97,699,800
EXPENDITURES BY UNIT					
Commissioner's Office	27,426,000	33,737,200	36,344,600	27,776,400	28,076,900
Property Valuation	5,527,900	7,319,900	7,344,600	6,209,400	6,128,700
Field Operations	12,320,500	14,660,600	15,150,700	13,238,700	13,405,300
Income Taxation	7,348,000	8,381,300	8,822,300	7,935,800	7,959,300
Sales and Excise Taxes	6,232,400	8,503,000	8,726,300	6,632,600	6,764,600
Processing and Enforcement	21,418,500	26,968,800	28,854,200	36,846,500	35,365,000
TOTAL EXPENDITURES	80,273,300	99,570,800	105,242,700	98,639,400	97,699,800

The Department of Revenue is responsible for the accurate and equitable administration of all state revenue laws, and for the assessment and collection of 43 separate state taxes. The Department aims to ensure the taxpayer's voluntary compliance with the revenue laws, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in assessing property for taxation.

The Commissioner's Office includes the Division of Special Investigations, the Security and Disclosure Branch and the Taxpayer Ombudsman. Department-wide costs such as office rent, printing, postage, and information technology are budgeted in this unit.

The Office of Property Valuation monitors and evaluates the real property assessments produced by the 120 locally-elected Property Valuation Administrators (PVA's). The division is charged with assessing the property of public service companies; collecting and distributing personal property taxes; and providing education, training, and technical support to the PVA's and sheriffs.

The Office of Field Operations has 10 regional taxpayer service centers located across the state and is responsible for field audits and providing taxpayer assistance.

The Office of Income Taxation administers individual and business income taxes, including employer withholding. The Office is responsible for technical tax research, compliance, taxpayer assistance, tax-specific training, and publications.

The Office of Sales and Excise Taxes administers sales and use taxes and miscellaneous excise taxes. The Office conducts technical tax research and is responsible for compliance, taxpayer assistance, training and publications.

The Office of Processing and Enforcement receives all tax receipts, returns, refunds, documents and correspondence; registers new businesses; and maintains appropriate storage, retrieval and management of tax records for the Commonwealth.

Policy

The Executive Budget includes Road Fund in the amount of \$395,400 in fiscal year 2012 and \$473,000 in fiscal years 2013 and 2014 to support software maintenance costs for the Motor Fuels Electronic Tax Filing System.

General Fund in the amount of \$13,910,500 in fiscal year 2013 and \$11,839,500 in fiscal year 2014 is included to support the costs associated with implementing a tax amnesty program and other revenue enhancement initiatives.

**Finance and Administration
Property Valuation Administrators**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	34,622,800	47,206,300	46,540,700	36,539,200	37,364,700
State Salary and Compensation Allocation	2,341,500				
Mandated Expenditure Reductions	-538,500				
Total General Fund	36,425,800	47,206,300	46,540,700	36,539,200	37,364,700
Restricted Funds					
Balance Forward	270,000	68,700	34,300	68,700	
Current Receipts	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Total Restricted Funds	3,770,000	3,568,700	3,534,300	3,568,700	3,500,000
TOTAL SOURCE OF FUNDS	40,195,800	50,775,000	50,075,000	40,107,900	40,864,700
EXPENDITURES BY CLASS					
Personnel Cost	38,415,200	50,258,600	49,592,900	40,107,900	40,864,700
Operating Expenses	23,400	482,100	482,100		
TOTAL EXPENDITURES	38,438,600	50,740,700	50,075,000	40,107,900	40,864,700
EXPENDITURES BY FUND SOURCE					
General Fund	34,737,300	47,206,300	46,540,700	36,539,200	37,364,700
Restricted Funds	3,701,300	3,534,400	3,534,300	3,568,700	3,500,000
TOTAL EXPENDITURES	38,438,600	50,740,700	50,075,000	40,107,900	40,864,700
EXPENDITURES BY UNIT					
Property Valuation Administrators	38,438,600	50,740,700	50,075,000	40,107,900	40,864,700
TOTAL EXPENDITURES	38,438,600	50,740,700	50,075,000	40,107,900	40,864,700

Each of the state's 120 counties has a locally elected Property Valuation Administrator (PVA). The PVA and an appointed staff are responsible for locating, identifying, and assessing at fair market value all taxable real property (land and improvements) and tangible personal property in the county. Tax revenues generated by these assessments are used to fund services provided by the state, cities, counties, and school districts as well as special taxing districts such as fire departments, libraries, extension offices, and refuse disposal services. Funding for PVA offices is provided by state, county, and city governments as well as from sales of maps and other geographic information.

Health and Family Services

Health and Family Services

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,107,732,800	2,324,687,100	2,507,503,800	1,998,891,400	2,187,865,200
State Salary and Compensation Allocation	7,255,800				
Special Appropriation	-97,295,800				
Continuing Approp.-General Fund	16,350,700				
Mandated Expenditure Reductions	-6,161,200				
Total General Fund	2,027,882,300	2,324,687,100	2,507,503,800	1,998,891,400	2,187,865,200
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	24,930,100	22,686,600	21,954,300	22,336,600	22,120,600
Continuing Approp.-Tobacco Settlement	1,516,900				
Budget Reduction-General Fund Tobacco	-1,476,400				
Total Tobacco Settlement - Phase I	24,970,600	22,686,600	21,954,300	22,336,600	22,120,600
Restricted Funds					
Balance Forward	73,103,606	17,746,600	9,741,600	17,509,000	8,654,700
Current Receipts	609,405,194	591,662,700	600,009,700	585,071,800	590,476,800
Non-Revenue Receipts	322,470,000	321,834,200	323,024,300	371,837,100	329,125,800
Fund Transfers	-6,537,100				
Total Restricted Funds	998,441,700	931,243,500	932,775,600	974,417,900	928,257,300
Federal Funds					
Balance Forward	79,018,700				
Current Receipts	5,217,702,500	5,174,127,300	6,210,110,100	4,968,806,800	5,229,651,700
Non-Revenue Receipts	217,300	217,300	217,300	217,300	217,300
ARRA Receipts	353,300				
Total Federal Funds	5,297,291,800	5,174,344,600	6,210,327,400	4,969,024,100	5,229,869,000
TOTAL SOURCE OF FUNDS	8,348,586,400	8,452,961,800	9,672,561,100	7,964,670,000	8,368,112,100
EXPENDITURES BY CLASS					
Personnel Cost	628,237,600	713,328,800	734,633,100	672,613,700	679,981,300
Operating Expenses	117,104,600	125,713,700	125,079,700	112,857,700	108,932,700
Grants Loans Benefits	7,577,439,600	7,598,597,100	8,788,991,700	7,167,503,500	7,566,964,100
Debt Service			16,862,000	540,500	8,926,800
Capital Outlay	1,980,500	5,460,600	4,556,300	2,379,900	1,540,300
Construction	120,000	120,000	120,000	120,000	120,000
TOTAL EXPENDITURES	8,324,882,300	8,443,220,200	9,670,242,800	7,956,015,300	8,366,465,200
EXPENDITURES BY FUND SOURCE					
General Fund	2,021,703,000	2,324,687,100	2,507,503,800	1,998,891,400	2,187,865,200
Tobacco Settlement - Phase I	24,954,800	22,686,600	21,954,300	22,336,600	22,120,600
Restricted Funds	980,932,700	921,501,900	930,457,300	965,763,200	926,610,400
Federal Funds	5,297,291,800	5,174,344,600	6,210,327,400	4,969,024,100	5,229,869,000
TOTAL EXPENDITURES	8,324,882,300	8,443,220,200	9,670,242,800	7,956,015,300	8,366,465,200
EXPENDITURES BY UNIT					
General Administration and Program Support	79,299,600	100,123,800	102,945,600	84,061,100	83,665,500
Comm for Children with Special Health Care Needs	16,292,300	17,666,500	17,888,300	16,408,600	16,298,500
Medicaid Services	6,189,849,300	6,147,074,800	7,339,777,500	5,909,886,900	6,323,089,600
Behavioral Health, Developmental & Intellectual Disabilities	459,090,600	493,395,400	518,450,600	445,123,900	459,811,800
Public Health	429,722,600	430,857,400	415,680,900	396,250,100	378,376,200
Health Policy	8,965,900	4,605,400	2,728,400	1,609,000	1,214,800
Family Resource Centers and Volunteer Services	3,843,000	3,983,100	4,015,600	3,601,000	3,601,800

Income Support	106,963,800	111,394,400	116,532,400	109,856,900	110,225,400
Community Based Services	967,451,600	1,058,645,300	1,074,368,000	930,275,900	931,652,300
Aging and Independent Living	63,403,600	75,474,100	77,855,500	58,941,900	58,529,300
TOTAL EXPENDITURES	8,324,882,300	8,443,220,200	9,670,242,800	7,956,015,300	8,366,465,200

The Cabinet for Health and Family Services is the primary state agency responsible for leadership in protecting and promoting the health and well being of all Kentuckians through the delivery of quality health and human services. The following departments and/or offices comprise the Cabinet for Health and Family Services: the Office of the Secretary, Governor's Office of Electronic Health Information, Office of Communications and Administrative Review, Office of the Inspector General, Office of Legal Services, Office of Administrative and Technology Services, Office of Human Resource Management, Office of Policy and Budget and Office of the Ombudsman comprise the Administration and Program Support appropriation unit. Remaining agencies/appropriation units within the Cabinet include the Office of Health Policy, Department for Medicaid Services, Department for Behavioral Health, Developmental and Intellectual Disabilities, Department for Public Health, Department for Aging and Independent Living, Department for Community Based Services, Department for Income Support, Department for Family Resource Centers and Volunteer Services and the Commission for Children with Special Health Care Needs.

Executive Order 2008-504 was superseded by Executive Orders 2009-541, 2010-431 and 2011-353 and created the current appropriation unit and organizational structure of the Cabinet. Executive Order 2011-792 created the Kentucky All Schedule Prescription Electronic Reporting (KASPER) Advisory Council which is provided staff support by the Cabinet for Health and Family Services.

**Health and Family Services
General Administration and Program Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,753,400	46,238,400	47,493,200	33,742,700	33,811,100
State Salary and Compensation Allocation	1,039,800				
Mandated Expenditure Reductions	-1,260,300				
Total General Fund	33,532,900	46,238,400	47,493,200	33,742,700	33,811,100
Restricted Funds					
Balance Forward	1,328,800	1,253,300	876,300	1,253,300	274,300
Current Receipts	3,933,500	3,959,000	4,531,200	3,959,000	3,958,900
Non-Revenue Receipts	5,674,800	5,499,800	5,499,800	5,499,800	5,499,800
Fund Transfers	-386,900				
Total Restricted Funds	10,550,200	10,712,100	10,907,300	10,712,100	9,733,000
Federal Funds					
Balance Forward	4,355,400				
Current Receipts	32,933,000	44,049,600	44,680,500	39,880,600	40,121,400
Total Federal Funds	37,288,400	44,049,600	44,680,500	39,880,600	40,121,400
TOTAL SOURCE OF FUNDS	81,371,500	101,000,100	103,081,000	84,335,400	83,665,500
EXPENDITURES BY CLASS					
Personnel Cost	51,268,400	67,476,500	69,439,000	56,711,500	57,119,800
Operating Expenses	26,471,200	27,657,300	27,161,000	25,312,300	24,847,100
Debt Service			2,015,000	128,000	384,000
Capital Outlay	1,440,000	4,870,000	4,210,600	1,789,300	1,194,600
Construction	120,000	120,000	120,000	120,000	120,000
TOTAL EXPENDITURES	79,299,600	100,123,800	102,945,600	84,061,100	83,665,500
EXPENDITURES BY FUND SOURCE					
General Fund	32,714,300	46,238,400	47,493,200	33,742,700	33,811,100
Restricted Funds	9,296,900	9,835,800	10,771,900	10,437,800	9,733,000
Federal Funds	37,288,400	44,049,600	44,680,500	39,880,600	40,121,400
TOTAL EXPENDITURES	79,299,600	100,123,800	102,945,600	84,061,100	83,665,500
EXPENDITURES BY UNIT					
Administrative Support	60,104,500	75,830,100	78,521,700	61,468,600	61,484,400
Inspector General	19,195,100	24,293,700	24,423,900	22,592,500	22,181,100
TOTAL EXPENDITURES	79,299,600	100,123,800	102,945,600	84,061,100	83,665,500

General Administration and Program Support consists of Administrative Support and the Office of the Inspector General.

The Administrative Support area includes the Office of the Secretary, the Office of Legal Services, the Office of Communications and Administrative Review, the Office of Human Resource Management, the Office of Policy and Budget, the Office of Administrative and Technology Services, the Office of the Ombudsman, and the Governor's Office of Electronic Health Information. These offices provide policy, administrative, legal, financial, technological, and personnel support services to the program areas of the Cabinet.

The Office of the Inspector General (OIG) provides support to other programs in the Cabinet for Health and Family Services as well as its programmatic functions of health care facility licensure and child care facility regulation. The OIG consists of three Divisions; 1) Division of Audits and Investigations, 2) Division of Regulated Child Care, and the 3) Division of Health Care.

**Health and Family Services
General Administration and Program Support
Administrative Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,345,800	38,318,200	40,347,500	27,027,400	27,313,100
State Salary and Compensation Allocation	647,400				
Mandated Expenditure Reductions	-1,150,500				
Total General Fund	27,842,700	38,318,200	40,347,500	27,027,400	27,313,100
Restricted Funds					
Balance Forward	656,300	554,200	341,900	554,200	274,300
Current Receipts	2,681,000	2,681,000	3,253,300	2,681,000	2,681,000
Non-Revenue Receipts	5,699,800	5,524,800	5,524,800	5,524,800	5,524,800
Fund Transfers	-274,700				
Total Restricted Funds	8,762,400	8,760,000	9,120,000	8,760,000	8,480,100
Federal Funds					
Balance Forward	3,132,300				
Current Receipts	21,431,000	29,093,800	29,183,800	25,955,500	25,691,200
Total Federal Funds	24,563,300	29,093,800	29,183,800	25,955,500	25,691,200
TOTAL SOURCE OF FUNDS	61,168,400	76,172,000	78,651,300	61,742,900	61,484,400
EXPENDITURES BY CLASS					
Personnel Cost	35,089,400	46,523,400	47,634,700	37,441,800	37,540,500
Operating Expenses	24,055,100	24,960,400	24,841,400	22,633,200	22,545,300
Debt Service			2,015,000	128,000	384,000
Capital Outlay	840,000	4,226,300	3,910,600	1,145,600	894,600
Construction	120,000	120,000	120,000	120,000	120,000
TOTAL EXPENDITURES	60,104,500	75,830,100	78,521,700	61,468,600	61,484,400
EXPENDITURES BY FUND SOURCE					
General Fund	27,333,000	38,318,200	40,347,500	27,027,400	27,313,100
Restricted Funds	8,208,200	8,418,100	8,990,400	8,485,700	8,480,100
Federal Funds	24,563,300	29,093,800	29,183,800	25,955,500	25,691,200
TOTAL EXPENDITURES	60,104,500	75,830,100	78,521,700	61,468,600	61,484,400

Administrative Support provides funding for eight organizational units within the Cabinet for Health and Family Services including the Office of the Secretary, the Office of Legal Services, the Office of Communications and Administrative Review, the Office of Human Resource Management, the Office of Policy and Budget, the Office of Administrative and Technology Services, the Office of the Ombudsman and the Governor's Office of Electronic Health Information.

The Office of the Secretary provides oversight and leadership for the Cabinet and its programs.

The Office of Legal Services provides legal advice and assistance to all units of the Cabinet in any legal action in which it may be involved. This office provides legal representation for the Cabinet in federal courts, state courts, and before quasi-judicial and administrative bodies; administers all personal service contracts of the Cabinet for legal services; assists in drafting and reviewing legislation, regulations, statutes, and other legal documents and instruments; and provides the Secretary, Commissioners, and Directors in the Cabinet with the legal advice and representation necessary for them to properly administer the Cabinet's programs.

The Office of Communications and Administrative Review is responsible for providing qualified administrative law judges/hearing officials to conduct administrative hearings related to Cabinet matters, overseeing and monitoring legislative activities, and representing the Cabinet in matters of public information, including media inquiries, open records requests, press releases, public relations, and internal communications.

The Office of Human Resource Management serves all Cabinet employees and programs and provides payroll and health benefits administration, equal employment opportunity compliance, and professional development and training activities. This office serves as the Cabinet's appointing authority and performs all the duties, responsibilities and functions required to maintain an effective and efficient personnel management system in accordance with the Kentucky Revised Statutes, Kentucky

Administrative Regulations, and the policy guidelines of the Secretary of the Cabinet.

The Office of Policy and Budget is responsible for the coordination of budgetary, administrative and legislative activities of the Cabinet's agencies on behalf of the Office of the Secretary. This Office reviews and coordinates activities related to programmatic issues across agency lines within the Cabinet as well as with other agencies in state government outside the Cabinet, including the Governor's Office for Policy and Management, the Finance and Administration Cabinet and the Legislative Branch of government. Functional areas of oversight include contract monitoring, grants, administrative regulations, legislation and budget.

The Office of Administrative and Technology Services consists of Cabinet functions related to accounting, facilities management, procurement, and technology services. Accounting services is responsible for tracking of accounting and payments including travel for the Cabinet; filing required financial reports, including federal cash management activities; responding to audits of the Cabinet's programs, and providing maintenance and security of the accounting systems. Facility Services is responsible for monitoring all facilities of the Cabinet, including space design and utilization, establishment, monitoring, and reporting on safety programs, property insurance, claims processing, preparation and maintenance of the Cabinet's Six-Year Capital Plan; coordinating, tracking, and monitoring capital construction projects; tracking and reporting on the Cabinet's physical assets and public records. Procurement services oversees the purchasing and procurement process, provides technical support to Cabinet staff in procurement and contracting procedures, and ensures compliance with all applicable statutes, regulations, policy, and procedures related to procurement. Technology services provides strategic direction and oversight of technology resources for the Cabinet, including technical support services, system security, statewide system services, monitoring technology purchase requests, and other technology-related services and initiatives. Technology services is also responsible for maintaining high quality technology, managing and maintaining the Cabinet's network, installing and supporting voice communication systems, and supervising the development, operation, and security of the extensive statewide application systems that support direct delivery of statewide services.

The Office of the Ombudsman answers questions from recipients of CHFS programs and provides information to the public about CHFS programs. The Office also investigates customer complaints and works with CHFS management to resolve them. The Ombudsman advises CHFS management regarding patterns of complaints and recommends corrective action when appropriate. Staff conducts federally mandated management evaluation and access reviews for the food stamp program and assists in writing county and regional corrective action plans. The Office is responsible for determining administrative hearing eligibility related to service complaints regarding the Department for Community Based Services Protection and Permanency cases and requests to appeal child abuse and/or child neglect substantiations. The CHFS Institutional Review Board for the Protection of Human Subjects is housed within the Office of the Ombudsman. The Board reviews and approves all research projects conducted by CHFS or involving CHFS clients or employees as subjects to ensure that the safety and welfare of the research subjects is protected.

The Governor's Office of Electronic Health Information (GOEHI) was created by Executive Order 2009-770 in August of 2009 to serve as a focal point for e-health initiatives in the Commonwealth in light of the health information provisions of the American Recovery and Reinvestment Act. GOEHI is to assist with electronic health technology to improve patient care, reduce medical errors, and make more efficient use of health care dollars by reducing redundant services.

Policy

The Executive Budget includes General Fund in the amount of \$128,000 in fiscal year 2013 and \$384,000 in fiscal year 2014 to support \$5,000,000 in bonds for the cabinets 2012-2014 Maintenance Pool project.

The Executive Budget includes \$2,445,000 in fiscal year 2013 and \$1,820,000 in fiscal year 2014 for the Kentucky All Schedule Prescription Electronic Reporting System (KASPER) maintenance, ongoing operations, and enhanced analysis to monitor the prescribing and dispensing of controlled substances.

**Health and Family Services
General Administration and Program Support
Inspector General**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,407,600	7,920,200	7,145,700	6,715,300	6,498,000
State Salary and Compensation Allocation	392,400				
Mandated Expenditure Reductions	-109,800				
Total General Fund	5,690,200	7,920,200	7,145,700	6,715,300	6,498,000
Restricted Funds					
Balance Forward	672,500	699,100	534,400	699,100	
Current Receipts	1,252,500	1,278,000	1,277,900	1,278,000	1,277,900
Non-Revenue Receipts	-25,000	-25,000	-25,000	-25,000	-25,000
Fund Transfers	-112,200				
Total Restricted Funds	1,787,800	1,952,100	1,787,300	1,952,100	1,252,900
Federal Funds					
Balance Forward	1,223,100				
Current Receipts	11,502,000	14,955,800	15,496,700	13,925,100	14,430,200
Total Federal Funds	12,725,100	14,955,800	15,496,700	13,925,100	14,430,200
TOTAL SOURCE OF FUNDS	20,203,100	24,828,100	24,429,700	22,592,500	22,181,100
EXPENDITURES BY CLASS					
Personnel Cost	16,179,000	20,953,100	21,804,300	19,269,700	19,579,300
Operating Expenses	2,416,100	2,696,900	2,319,600	2,679,100	2,301,800
Capital Outlay	600,000	643,700	300,000	643,700	300,000
TOTAL EXPENDITURES	19,195,100	24,293,700	24,423,900	22,592,500	22,181,100
EXPENDITURES BY FUND SOURCE					
General Fund	5,381,300	7,920,200	7,145,700	6,715,300	6,498,000
Restricted Funds	1,088,700	1,417,700	1,781,500	1,952,100	1,252,900
Federal Funds	12,725,100	14,955,800	15,496,700	13,925,100	14,430,200
TOTAL EXPENDITURES	19,195,100	24,293,700	24,423,900	22,592,500	22,181,100

The Office of the Inspector General has three divisions: the Division of Audits and Investigations, the Division of Regulated Child Care, and the Division of Health Care. The general authority for the Office of the Inspector General is codified within KRS 194A.030.

The Division of Audits and Investigations examines Cabinet programs to assess contractor compliance with state and federal laws and regulations. In accordance with KRS 194A.030, the Division is responsible for conducting audits of programs within the Cabinet for Health and Family Services, their grantees and contractors. The Division conducts investigations to detect fraud or abuse of any program by any client, or vendor of services with whom the Cabinet has contracted. Special investigations may be requested by the Secretary, commissioners, or agency heads into matters related to the Cabinet and its programs. The Division notifies and forwards any information relevant to possible criminal violations to the appropriate prosecuting authority. The agency operates a toll-free welfare and Medicaid fraud and abuse hotline (mandated by KRS 205.8483 and 42 CFR 455), conducts investigations of Women, Infants, and Children program vendors, and collects and reports data on assistance program fraud investigations by the Office of the Inspector General and the Office of the Attorney General. This division also maintains the Kentucky All Schedule Prescription Enforcement Reporting or KASPER system.

The Division of Regulated Child Care is charged with licensing certified Family Day Care homes, licensed day care centers (Type I and II), child caring facilities, child-placing agencies, and private adoptive service agencies. This includes initial licensure surveys, yearly re-licensure surveys, and complaint surveys.

The Division of Health Care conducts on-site inspections of all health facilities and services throughout the state (including nursing homes, hospitals and laboratories) to determine compliance with state licensing standards and federal Medicare and Medicaid certification requirements. The Division also investigates allegations of abuse and neglect that may occur in a licensed health facility.

**Health and Family Services
Comm for Children with Special Health Care Needs**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,934,700	5,931,900	6,351,400	4,674,000	4,761,600
State Salary and Compensation Allocation	242,700				
Mandated Expenditure Reductions	-174,000				
Total General Fund	5,003,400	5,931,900	6,351,400	4,674,000	4,761,600
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	350,000	100,000		100,000	
Budget Reduction-General Fund Tobacco	-136,400				
Total Tobacco Settlement - Phase I	213,600	100,000		100,000	
Restricted Funds					
Balance Forward	1,059,000				
Current Receipts	5,962,900	7,021,900	7,021,900	7,021,900	7,021,900
Non-Revenue Receipts	-50,000	-51,100	-51,100	-51,100	-51,100
Fund Transfers	-149,500				
Total Restricted Funds	6,822,400	6,970,800	6,970,800	6,970,800	6,970,800
Federal Funds					
Current Receipts	4,468,400	4,663,800	4,566,100	4,663,800	4,566,100
Total Federal Funds	4,468,400	4,663,800	4,566,100	4,663,800	4,566,100
TOTAL SOURCE OF FUNDS	16,507,800	17,666,500	17,888,300	16,408,600	16,298,500
EXPENDITURES BY CLASS					
Personnel Cost	10,681,700	12,070,400	12,417,200	10,987,500	11,063,200
Operating Expenses	2,033,200	2,024,600	1,991,900	1,953,000	1,898,000
Grants Loans Benefits	3,269,400	3,311,500	3,314,100	3,208,100	3,172,200
Capital Outlay	308,000	260,000	165,100	260,000	165,100
TOTAL EXPENDITURES	16,292,300	17,666,500	17,888,300	16,408,600	16,298,500
EXPENDITURES BY FUND SOURCE					
General Fund	4,803,700	5,931,900	6,351,400	4,674,000	4,761,600
Tobacco Settlement - Phase I	197,800	100,000		100,000	
Restricted Funds	6,822,400	6,970,800	6,970,800	6,970,800	6,970,800
Federal Funds	4,468,400	4,663,800	4,566,100	4,663,800	4,566,100
TOTAL EXPENDITURES	16,292,300	17,666,500	17,888,300	16,408,600	16,298,500
EXPENDITURES BY UNIT					
Children's Health Services	16,292,300	17,666,500	17,888,300	16,408,600	16,298,500
TOTAL EXPENDITURES	16,292,300	17,666,500	17,888,300	16,408,600	16,298,500

The Commission for Children with Special Health Care Needs (CCSHCN) has over 80 years experience in providing care for children with a variety of special needs. Through the years, the Commission has evolved from providing surgeries for “crippled children” to offering comprehensive medical care for children with a range of complex needs. A family-centered approach ensures that the family is valued as an integral part of the care plan and services are provided to assist the family in meeting children’s needs.

The Commission is charged with planning, developing, providing, and evaluating the public statewide system of care for children with special health care needs and providing early hearing and detection intervention services. The Commission for Children with Special Health Care Needs works collaboratively with other agencies to assure services to children with disabilities are comprehensive, community-based, family-centered, and coordinated, thus avoiding duplication and fragmentation of the service delivery system. Accessibility is a key component of the delivery system. The program provides an array of preventative, diagnostic, and treatment services for special needs children and youth under 21 including: medical care, hospitalization, medications, durable medical goods, case management, therapy, transportation, and nutritional education. Because rapid advances in medical science have enabled over 90 percent of youth with disabilities and chronic conditions to reach adulthood, the program has expanded its focus to include services and supports for academic achievement, transition from education to employment, from pediatric to adult health care, and to independent living. Because health care is so critical to learning and success in school, CCSHCN has entered into an active partnership with the Kentucky Department of Education and other health, education, and social services providers to support children and youth and families and their schools. The Early Hearing

Detection and Intervention Program provides surveillance and support for statewide screening for the early detection of hearing disorders and referral for follow-up treatment. The Hemophilia Program provides medical and social services to children and adults with blood disorders. The Foster Care Program represents a collaborative effort with the Department of Community Based Services to provide medical consultation services to the foster care support program by making regular home visits to the entire population of medically fragile foster care children and acting as onsite, medical resources for the social workers charged with responsibility for both children who are currently in the child welfare system and those who may be at risk for entering that system.

The family's financial status plays a role in determining whether the child is accepted into the Children with Special Health Care Needs Program and/or Hemophilia Program. All families with incomes below 300 percent of the federal poverty level are accepted. A sliding fee scale based on income and number in household determines what percentage of the cost each family pays for treatment. Individuals who fall above the program's maximum income guidelines can still receive services if they are uninsured, reside in medically under-served areas of the state, have certain high cost conditions or conditions that benefit from a multi-disciplinary approach, require durable medical equipment or hearing aids, and/or require services that are exclusions on their private insurance plans. These families benefit from the Commission's discounted rates with contracted providers and are required to reimburse the Commission for treatment costs. This allows the Commission to further assist in communities where specialized medical care is unavailable.

**Health and Family Services
Medicaid Services**

	Revised FY2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,471,195,700	1,457,401,900	1,587,997,000	1,340,451,800	1,516,479,700
State Salary and Compensation Allocation	296,900				
Special Appropriation	-97,295,800				
Continuing Approp.-General Fund	16,350,700				
Mandated Expenditure Reductions	-744,500				
Total General Fund	1,389,803,000	1,457,401,900	1,587,997,000	1,340,451,800	1,516,479,700
Restricted Funds					
Balance Forward	41,340,700				
Current Receipts	62,032,000	62,032,000	62,032,000	62,078,400	62,063,200
Non-Revenue Receipts	338,992,700	339,402,500	342,407,400	388,928,100	346,819,500
Total Restricted Funds	442,365,400	401,434,500	404,439,400	451,006,500	408,882,700
Federal Funds					
Balance Forward	47,950,800				
Current Receipts	4,309,998,900	4,288,238,400	5,347,341,100	4,118,428,600	4,397,727,200
Total Federal Funds	4,357,949,700	4,288,238,400	5,347,341,100	4,118,428,600	4,397,727,200
TOTAL SOURCE OF FUNDS	6,190,118,100	6,147,074,800	7,339,777,500	5,909,886,900	6,323,089,600
EXPENDITURES BY CLASS					
Personnel Cost	76,526,700	79,311,900	86,629,700	74,167,000	74,349,600
Operating Expenses	1,672,700	2,224,200	2,467,900	1,672,700	1,672,700
Grants Loans Benefits	6,111,624,900	6,065,513,700	7,250,654,900	5,833,660,700	6,246,319,300
Debt Service				361,500	723,000
Capital Outlay	25,000	25,000	25,000	25,000	25,000
TOTAL EXPENDITURES	6,189,849,300	6,147,074,800	7,339,777,500	5,909,886,900	6,323,089,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,389,534,200	1,457,401,900	1,587,997,000	1,340,451,800	1,516,479,700
Restricted Funds	442,365,400	401,434,500	404,439,400	451,006,500	408,882,700
Federal Funds	4,357,949,700	4,288,238,400	5,347,341,100	4,118,428,600	4,397,727,200
TOTAL EXPENDITURES	6,189,849,300	6,147,074,800	7,339,777,500	5,909,886,900	6,323,089,600
EXPENDITURES BY UNIT					
Medicaid Administration	109,542,200	113,482,900	121,019,400	106,751,400	107,270,500
Medicaid Benefits	6,080,307,100	6,033,591,900	7,218,758,100	5,803,135,500	6,215,819,100
TOTAL EXPENDITURES	6,189,849,300	6,147,074,800	7,339,777,500	5,909,886,900	6,323,089,600

Medicaid Services is comprised of two appropriation units: Administration and Benefits. Additionally, two major programs operate within each of those appropriation units: the Kentucky Medical Assistance program (regular Medicaid program) and the Kentucky Children's Health Insurance program (KCHIP).

The Medical Assistance program provides for comprehensive physical and behavioral health services by reimbursing providers for health care provided to medically indigent Kentuckians. The Department reimburses providers directly on a fee-for-service basis or indirectly through contractual arrangements with managed care organizations who receive a monthly capitation payment for each enrolled recipient. Eligibility for services is determined by staff in each county through a contractual agreement with the Department for Community Based Services. Individuals may automatically qualify for benefits if they are eligible for Supplemental Security Income benefits administered by the Social Security Administration.

KCHIP provides for comprehensive physical and behavioral health services for uninsured children up to 200 percent of the federal poverty level who are not otherwise eligible for Medicaid.

**Health and Family Services
Medicaid Services
Medicaid Administration**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	35,940,100	36,690,800	39,954,000	35,954,500	36,404,800
State Salary and Compensation Allocation	296,900				
Mandated Expenditure Reductions	-744,500				
Total General Fund	35,492,500	36,690,800	39,954,000	35,954,500	36,404,800
Restricted Funds					
Balance Forward	10,845,200				
Current Receipts	22,000	22,000	22,000	68,400	53,200
Non-Revenue Receipts	3,229,700	14,549,300	14,632,800	14,074,900	14,074,900
Total Restricted Funds	14,096,900	14,571,300	14,654,800	14,143,300	14,128,100
Federal Funds					
Balance Forward	17,358,800				
Current Receipts	42,862,800	62,220,800	66,410,600	56,653,600	56,737,600
Total Federal Funds	60,221,600	62,220,800	66,410,600	56,653,600	56,737,600
TOTAL SOURCE OF FUNDS	109,811,000	113,482,900	121,019,400	106,751,400	107,270,500
EXPENDITURES BY CLASS					
Personnel Cost	76,526,700	79,311,900	86,629,700	74,167,000	74,349,600
Operating Expenses	1,672,700	2,224,200	2,467,900	1,672,700	1,672,700
Grants Loans Benefits	31,317,800	31,921,800	31,896,800	30,525,200	30,500,200
Debt Service				361,500	723,000
Capital Outlay	25,000	25,000	25,000	25,000	25,000
TOTAL EXPENDITURES	109,542,200	113,482,900	121,019,400	106,751,400	107,270,500
EXPENDITURES BY FUND SOURCE					
General Fund	35,223,700	36,690,800	39,954,000	35,954,500	36,404,800
Restricted Funds	14,096,900	14,571,300	14,654,800	14,143,300	14,128,100
Federal Funds	60,221,600	62,220,800	66,410,600	56,653,600	56,737,600
TOTAL EXPENDITURES	109,542,200	113,482,900	121,019,400	106,751,400	107,270,500
EXPENDITURES BY UNIT					
Medical Assistance Administration	107,922,100	111,862,800	119,399,300	105,131,300	105,650,400
KCHIP Administration	1,620,100	1,620,100	1,620,100	1,620,100	1,620,100
TOTAL EXPENDITURES	109,542,200	113,482,900	121,019,400	106,751,400	107,270,500

Administrative functions of the Medicaid program and the Kentucky Children's Health Insurance program (KCHIP) include determining applicant eligibility, formulating policy, processing claims, assuring appropriate utilization of medical services, and managed care oversight. For the fee for service elements of the program, claims are paid through contracts with a fiscal agent and a pharmacy benefits administrator. For the managed care elements of the program, a monthly capitation fee for each member is paid. The Medicaid program contracts for medical review of acute care admissions, level of care determinations for long-term care patients, and care reviews for recipients in mental hospitals and psychiatric facilities.

The Department for Community Based Services performs the eligibility determination function on behalf of the Department for Medicaid Services through a contractual arrangement. The Department for Medicaid Services also administers KCHIP, a program to provide health care services for uninsured children with family incomes below 200 percent of the federal poverty level but above the federal income level for the Medicaid Program.

Policy

Included in the General Fund is \$361,500 in fiscal year 2013 and \$723,000 in fiscal year 2014 for debt service for a new Medicaid Eligibility System. The project will provide for the design, development and implementation of a web-based Medicaid Eligibility System. The federal government will pay for \$45,000,000 of the expected \$50,000,000 total project cost.

Health and Family Services

Medicaid Services

Medicaid Benefits

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,435,255,600	1,420,711,100	1,548,043,000	1,304,497,300	1,480,074,900
Special Appropriation	-97,295,800				
Continuing Approp.-General Fund	16,350,700				
Total General Fund	1,354,310,500	1,420,711,100	1,548,043,000	1,304,497,300	1,480,074,900
Restricted Funds					
Balance Forward	30,495,500				
Current Receipts	62,010,000	62,010,000	62,010,000	62,010,000	62,010,000
Non-Revenue Receipts	335,763,000	324,853,200	327,774,600	374,853,200	332,744,600
Total Restricted Funds	428,268,500	386,863,200	389,784,600	436,863,200	394,754,600
Federal Funds					
Balance Forward	30,592,000				
Current Receipts	4,267,136,100	4,226,017,600	5,280,930,500	4,061,775,000	4,340,989,600
Total Federal Funds	4,297,728,100	4,226,017,600	5,280,930,500	4,061,775,000	4,340,989,600
TOTAL SOURCE OF FUNDS	6,080,307,100	6,033,591,900	7,218,758,100	5,803,135,500	6,215,819,100
EXPENDITURES BY CLASS					
Grants Loans Benefits	6,080,307,100	6,033,591,900	7,218,758,100	5,803,135,500	6,215,819,100
TOTAL EXPENDITURES	6,080,307,100	6,033,591,900	7,218,758,100	5,803,135,500	6,215,819,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,354,310,500	1,420,711,100	1,548,043,000	1,304,497,300	1,480,074,900
Restricted Funds	428,268,500	386,863,200	389,784,600	436,863,200	394,754,600
Federal Funds	4,297,728,100	4,226,017,600	5,280,930,500	4,061,775,000	4,340,989,600
TOTAL EXPENDITURES	6,080,307,100	6,033,591,900	7,218,758,100	5,803,135,500	6,215,819,100
EXPENDITURES BY UNIT					
Medicaid Benefits	5,914,552,200	5,861,425,100	7,039,603,800	5,630,968,700	6,036,664,800
KCHIP Benefits	165,754,900	172,166,800	179,154,300	172,166,800	179,154,300
TOTAL EXPENDITURES	6,080,307,100	6,033,591,900	7,218,758,100	5,803,135,500	6,215,819,100

The Kentucky Medicaid program, under Title XIX of the Social Security Act and KRS 205.520, provides for preventive and remedial medical care for financially and medically indigent citizens in Kentucky who meet the income and resource criteria for Medicaid eligibility. The following services are currently provided by Kentucky's Medicaid program: inpatient hospital, physician services, nursing facility services, outpatient hospital, home health, family planning, - laboratory and radiology, dental, transportation (both non-emergency and emergency), vision care, hearing, intermediate care facilities for the mentally retarded, pharmacy, community mental health, mental hospitals, psychiatric residential treatment facilities, renal dialysis services, primary care/rural health clinic, podiatry, alternative intermediate services for mentally retarded (Supports for Community Living and Michelle P waivers), Brain Injury waiver (Acute and Long Term Care), ambulatory surgical centers, home and community-based waiver, adult day care, nurse midwife, nurse anesthetist, Hospice, preventive services, targeted case management, school-based services, home-based services for children who are ventilator dependent, durable medical equipment, portable x-ray, nurse practitioner, chiropractor, and other medically necessary diagnostic and treatment services for children through the Early Periodic Screening Diagnostic and Treatment Program.

Medicare beneficiaries with incomes below the poverty level receive Medicaid assistance for payment of Medicare premiums, deductibles and cost sharing. These individuals are Qualified Medicare Beneficiaries (QMBs). Individuals at the lowest income levels are entitled to full Medicaid benefits and the payment of co-payments for some non-Medicaid covered services including physical therapy, occupational therapy, psychologists, licensed clinical social worker, physician assistant, and comprehensive outpatient rehabilitative facility services. Medicare beneficiaries with income levels slightly higher than poverty receive Medicaid assistance for payment of Medicare premiums. These individuals are Specified Low-Income Medicare Beneficiaries (SLMBs).

Kentucky Medical Assistance Program (KMAP) Recipient Groups

Individuals who are eligible for KMAP benefits are classified into two groups: those who already qualify for some type of financial assistance due to eligibility for another program (categorically eligible) and those eligible for medical assistance only (medically needy).

Categorically Eligible: This group includes the following individuals: low-income families with dependent children, children in foster

care, adults 65 years of age or older and individuals who are blind or disabled with income below eligibility thresholds. Individuals in this group may receive grant money from Temporary Assistance to Needy Families (TANF), State Supplementation, or the Supplemental Security Income (SSI) programs. Any SSI or State Supplementation recipient as well as any individual who meets the technical and financial requirements of the Aid to Families with Dependent Children program as it existed on July 16, 1996, is automatically eligible for Medicaid.

Medically Needy: Individuals in this group meet a categorical requirement but exceed the established income and resource standards. They do not qualify for any financial assistance but their income is insufficient to meet all or part of their medical needs. This group includes: pregnant women and infants in households with income less than 185 percent of the Federal Poverty Level (FPL); children under age six with household income under 133 percent of FPL; children, ages six to 19 years in families with income not exceeding 100 percent of the FPL; and individuals who “spend down” their resources by incurring medical expenses so that they are able to meet the income guidelines.

2011 Poverty Guidelines	
<u>Family Size</u>	<u>Monthly Income</u>
1	\$908
2	\$1,226
3	\$1,545
4	\$1,863
5	\$2,181
6	\$2,500
7	\$2,818
8	\$3,136

Although the aged, blind, and disabled (both categorically and medically needy) represent only 33 percent of the Medicaid population, they account for approximately 64 percent of Medicaid expenditures. The recommended budget assumes average monthly Medicaid eligibles of 852,470 in fiscal year 2013 and 870,550 in fiscal year 2014; and average monthly KCHIP eligibles of 67,993 in fiscal year 2013 and 69,103 in fiscal year 2014.

Projecting Benefits Cost

Forecasting models were combined in the preparation of the Medicaid Benefits projections. Both the Office of State Budget Director (OSBD) and the Department for Medicaid Services (DMS) prepared cash forecasts to arrive at a consensus forecast. These forecasts examine past trends in categorical spending to generate projections for future cash expenditures, adjusting for policy changes. It should be noted that fewer members and services remain under fee-for-service due to the expansion of managed care which was implemented November 1, 2011. Using member eligibility information, historical monthly cash fee-for-service data was classified as either fee-for-service or managed care. Managed care costs were calculated based on the monthly member forecast and the negotiated rates with the contracted managed care organizations. The managed care portion of the budget does not include individual categories of service; therefore, total projected costs for individual services cannot be determined.

Provider Taxes

Although the majority of the funds that the Commonwealth uses to match federal Medicaid dollars are derived from the General Fund, approximately 25 percent of the program’s fiscal year 2011 and 20 percent of the program’s fiscal year 2012 expenditure match will be secured from dedicated provider assessments. The assessments are levied on hospitals, home health agencies, Intermediate Care Facilities for the Mentally Retarded, providers of alternative community services and long-term care facilities. The recommended budget assumes continuation of the current level of provider tax collections to maintain existing reimbursement levels for hospitals established in state fiscal year 2006.

Disproportionate Share Hospital (DSH) Payments

The fiscal year 2012 budget includes funding for Disproportionate Share Hospital (DSH) payments of \$209,100,000 and \$215,400,000 and \$221,800,000 in fiscal years 2013 and 2014, respectively. Disproportionate Share Hospital payments to state mental hospitals are budgeted at approximately \$37,443,073 in each year of the biennium. This budget includes funds transferred from the university teaching hospitals to be used as state matching funds for the portion of DSH funds received by those facilities.

Managed Care

The Executive Budget assumes that the Region Three Medicaid managed care partnership (Passport) will continue to operate in Jefferson County and the 15 surrounding counties. In addition, as of November 1, 2011, services will be provided through 3 contracted managed care organizations in the remaining 7 regions of the Commonwealth. Recipients in long term care facilities and waiver programs are excluded from managed care enrollment.

Benefit Match Rate

The Executive Budget assumes a federal medical assistance percentage of 70.71 for state fiscal year 2013 and 70.55 percent for state fiscal year 2014 for most budget items. The federal Medicaid match rate assumed for KCHIP is 79.50 percent in fiscal

year 2013 and 79.39 percent in fiscal year 2014.

Quality and Charity Care Trust Fund

To the extent that all parties agree, the General Fund appropriation of the Quality and Charity Care Trust Fund may be transferred to the Department for Medicaid Services Benefits budget.

Kentucky Children's Health Insurance Program (KCHIP)

The Kentucky Children's Health Insurance program was initiated under Title XXI of the Social Security Act and serves eligible children up to 200 percent of the federal poverty level.

The CHIP program was officially reauthorized effective April 1, 2009 with enactment of the Children's Health Insurance Program Reauthorization Act (CHIPRA). CHIPRA restructured the funding formula in order to provide, to the extent possible, predictable and adequate federal funding for the program through September 2013.

Policy

The Executive Budget provides additional General Fund of \$3,300,000 in fiscal year 2013 and \$10,200,000 in fiscal year 2014 to continue the roll-out of the Supports for Community Living program. There will be 450 slots added in fiscal year 2013 and an additional 350 slots added in fiscal year 2014 for a total of 800 new slots added over the biennium. The total funds added to the Supports for Community Living program for increased slots for fiscal year 2013 is \$11,266,600 and \$34,635,100 in fiscal year 2014.

The Executive Budget provides additional funding to seek a Medicaid State Plan Amendment to serve individuals with severe mental illness who are Medicaid eligible and who are either institutionalized or at risk of being institutionalized. Services will be targeted to improve housing status, secure employment and build support networks. General Fund of \$600,000 in fiscal year 2013 and \$1,200,000 in fiscal year 2014 is included in the Executive Budget to provide 200 new slots in fiscal year 2013 and an additional 400 slots in fiscal year 2014 for a total of 600 new slots in the biennium. The total funds added for this new program for the severely mentally ill is \$2,048,500 in fiscal year 2013 and \$4,074,700 in fiscal year 2014.

The Executive Budget provides additional funding to seek a Medicaid State Plan Amendment to serve Medicaid eligible adolescents and adults with substance use disorders (SUD). Services will include individual therapy, group therapy, peer support and intensive case management. General Fund of \$3,400,000 in fiscal year 2013 and \$4,400,000 in fiscal year 2014 is included in the Executive Budget to provide 4,500 new slots in fiscal year 2013 and an additional 1,300 slots in fiscal year 2014 for a total of 5,800 new slots in the biennium. The total funds added for this new program substance use disorder treatment is \$11,608,000 in fiscal year 2013 and \$14,940,600 in fiscal year 2014.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	179,705,100	228,437,600	253,988,700	182,593,000	197,183,600
State Salary and Compensation Allocation	782,900				
Total General Fund	180,488,000	228,437,600	253,988,700	182,593,000	197,183,600
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	900,000	822,100	794,100	683,400	697,400
Continuing Approp.-Tobacco Settlement	69,300				
Budget Reduction-General Fund Tobacco	-56,700				
Total Tobacco Settlement - Phase I	912,600	822,100	794,100	683,400	697,400
Restricted Funds					
Balance Forward	2,024,806				
Current Receipts	234,990,994	222,970,900	222,443,000	220,846,100	220,851,700
Non-Revenue Receipts	5,678,600	5,932,100	5,953,100	5,886,100	5,890,100
Fund Transfers	-2,019,700				
Total Restricted Funds	240,674,700	228,903,000	228,396,100	226,732,200	226,741,800
Federal Funds					
Current Receipts	37,787,000	35,232,700	35,271,700	35,115,300	35,189,000
Total Federal Funds	37,787,000	35,232,700	35,271,700	35,115,300	35,189,000
TOTAL SOURCE OF FUNDS	459,862,300	493,395,400	518,450,600	445,123,900	459,811,800
EXPENDITURES BY CLASS					
Personnel Cost	123,974,400	131,473,400	133,606,900	127,639,700	128,956,400
Operating Expenses	22,339,800	21,634,500	21,644,700	21,523,700	21,533,900
Grants Loans Benefits	312,568,900	340,131,900	356,259,400	295,753,900	301,346,100
Debt Service			6,784,000	51,000	7,819,800
Capital Outlay	207,500	155,600	155,600	155,600	155,600
TOTAL EXPENDITURES	459,090,600	493,395,400	518,450,600	445,123,900	459,811,800
EXPENDITURES BY FUND SOURCE					
General Fund	179,716,300	228,437,600	253,988,700	182,593,000	197,183,600
Tobacco Settlement - Phase I	912,600	822,100	794,100	683,400	697,400
Restricted Funds	240,674,700	228,903,000	228,396,100	226,732,200	226,741,800
Federal Funds	37,787,000	35,232,700	35,271,700	35,115,300	35,189,000
TOTAL EXPENDITURES	459,090,600	493,395,400	518,450,600	445,123,900	459,811,800
EXPENDITURES BY UNIT					
Community Behavioral Health	123,362,400	129,362,900	129,500,700	120,707,600	120,767,200
Community Developmental and Intellectual Disabilities	27,576,300	27,903,100	27,996,300	27,589,800	27,683,900
General Support	32,721,400	52,393,300	52,509,100	33,688,300	34,376,300
Residential	275,430,500	283,736,100	308,444,500	263,138,200	276,984,400
TOTAL EXPENDITURES	459,090,600	493,395,400	518,450,600	445,123,900	459,811,800

The Department for Behavioral Health, Developmental and Intellectual Disabilities operates mental health, mental retardation, substance abuse, developmental disability, and brain injury programs. Services are provided in the community and in state-owned, state-operated and contracted residential facilities. Approximately 1,300 inpatients are cared for daily in the facilities operated or contracted by the cabinet, and several thousand more are treated as outpatients in the community setting by the 14 Regional Mental Health and Mental Retardation Boards.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Community Behavioral Health

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	46,798,900	55,369,700	55,532,800	46,857,700	46,897,700
State Salary and Compensation Allocation	16,000				
Total General Fund	46,814,900	55,369,700	55,532,800	46,857,700	46,897,700
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	900,000	822,100	794,100	683,400	697,400
Continuing Approp.-Tobacco Settlement	69,300				
Budget Reduction-General Fund Tobacco	-56,700				
Total Tobacco Settlement - Phase I	912,600	822,100	794,100	683,400	697,400
Restricted Funds					
Balance Forward	1,888,806				
Current Receipts	38,630,694	40,452,000	40,452,000	40,455,100	40,460,700
Non-Revenue Receipts	2,757,300	2,828,600	2,830,000	2,824,800	2,824,800
Fund Transfers	-1,800				
Total Restricted Funds	43,275,000	43,280,600	43,282,000	43,279,900	43,285,500
Federal Funds					
Current Receipts	32,448,400	29,890,500	29,891,800	29,886,600	29,886,600
Total Federal Funds	32,448,400	29,890,500	29,891,800	29,886,600	29,886,600
TOTAL SOURCE OF FUNDS	123,450,900	129,362,900	129,500,700	120,707,600	120,767,200
EXPENDITURES BY CLASS					
Personnel Cost	4,525,400	5,049,000	5,071,100	4,859,800	4,852,300
Operating Expenses	573,800	576,500	576,500	573,800	573,800
Grants Loans Benefits	118,263,200	123,737,400	123,853,100	115,274,000	115,341,100
TOTAL EXPENDITURES	123,362,400	129,362,900	129,500,700	120,707,600	120,767,200
EXPENDITURES BY FUND SOURCE					
General Fund	46,726,400	55,369,700	55,532,800	46,857,700	46,897,700
Tobacco Settlement - Phase I	912,600	822,100	794,100	683,400	697,400
Restricted Funds	43,275,000	43,280,600	43,282,000	43,279,900	43,285,500
Federal Funds	32,448,400	29,890,500	29,891,800	29,886,600	29,886,600
TOTAL EXPENDITURES	123,362,400	129,362,900	129,500,700	120,707,600	120,767,200
EXPENDITURES BY UNIT					
Community Alcohol and Drug Services	36,386,600	37,361,800	37,360,700	34,403,200	34,433,300
Community Mental Health Services	86,975,800	92,001,100	92,140,000	86,304,400	86,333,900
TOTAL EXPENDITURES	123,362,400	129,362,900	129,500,700	120,707,600	120,767,200

Community Mental Health Services

The Community Mental Health Services program provides services and support to Kentuckians with mental health problems in an effort to improve their ability to function in the community. The Department for Behavioral Health, Developmental and Intellectual Disabilities contracts with 14 regional Mental Health/Mental Retardation Boards that oversee the community mental health centers and other local entities. In addition, the Community Mental Health Services program has targeted funds to the most vulnerable. These are:

- Adults with severe mental illness (KRS 210, KRS 202A),
- Children and youth with severe emotional disabilities (KRS 200.500 to KRS 200.509).

In accordance with KRS 210.410, community mental health centers must provide persons suffering from mental health problems with specific services such as: consultation and educational services to help individuals understand their illnesses and treatment options; therapeutic rehabilitation programs, where individuals with mental illness may receive services to assist them to live independently within the community; outpatient services; emergency services; and inpatient services, which are generally made available through referrals to state or community hospitals.

State and federal funds are used to provide case management services, psychotropic medications, housing, and vocational support services for adults with severe mental illness. Funds are also provided for unique services that “wrap around” a child or adult who is at risk of psychiatric hospitalization. These funds are used to purchase goods and services that are individualized and can include peer mentoring, respite, and social skills training.

The Community Mental Health program assists in statewide mental health planning, monitors services, provides technical assistance and training, and procures and administers federal and other funds for the mental health community.

Community Alcohol and Drug Services

The Community Alcohol and Drug Services Program provides quality treatment, prevention, and education services to citizens suffering from, or at-risk of, alcohol and drug addiction. Services are provided primarily through contracts with 14 regional Mental Health/Mental Retardation Boards that oversee the Community Mental Health Centers. These substance abuse prevention and treatment services are provided pursuant to KRS 222 (Alcohol and Drug Education, Treatment, and Rehabilitation). The receipts from alcohol intoxication fines are received pursuant to KRS 431.100. Other statutes under which the program operates include: KRS 189A (Driving Under the Influence assessment, education, and treatment) and KRS 218A.410 (Drug Forfeiture).

Contracts with the community mental health centers and their subcontractors, schools, local government agencies, and other community-based organizations provide services which include: community prevention programming (offered through 14 regional prevention centers); juvenile diversion programs; DUI assessment, education, and treatment programs; consultation with businesses on the development of a drug-free work place and employee assistance programs; social setting detoxification centers, residential treatment centers, outpatient treatment, and case management services; and specialized treatment services for pregnant women, women with dependent children, adolescents, and intravenous drug users. In addition, opiate replacement therapy is available to opiate dependent persons who are at high risk for HIV/AIDS due to their intravenous drug use. Training, consultation and client evaluations are made available, within budget limitations, to criminal justice agencies and other agencies within the Cabinet for Health and Family Services for clients with alcohol and other drug problems.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Community Developmental and Intellectual Disabilities

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	19,829,600	20,010,800	20,040,500	19,847,000	19,863,400
Total General Fund	19,829,600	20,010,800	20,040,500	19,847,000	19,863,400
Restricted Funds					
Balance Forward	136,000				
Non-Revenue Receipts	2,921,300	3,103,500	3,123,100	3,061,300	3,065,300
Fund Transfers	-23,000				
Total Restricted Funds	3,034,300	3,103,500	3,123,100	3,061,300	3,065,300
Federal Funds					
Current Receipts	4,744,800	4,788,800	4,832,700	4,681,500	4,755,200
Total Federal Funds	4,744,800	4,788,800	4,832,700	4,681,500	4,755,200
TOTAL SOURCE OF FUNDS	27,608,700	27,903,100	27,996,300	27,589,800	27,683,900
EXPENDITURES BY CLASS					
Personnel Cost	4,369,100	4,695,200	4,788,300	4,478,900	4,535,000
Operating Expenses	943,800	923,000	933,200	919,900	930,100
Grants Loans Benefits	22,263,400	22,284,900	22,274,800	22,191,000	22,218,800
TOTAL EXPENDITURES	27,576,300	27,903,100	27,996,300	27,589,800	27,683,900
EXPENDITURES BY FUND SOURCE					
General Fund	19,797,200	20,010,800	20,040,500	19,847,000	19,863,400
Restricted Funds	3,034,300	3,103,500	3,123,100	3,061,300	3,065,300
Federal Funds	4,744,800	4,788,800	4,832,700	4,681,500	4,755,200
TOTAL EXPENDITURES	27,576,300	27,903,100	27,996,300	27,589,800	27,683,900
EXPENDITURES BY UNIT					
Local Developmental and Intellectual Disabilities	26,052,300	26,362,900	26,434,200	26,177,800	26,271,900
KY Developmental Disability Council	1,524,000	1,540,200	1,562,100	1,412,000	1,412,000
TOTAL EXPENDITURES	27,576,300	27,903,100	27,996,300	27,589,800	27,683,900

Community Developmental and Intellectual Disabilities is responsible for administration of the Medicaid waiver programs for individuals with intellectual and developmental disabilities; and for the oversight of community providers of both waiver and state General Fund service programs.

Developmental and Intellectual Disability Services provides support and services to individuals to help them be contributing members of their community. Services are provided through contracts with the 14 Community Mental Health Boards and with for-profit and non-profit agencies which provide residential, vocational, community, respite, and a variety of other services that increase independence in the community. Some of the residential services include support to individuals within their own homes, family homes, group home living placements, apartment living supervision, community staffed residences, and assistance with other living arrangements. Providers who agree to participate in these programs must support people who choose their agencies to assist them to live in the community. It is the responsibility of the provider to ensure that people are safe, healthy, respected and valued; that they live in the community with effective, individualized assistance; and are contributing members of the community in which they live and work. Additionally, each of the 14 Community Mental Health Boards have 24/7 crisis prevention and intervention support available to individuals, families and providers with the goal of enabling an individual to remain in his/her community and to prevent future crisis events.

The Kentucky Council on Developmental Disabilities is administratively attached to the Division of Developmental and Intellectual Disabilities. The Council is made up of 26 members (individuals with developmental disabilities and family/guardian/siblings) appointed by the Governor and state agency representatives as defined in (PL 106-402 and KRS 194.135). The Council promotes systems change, capacity building and advocacy for individuals with developmental disabilities. The Council on Developmental Disabilities represents the interests of approximately 122,000 Kentuckians who have developmental disabilities. The Council funds time-limited demonstration projects and engages in outreach activities to assist individuals with developmental disabilities and their families.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
General Support

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	32,877,700	52,393,300	52,509,100	33,688,300	34,376,300
Total General Fund	32,877,700	52,393,300	52,509,100	33,688,300	34,376,300
TOTAL SOURCE OF FUNDS	32,877,700	52,393,300	52,509,100	33,688,300	34,376,300
EXPENDITURES BY CLASS					
Personnel Cost	3,446,500	3,893,800	4,021,600	3,671,400	3,743,600
Operating Expenses	646,700	646,700	646,700	642,200	642,200
Grants Loans Benefits	28,628,200	47,852,800	47,840,800	29,374,700	29,990,500
TOTAL EXPENDITURES	32,721,400	52,393,300	52,509,100	33,688,300	34,376,300
EXPENDITURES BY FUND SOURCE					
General Fund	32,721,400	52,393,300	52,509,100	33,688,300	34,376,300
TOTAL EXPENDITURES	32,721,400	52,393,300	52,509,100	33,688,300	34,376,300

General Support includes the Commissioner's Office, the Division of Administration and Financial Management, and Community Care Grants. This unit's activities include policy and budget development, program monitoring, standards development, and management decision-making for the overall direction of the Department. The Department contracts with the University of Kentucky for technical and information support services.

The Community Care Grants provide the funding for the "safety net" for individuals needing behavioral health, developmental and intellectual disabilities, substance abuse services, and the infrastructure that supports and provides these services. Kentucky Revised Statute 210.420 sets the distribution formula for these funds to local community mental health centers. Local boards determine which program areas and which services will be funded based on local needs.

Policy

The Executive Budget includes a General Fund appropriation of \$733,900 in fiscal year 2013 and \$1,349,700 in fiscal year 2014 for Regional Mental Health/Mental Retardation Boards to assist them with the required increase of the employer contribution rates, effective July 1, 2012, and July 1, 2013, for the Kentucky Employees Nonhazardous state retirement system. The Department for Medicaid Services shall recognize this new cost to the Regional Mental Health/Mental Retardation Boards in the reimbursement rates, and the Department for Behavioral Health, Developmental and Intellectual Disabilities shall utilize these funds to provide the required state match.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Residential

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	80,198,900	100,663,800	125,906,300	82,200,000	96,046,200
State Salary and Compensation Allocation	766,900				
Total General Fund	80,965,800	100,663,800	125,906,300	82,200,000	96,046,200
Restricted Funds					
Current Receipts	196,360,300	182,518,900	181,991,000	180,391,000	180,391,000
Fund Transfers	-1,994,900				
Total Restricted Funds	194,365,400	182,518,900	181,991,000	180,391,000	180,391,000
Federal Funds					
Current Receipts	593,800	553,400	547,200	547,200	547,200
Total Federal Funds	593,800	553,400	547,200	547,200	547,200
TOTAL SOURCE OF FUNDS	275,925,000	283,736,100	308,444,500	263,138,200	276,984,400
EXPENDITURES BY CLASS					
Personnel Cost	111,633,400	117,835,400	119,725,900	114,629,600	115,825,500
Operating Expenses	20,175,500	19,488,300	19,488,300	19,387,800	19,387,800
Grants Loans Benefits	143,414,100	146,256,800	162,290,700	128,914,200	133,795,700
Debt Service			6,784,000	51,000	7,819,800
Capital Outlay	207,500	155,600	155,600	155,600	155,600
TOTAL EXPENDITURES	275,430,500	283,736,100	308,444,500	263,138,200	276,984,400
EXPENDITURES BY FUND SOURCE					
General Fund	80,471,300	100,663,800	125,906,300	82,200,000	96,046,200
Restricted Funds	194,365,400	182,518,900	181,991,000	180,391,000	180,391,000
Federal Funds	593,800	553,400	547,200	547,200	547,200
TOTAL EXPENDITURES	275,430,500	283,736,100	308,444,500	263,138,200	276,984,400

Residential Services provides inpatient care in the areas of psychiatric hospitalization, intermediate care for persons with developmental and intellectual disabilities, nursing facility care, forensic psychiatry, and substance abuse for 1,200 individuals each day.

Inpatient psychiatric services are provided for adults through four psychiatric hospitals: Eastern State Hospital in Lexington with an average daily census (ADC) of 161; Central State Hospital in Louisville with an ADC of 74; and Western State Hospital in Hopkinsville with an ADC of 104. The Hazard Psychiatric Facility, owned and operated by Appalachian Regional Healthcare, Inc., with an ADC of 86, provides acute inpatient psychiatric services through a contract with the Department. Eastern State Hospital is operated under a management contract with Bluegrass Regional Mental Health/Mental Retardation Board, Inc.

Glasgow Nursing Facility with an ADC of 79 and Western State Nursing Facility with an ADC of 128 provide nursing facility services for adults with behavioral health illness who are admitted from state psychiatric hospitals.

Ten facilities provide intermediate care for individuals with development and intellectual disabilities who are unable to live unassisted in their communities: the Oakwood Community Center in Somerset with an ADC of 134, Outwood in Dawson Springs with an ADC of 50, Hazelwood in Louisville with an ADC of 134, Bingham Gardens, formally known as Central State Intermediate Care Facility, located in Louisville with an ADC of 24, Del Maria in Fern Creek with an ADC of 8, the Meadows in Mount Washington with an ADC of 8, and Windsong in Crestwood with an ADC of 8. Residents are assisted in self-care skills and appropriate social behavior and are provided specialized services to promote their personal growth.

Numerous initiatives are underway to improve the overall quality of service provided to the residents at the Oakwood Community Center. The cabinet has contracted with Bluegrass Regional Mental Health Mental Retardation Board, Inc. to operate the Oakwood Community Center. The vendor is making improvements in the care rendered at the facility while ensuring the safety and welfare of clients at Oakwood as the Department continues to downsize the facility.

Volta House, a facility with an ADC of 22 on the campus of Western State Hospital in Hopkinsville, provides a 28-day inpatient program for individuals suffering from chronic or acute alcoholism.

Forensic psychiatric services are provided at the Kentucky Correctional Psychiatric Center within the Luther Lockett Correctional Complex in LaGrange (97 licensed beds). Pretrial services are provided for persons with felony charges who are referred by district and circuit courts for evaluation of competency to stand trial. The correctional component may serve some post-convicted females in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

Policy

The Executive Budget includes General Fund of \$7,717,800 in fiscal year 2014 for debt service for the construction of the new Eastern State Hospital on the grounds of University of Kentucky's Coldstream Research Campus on Newtown Pike in Lexington. Construction is scheduled to be completed by July of 2013. This project was authorized in the 2008-2010 Budget of the Commonwealth and financed by a conduit bond issued by the Lexington Fayette Urban County Government. The bond funds for this project repaid the Lexington Fayette Urban County Government and will fund the cost of construction of the hospital. The amount of the project is \$129,005,000.

The Executive Budget includes General Fund in the amount of \$1,000,000 in fiscal year 2013 and \$6,905,000 in fiscal year 2014 for new and expanded programming and increased operational costs at the new Eastern State Hospital. The expanded and new programming includes: Personal Care Home beds will increase from 40 to 64; a new Brain Injury or Neurological Unit will be opened with a 17 bed capacity; twenty-five new high acuity beds will be added; and 8 new partial-hospitalization beds are planned.

The Executive Budget includes General Fund of \$51,000 in fiscal year 2013 and \$102,000 in fiscal year 2014 for the design phase of an electrical system upgrade on the campus of Western State Hospital.

**Health and Family Services
Public Health**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	61,312,500	87,397,900	91,302,900	56,085,300	56,884,600
State Salary and Compensation Allocation	691,200				
Mandated Expenditure Reductions	-2,067,700				
Total General Fund	59,936,000	87,397,900	91,302,900	56,085,300	56,884,600
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	14,505,100	13,232,500	12,822,200	12,838,200	12,708,200
Continuing Approp.-Tobacco Settlement	1,444,700				
Budget Reduction-General Fund Tobacco	-824,200				
Total Tobacco Settlement - Phase I	15,125,600	13,232,500	12,822,200	12,838,200	12,708,200
Restricted Funds					
Balance Forward	10,202,800	5,950,300	3,436,000	5,712,700	3,266,700
Current Receipts	126,716,700	131,552,500	133,003,000	129,252,100	130,470,700
Non-Revenue Receipts	-14,751,800	-15,634,300	-15,837,400	-15,634,300	-15,837,400
Fund Transfers	-660,200				
Total Restricted Funds	121,507,500	121,868,500	120,601,600	119,330,500	117,900,000
Federal Funds					
Balance Forward	3,317,800				
Current Receipts	236,133,500	211,794,500	192,931,300	211,262,800	192,530,300
Total Federal Funds	239,451,300	211,794,500	192,931,300	211,262,800	192,530,300
TOTAL SOURCE OF FUNDS	436,020,400	434,293,400	417,658,000	399,516,800	380,023,100
EXPENDITURES BY CLASS					
Personnel Cost	65,443,900	68,310,600	69,256,200	66,729,900	67,768,300
Operating Expenses	13,275,700	16,881,100	16,639,800	12,391,800	12,025,700
Grants Loans Benefits	351,003,000	345,665,700	326,881,900	317,128,400	298,582,200
Debt Service			2,903,000		
TOTAL EXPENDITURES	429,722,600	430,857,400	415,680,900	396,250,100	378,376,200
EXPENDITURES BY FUND SOURCE					
General Fund	59,350,900	87,397,900	91,302,900	56,085,300	56,884,600
Tobacco Settlement - Phase I	15,125,600	13,232,500	12,822,200	12,838,200	12,708,200
Restricted Funds	115,794,800	118,432,500	118,624,500	116,063,800	116,253,100
Federal Funds	239,451,300	211,794,500	192,931,300	211,262,800	192,530,300
TOTAL EXPENDITURES	429,722,600	430,857,400	415,680,900	396,250,100	378,376,200
EXPENDITURES BY UNIT					
General Health Support	66,917,000	83,912,700	87,146,000	66,694,700	67,545,900
Women's Health	13,825,000	12,930,600	12,085,900	12,670,400	11,827,100
Prevention and Quality Improvement	10,186,500	11,193,800	11,715,100	9,712,500	9,572,600
Epidemiology and Health Planning	54,165,200	53,906,400	51,112,500	47,427,600	45,008,100
Maternal and Child Health	267,811,900	247,798,800	232,472,800	243,019,500	227,735,500
Laboratory Services	6,164,700	8,852,100	8,914,000	5,978,200	6,015,100
Public Health Protection and Safety	10,652,300	12,263,000	12,234,600	10,747,200	10,671,900
TOTAL EXPENDITURES	429,722,600	430,857,400	415,680,900	396,250,100	378,376,200

The Department for Public Health (DPH) as authorized by KRS 211.025 and 211.180 supervises and assists all local boards of health and local health departments in and effort to protect and improve the health of the citizens of the Commonwealth. There are 58 local health departments units serving all 120 counties in Kentucky.

The Department is responsible for programs that affect the quality of life of all four million Kentuckians each and every day. Public health organizations are accountable to the populations they serve, and public health officials are primarily responsible for the health of the population living in their jurisdiction (county, group of counties, state) through both personal preventive as well as population based services. Private health providers are primarily responsible for the health of only the patients who

come to them for services.

In fiscal year 2011, the public health departments of Kentucky reported the following accomplishments:

- Provided adult health preventive visits to 205,000 people
- Provided cancer related clinical visits (primarily breast and cervical cancer) to 153,276 people
- Provided individual and group diabetes education services to 69,545 people
- Provided family planning services to 103,799 people
- Provided maternity services to 3,026 women
- Provided 256,390 medical home health units/visits to 8,137 patients
- Provided 151,601 units/visits of Medicaid Home and Community Based Services to 1,085 people
- Provided children's preventive services to 135,479
- Enrolled 144,371 Women, Infants and Children participants
- Referred 1,500 infants with positive or inconclusive results from newborn metabolic screening (approximately 30 disorders) to university diagnostic centers
- Performed genetic testing, counseling and education for 1,831 families
- Provided 2,205,660 doses of vaccine to Kentuckians.
- Immunized 560,834 persons
- Immunized kindergarten entrants adequately (49,305 children)
- Inspected 59,986 food establishments, 1,391 X-ray and other radiation-producing machines, 7,582 dairies, and performed 44,728 sanitation inspections
- Performed 3,434,691 laboratory tests
- Provided 591,320 copies of vital statistics records to the public

The Cabinet for Health and Family Services and the Department for Public Health have relied on local health departments to carry out two important functions for the state: core public health activities required by statute or regulation and preventive services to specific populations mandated by budget appropriations. The seven core functions are: enforcement of public health regulations, surveillance of public health, communicable disease control, public health education, public health policy development, reduction of risk to families and children, and disaster preparedness. Preventive services for specific populations include family planning, prenatal care, pediatric preventive check-ups, Women, Infants, and Children supplemental nutrition services, adult preventive services, and chronic disease monitoring, and support services.

Local health departments may provide additional services depending on the availability of alternative revenue sources. Examples of these additional services include home health services, physician based ambulatory primary care services, and expanded school health services.

**Health and Family Services
Public Health
General Health Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,391,500	30,801,800	33,797,100	13,601,700	14,209,400
State Salary and Compensation Allocation	189,000				
Mandated Expenditure Reductions	-292,800				
Total General Fund	14,287,700	30,801,800	33,797,100	13,601,700	14,209,400
Restricted Funds					
Balance Forward	6,800				
Current Receipts	68,074,400	69,182,500	69,523,900	69,182,500	69,523,900
Non-Revenue Receipts	-15,753,300	-16,498,500	-16,576,400	-16,498,500	-16,576,400
Fund Transfers	-5,400				
Total Restricted Funds	52,322,500	52,684,000	52,947,500	52,684,000	52,947,500
Federal Funds					
Balance Forward	700				
Current Receipts	441,100	426,900	401,400	409,000	389,000
Total Federal Funds	441,800	426,900	401,400	409,000	389,000
TOTAL SOURCE OF FUNDS	67,052,000	83,912,700	87,146,000	66,694,700	67,545,900
EXPENDITURES BY CLASS					
Personnel Cost	5,788,000	6,193,400	6,310,600	6,446,600	7,064,800
Operating Expenses	528,700	534,200	534,200	502,400	502,400
Grants Loans Benefits	60,600,300	77,185,100	77,398,200	59,745,700	59,978,700
Debt Service			2,903,000		
TOTAL EXPENDITURES	66,917,000	83,912,700	87,146,000	66,694,700	67,545,900
EXPENDITURES BY FUND SOURCE					
General Fund	14,152,700	30,801,800	33,797,100	13,601,700	14,209,400
Restricted Funds	52,322,500	52,684,000	52,947,500	52,684,000	52,947,500
Federal Funds	441,800	426,900	401,400	409,000	389,000
TOTAL EXPENDITURES	66,917,000	83,912,700	87,146,000	66,694,700	67,545,900

General Health Support includes two organizational units within the Department for Public Health: the Office of the Commissioner and the Division of Administration and Financial Management.

The Commissioner's Office is responsible for the leadership, management, oversight, and policy direction of the Department for Public Health. The Commissioner advises the heads of major agencies in state government on policies, plans, and programs relating to matters of public health. This includes actions necessary to respond to extraordinary events in order to safeguard the health of the citizens of the Commonwealth. The Commissioner serves as the State Health Officer for the Commonwealth. The Commissioner's role continues to expand in the statewide management of anti-terrorist (nuclear, biologic, chemical) activities and the coordination of emergency response capabilities with federal and other state agencies. The Deputy Commissioner serves as the Senior Deputy Health Officer and Chief Operating Officer of the Department. This physician position is responsible for the day-to-day operations for the Department including oversight of over 100 preventive programs.

The Chief Nurse for Public Health, located in the Commissioner's Office, provides professional consultation, support, and technical assistance to the commissioner, executive staff, and state and local health departments including approximately 1,500 nurses practicing in local health departments. The Chief Nurse helps administer the nurse-managed employee health centers in Frankfort that provide direct care, blood pressure monitoring, flu shots, health education, and HIV/AIDS and CPR classes for state employees.

The Kentucky Office of Health Equity was established in September 2008, functionally operating through the Kentucky Department of Public Health, Commissioner's Office. The Office receives funding from the U.S. Department of Health and Human Services, Office of Minority Health. The Office seeks to eliminate health disparities in the state of Kentucky specifically those social, cultural, and environmental factors that contribute to adverse health outcomes. The Office serves in an advisory capacity to all divisions and departments across the Department of Public Health.

The Division of Administration and Financial Management provides all resource support to the Department for Public Health. This includes approximately 394 Cabinet-level personnel and nearly 4,000 personnel represented by the 58 local health departments in

all 120 counties. The Division provides all budgets and accounting support, payments, grant allocation, fee collection, procurement, and contracting support. The Division is also responsible for training state and local level staff in the area of administrative and financial management. The Division develops the Department's biennial budget and oversees local health departments' fiscal planning and administrative management functions. The Division works in concert with the other divisions in the Department to plan, program, execute, manage, and report the financial activities of the Department and local health departments.

The Division is also responsible for overseeing the day-to-day operation of the 58 local health departments across the state. This responsibility includes conducting training on medical coding and billing practices, local health personnel procedures, and financial operations. Additionally, this Division has the responsibilities for personnel management; medical records and forms management, reporting of clinical and community-based services, operating the online local health network that tracks approximately 7.4 million services to 848,000 patients, policy interpretation, and the Local Board of Health nomination process. The Division is the primary liaison between the Department for Public Health and local health departments.

Policy

The Executive Budget includes a General Fund appropriation of \$417,000 in fiscal year 2013 and \$913,600 in fiscal year 2014 for local health departments to assist them with the required increase of the employer contribution rates, effective July 1, 2013, and July 1, 2014, for the Kentucky Employees Nonhazardous state retirement system.

Health and Family Services

Public Health

Women's Health

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,763,800	2,714,900	2,715,900	2,479,200	2,481,400
State Salary and Compensation Allocation	7,500				
Mandated Expenditure Reductions	-68,400				
Total General Fund	2,702,900	2,714,900	2,715,900	2,479,200	2,481,400
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	200,000	120,000	120,000	128,200	128,200
Budget Reduction-General Fund Tobacco	-80,000				
Total Tobacco Settlement - Phase I	120,000	120,000	120,000	128,200	128,200
Restricted Funds					
Balance Forward	5,900				
Current Receipts	253,100	259,000	259,000	259,000	259,000
Total Restricted Funds	259,000	259,000	259,000	259,000	259,000
Federal Funds					
Balance Forward	10,100				
Current Receipts	10,739,900	9,836,700	8,991,000	9,804,000	8,958,500
Total Federal Funds	10,750,000	9,836,700	8,991,000	9,804,000	8,958,500
TOTAL SOURCE OF FUNDS	13,831,900	12,930,600	12,085,900	12,670,400	11,827,100
EXPENDITURES BY CLASS					
Personnel Cost	894,300	957,900	975,800	925,300	935,500
Operating Expenses	235,400	235,900	235,900	235,400	235,400
Grants Loans Benefits	12,695,300	11,736,800	10,874,200	11,509,700	10,656,200
TOTAL EXPENDITURES	13,825,000	12,930,600	12,085,900	12,670,400	11,827,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,696,000	2,714,900	2,715,900	2,479,200	2,481,400
Tobacco Settlement - Phase I	120,000	120,000	120,000	128,200	128,200
Restricted Funds	259,000	259,000	259,000	259,000	259,000
Federal Funds	10,750,000	9,836,700	8,991,000	9,804,000	8,958,500
TOTAL EXPENDITURES	13,825,000	12,930,600	12,085,900	12,670,400	11,827,100

The Women's Health Program, in partnership with key stakeholders, provides leadership to improve the physical, socio-emotional health, safety, and well-being of Kentucky's women, including those with low incomes, diverse ethnic or racial backgrounds, and isolated populations with limited access to care. The Program also serves to represent Kentucky to the Health Resources Service Administration Office of Women's Health. The Women's Health Program includes the following subprograms:

The Kentucky Women's Cancer Screening subprogram provides breast and cervical cancer screening and diagnostic, case management, and treatment referral services to reduce morbidity and mortality among medically underserved, low income, and uninsured women in Kentucky. The federal grant from the Centers for Disease Control and Prevention requires the Kentucky Women's Cancer Screening subprogram to provide breast and cervical cancer screening for women as a preventive health measure. The grant also requires the subprogram to provide appropriate referrals for medical treatment; to ensure appropriate follow-up services and case management; to develop and disseminate public information and education programs for the detection and control of breast and cervical cancers; to improve the education, training, and skills of health professionals; to monitor the quality of screening procedures for breast and cervical cancers; and to evaluate activities through appropriate surveillance.

The Breast Cancer Research and Education Trust Fund, created in 2005, is funded by sale of the breast cancer license plates and the State Income tax form optional checkbox. Funds collected are distributed to breast cancer affiliates through an annual Request for Proposal process. Projects are to support breast cancer research, education, treatment, screening, and awareness in Kentucky.

The Folic Acid Counseling and Supplementation subprogram services are provided in every health department (58) in Kentucky and six sub-delegates, which include three university clinic sites, Bluegrass Farm Workers, and Planned Parenthoods in Lexington and

Louisville. Research has shown that when women consume adequate folic acid, the incidence of neural tube defects such as spina bifida can be decreased by as much as 70%. Since the inception of this program, the number of neural tube defects in infants in Kentucky has declined. The Folic Acid program has been funded by Tobacco Settlement funds.

The Title X Family Planning subprogram provides individuals with the information and means to exercise personal choice in determining the number and spacing of children. Title X family planning clinics play a critical role in ensuring access to voluntary, confidential family planning services for low-income or uninsured families or whose total annual income does not exceed 100 percent for the most recent federal Income Poverty Guidelines. Charges to participants are at no cost or at a reduced cost. Family Planning services are currently offered in local health departments and clinics targeting special populations (e.g., males, Hispanics, and adolescents). Title X supported clinics also provide a number of preventive health services such as: patient education and counseling, breast and pelvic examinations, cervical cancer screenings, STD and HIV screenings, preconception counseling, pregnancy diagnosis, and counseling.

The Abstinence subprogram provides abstinence-until-marriage education for youth aged 12-19 years old to support teens' decisions to abstain from sexual activity until marriage. Kentucky's abstinence education program provides knowledge about the physical and emotional benefits of abstaining from sex before marriage and long-term strategies for postponing sex until marriage to teens most at risk for out-of-wedlock births.

**Health and Family Services
Public Health
Prevention and Quality Improvement**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,821,700	8,838,500	9,538,300	7,390,700	7,427,800
State Salary and Compensation Allocation	108,200				
Mandated Expenditure Reductions	-439,900				
Total General Fund	7,490,000	8,838,500	9,538,300	7,390,700	7,427,800
Restricted Funds					
Balance Forward	32,500				
Current Receipts	67,500	100,000	100,000	100,000	100,000
Total Restricted Funds	100,000	100,000	100,000	100,000	100,000
Federal Funds					
Balance Forward	138,700				
Current Receipts	2,534,000	2,255,300	2,076,800	2,221,800	2,044,800
Total Federal Funds	2,672,700	2,255,300	2,076,800	2,221,800	2,044,800
TOTAL SOURCE OF FUNDS	10,262,700	11,193,800	11,715,100	9,712,500	9,572,600
EXPENDITURES BY CLASS					
Personnel Cost	3,810,200	4,075,100	4,148,400	3,946,700	3,992,300
Operating Expenses	389,700	400,500	400,500	389,700	389,700
Grants Loans Benefits	5,986,600	6,718,200	7,166,200	5,376,100	5,190,600
TOTAL EXPENDITURES	10,186,500	11,193,800	11,715,100	9,712,500	9,572,600
EXPENDITURES BY FUND SOURCE					
General Fund	7,413,800	8,838,500	9,538,300	7,390,700	7,427,800
Restricted Funds	100,000	100,000	100,000	100,000	100,000
Federal Funds	2,672,700	2,255,300	2,076,800	2,221,800	2,044,800
TOTAL EXPENDITURES	10,186,500	11,193,800	11,715,100	9,712,500	9,572,600

The Prevention and Quality Improvement Program is comprised of three subprograms which include: Chronic Disease Prevention, Health Care Access, and Public Health Improvement.

The mission of the Prevention and Quality Improvement program is to deliver programs and services, including chronic disease management, clinical and community education/promotion, quality improvement, employee health, health access for low income Kentuckians. " staff education/development, and health risk behavior data analysis in order to promote more healthy behaviors by Kentuckians". The Division's activities cover the spectrum of population-based and personal preventive health services.

The Chronic Disease Prevention and Control subprogram is responsible for decreasing the morbidity and mortality from chronic diseases. Emphasis is on prevention and risk factors that can be reduced through healthy lifestyles. Prevention programs include asthma, arthritis, cardiovascular health, comprehensive cancer, diabetes, and osteoporosis. The program provides funding to local health departments for community-based services aimed at individuals and at bringing about policy and environmental changes that will improve the health status of Kentuckians.

The Health Care Access subprogram provides focus on primary care and the administration of federal grants and programs relative to primary care. Through these programs, approximately 150 additional physicians are serving Kentucky's medically underserved population. The Program is responsible for determining areas of Kentucky that meet Health Professional Shortage Area criteria and Medically Underserved Area criteria.

The Public Health Improvement subprogram is responsible for the publication and maintenance of the Public Health Practice Reference. These documents are critical to help local health departments provide clinical and health education/promotion activities. The subprogram seeks to strengthen and improve the quality of the practice of public health to include but not limited to the implementation of policies that assure the system can fulfill the role of protecting the safety and health of Kentuckians. The employee health service of the Program provides health care via employee health centers in Frankfort, Kentucky.

The Prevention and Quality Improvement Program collaborates with the other divisions within the Department for Public Health, local health departments, and other public health system participants in the areas of continuous quality/performance improvement, strategic planning and accreditation.

Policy

The Executive Budget provides additional General Fund of \$500,000 in fiscal year 2013 and \$500,000 in fiscal year 2014 to expand colon cancer screening for the uninsured.

**Health and Family Services
Public Health
Epidemiology and Health Planning**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,750,200	10,374,500	10,331,100	4,397,800	4,430,600
State Salary and Compensation Allocation	99,900				
Mandated Expenditure Reductions	-86,100				
Total General Fund	4,764,000	10,374,500	10,331,100	4,397,800	4,430,600
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	800,000	344,400		250,000	250,000
Continuing Approp.-Tobacco Settlement	1,800				
Budget Reduction-General Fund Tobacco	-400,000				
Total Tobacco Settlement - Phase I	401,800	344,400		250,000	250,000
Restricted Funds					
Balance Forward	8,967,400	5,712,700	3,266,700	5,712,700	3,266,700
Current Receipts	9,286,200	10,238,600	11,238,600	10,142,500	11,071,500
Non-Revenue Receipts	41,500	41,500	41,500	41,500	41,500
Fund Transfers	-135,000				
Total Restricted Funds	18,160,100	15,992,800	14,546,800	15,896,700	14,379,700
Federal Funds					
Current Receipts	36,610,800	30,461,400	27,881,500	30,149,800	27,594,700
Total Federal Funds	36,610,800	30,461,400	27,881,500	30,149,800	27,594,700
TOTAL SOURCE OF FUNDS	59,936,700	57,173,100	52,759,400	50,694,300	46,655,000
EXPENDITURES BY CLASS					
Personnel Cost	29,198,700	29,416,300	29,685,600	28,948,000	29,106,300
Operating Expenses	6,457,400	7,752,400	7,408,000	5,635,400	5,291,000
Grants Loans Benefits	18,509,100	16,737,700	14,018,900	12,844,200	10,610,800
TOTAL EXPENDITURES	54,165,200	53,906,400	51,112,500	47,427,600	45,008,100
EXPENDITURES BY FUND SOURCE					
General Fund	4,705,200	10,374,500	10,331,100	4,397,800	4,430,600
Tobacco Settlement - Phase I	401,800	344,400		250,000	250,000
Restricted Funds	12,447,400	12,726,100	12,899,900	12,630,000	12,732,800
Federal Funds	36,610,800	30,461,400	27,881,500	30,149,800	27,594,700
TOTAL EXPENDITURES	54,165,200	53,906,400	51,112,500	47,427,600	45,008,100

The Epidemiology and Health Planning Program reviews the occurrence of, and risk factors for, preventable and reportable diseases and injuries in the Commonwealth; to develop health policies related to the Division's and Department's objectives; to prepare for public health threats; to collect, safeguard, and report vital event records; and to assure the provision of core public health services. To discharge these responsibilities, the Division conducts activities in four areas:

- Communicable Disease, which includes immunizations, sexually transmitted diseases, tuberculosis (TB), adult viral hepatitis, and other communicable diseases,
- HIV/AIDS, which includes prevention activities, services, and surveillance for HIV/AIDS,
- Vital Statistics, which collects and preserves mandatory records of all vital events including births, deaths, marriages, and divorces, and
- Public Health Preparedness, which includes the development, implementation, and exercising of statewide emergency preparedness plans for both terrorist (nuclear, biologic, chemical) threats as well as naturally occurring disease outbreaks.

The Program makes financial support and vaccines available to local health departments and other providers for the provision of over one million immunizations each year (more in years when outbreaks occur) to about 400,000 persons. Immunization rates in schools, day care, health department clinics, and among the general child population are tracked. The Tuberculosis Control subprogram reduces the number of cases and deaths due to tuberculosis by preventing non-infected individuals from becoming infected, keeping those infected without disease from progressing to disease, and by rendering infected individuals with disease non-infectious. Kentucky's TB case rate remains below the national average. Sexually transmitted disease and other

communicable disease control assistance and consultation are provided across the Commonwealth as required.

The Epidemiology and Health Planning Program mandates that all 120 Kentucky counties offer free anonymous HIV antibody testing through local health departments. The HIV/AIDS Surveillance Project is mandated with acquiring, recording, and reporting both HIV and AIDS cases diagnosed in Kentucky. The HIV Prevention subprogram performs monitoring, planning, development, implementation, and execution through needs assessments of existing HIV prevention efforts; analyzes current and projected epidemiological data; and creates intervention strategies to reduce the risk of HIV transmission for at-risk populations.

Epidemiology and Health Planning is the designated State Center for Health Statistics. The Vital Statistics subprogram is responsible for the collection, analysis, and dissemination of health data from many sources to policy makers, health planners and consumers with the goal of developing policy that will improve the health of the population and ensure access to (and the benefit of) public health services to all Kentuckians. The maintenance of all vital records (birth, death, marriage, and divorce certificates) and the response to all requests for vital statistics data are also carried out by this program.

Epidemiology and Health Planning is partially funded through federal emergency preparedness and response to bioterrorism grants and has the responsibility of developing, coordinating, and overseeing the public health response to terrorism (nuclear, biologic, and chemical). These funds are used to prepare the Commonwealth for disease outbreaks and other public health threats, increase the integration of local public health system assets, upgrade the State Laboratory to the capacity required by the Centers for Disease Control and Prevention, and provide hospitals across the state with funding to ensure preparedness for events attributable to terrorism.

**Health and Family Services
Public Health
Maternal and Child Health**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	24,451,000	25,646,500	25,700,100	21,514,000	21,541,600
State Salary and Compensation Allocation	93,700				
Mandated Expenditure Reductions	-1,064,200				
Total General Fund	23,480,500	25,646,500	25,700,100	21,514,000	21,541,600
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	13,505,100	12,768,100	12,702,200	12,460,000	12,330,000
Continuing Approp.-Tobacco Settlement	1,442,900				
Budget Reduction-General Fund Tobacco	-344,200				
Total Tobacco Settlement - Phase I	14,603,800	12,768,100	12,702,200	12,460,000	12,330,000
Restricted Funds					
Balance Forward	1,099,000	237,600	169,300		
Current Receipts	40,081,600	40,732,100	40,841,200	40,562,800	40,511,000
Non-Revenue Receipts	1,664,000	1,526,700	1,401,500	1,526,700	1,401,500
Fund Transfers	-395,500				
Total Restricted Funds	42,449,100	42,496,400	42,412,000	42,089,500	41,912,500
Federal Funds					
Balance Forward	3,016,600				
Current Receipts	184,345,000	167,057,100	151,988,700	166,956,000	151,951,400
Total Federal Funds	187,361,600	167,057,100	151,988,700	166,956,000	151,951,400
TOTAL SOURCE OF FUNDS	267,895,000	247,968,100	232,803,000	243,019,500	227,735,500
EXPENDITURES BY CLASS					
Personnel Cost	17,588,000	18,513,700	18,707,000	18,121,100	18,225,800
Operating Expenses	1,386,700	1,389,400	1,389,400	1,386,700	1,386,700
Grants Loans Benefits	248,837,200	227,895,700	212,376,400	223,511,700	208,123,000
TOTAL EXPENDITURES	267,811,900	247,798,800	232,472,800	243,019,500	227,735,500
EXPENDITURES BY FUND SOURCE					
General Fund	23,397,400	25,646,500	25,700,100	21,514,000	21,541,600
Tobacco Settlement - Phase I	14,603,800	12,768,100	12,702,200	12,460,000	12,330,000
Restricted Funds	42,449,100	42,327,100	42,081,800	42,089,500	41,912,500
Federal Funds	187,361,600	167,057,100	151,988,700	166,956,000	151,951,400
TOTAL EXPENDITURES	267,811,900	247,798,800	232,472,800	243,019,500	227,735,500

The Maternal and Child Health Program promotes and safeguards the health of all Kentuckians, as well as helps them achieve the highest level of health and wellness possible. Its activities include public health education, nutrition, injury prevention, coordinated school health, perinatal care, early childhood intervention and promotion, health promotion, well child care, oral health and selected primary and preventive care activities.

The Child and Family Health Improvement subprogram provides oversight to the services and activities which focus on these populations, including prenatal, child, and adolescent preventive health; lead poisoning prevention; child fatality and injury prevention; oral health; and coordinated school health. These services and activities help to improve quality of life and provide positive health outcomes.

Early childhood development legislation requires the Early Childhood Development subprogram to provide early childhood initiatives such as home visitation (Health Access Nurturing Development Services or HANDS), childcare consultation (Healthy Start in Child Care), and early childhood mental health services for children. The Early Childhood Development subprogram also identifies children in Kentucky at-risk for serious medical conditions and developmental delays through the newborn metabolic screening program and Kentucky Birth Surveillance Registry.

The First Steps (Kentucky Early Intervention System) subprogram provides case management developmental services, physical therapy, occupational therapy, speech therapy, hearing and vision services, health and diagnostic services, and nursing and

nutrition services to infants and toddlers between birth and three years of age with developmental disabilities or developmental delays. First Steps services are provided in the home or other community setting, unless it is not feasible to do so, and are subject to a sliding fee scale unless the family has documented an inability to pay. Families and other interested parties access the First Steps program locally through 15 system Points of Entry covering the 15 Area Development Districts.

The Nutrition subprogram administers the Special Supplemental Nutrition program for Women, Infants and Children; the Nutrition Program; the Breastfeeding Peer Counselor Program; WIC Electronic Benefits Transfers pilot project and the Farmers Market Nutrition Program. The Women, Infants and Children program is funded wholly by the USDA and provides food packages and nutrition education to low-income pregnant and post partum women, infants and children at nutritional risk, and sets standards for nutrition services. Nutritionists in local health departments provide medical nutrition therapy and follow-up nutrition care for children with special health care needs.

The Health Promotion subprogram administers programs that focus on behavioral risk factors to instill lifestyle changes for developing a healthy community. The subprogram provides services in the areas of Tobacco Cessation, Tobacco Quit-line, Obesity, Behavioral Risk Factor Surveillance, and Healthy Communities.

**Health and Family Services
Public Health
Laboratory Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,767,500	4,919,600	4,981,500	3,505,700	3,542,600
State Salary and Compensation Allocation	89,700				
Mandated Expenditure Reductions	-70,800				
Total General Fund	3,786,400	4,919,600	4,981,500	3,505,700	3,542,600
Restricted Funds					
Balance Forward	77,200				
Current Receipts	3,139,100	4,636,500	4,636,500	3,176,500	3,176,500
Non-Revenue Receipts	-704,000	-704,000	-704,000	-704,000	-704,000
Fund Transfers	-40,500				
Total Restricted Funds	2,471,800	3,932,500	3,932,500	2,472,500	2,472,500
TOTAL SOURCE OF FUNDS	6,258,200	8,852,100	8,914,000	5,978,200	6,015,100
EXPENDITURES BY CLASS					
Personnel Cost	2,822,000	3,157,400	3,250,200	2,671,100	2,729,700
Operating Expenses	3,198,400	5,416,400	5,519,500	3,162,800	3,141,100
Grants Loans Benefits	144,300	278,300	144,300	144,300	144,300
TOTAL EXPENDITURES	6,164,700	8,852,100	8,914,000	5,978,200	6,015,100
EXPENDITURES BY FUND SOURCE					
General Fund	3,692,900	4,919,600	4,981,500	3,505,700	3,542,600
Restricted Funds	2,471,800	3,932,500	3,932,500	2,472,500	2,472,500
TOTAL EXPENDITURES	6,164,700	8,852,100	8,914,000	5,978,200	6,015,100

The Laboratory Services Program is responsible for the prompt detection and identification of a wide variety of microorganisms (bacteria, viruses, etc.), and toxic chemical substances that pose a threat to the public's health. The laboratory also provides clinical testing on a large scale to detect congenital abnormalities in newborns and specific tests related to chronic disease disorders that affect the public.

The Laboratory Services Program provides examinations of clinical and environmental specimens to support other state and local health department programs and diagnostic testing not readily available elsewhere for hospitals and practicing physicians. Additionally, the laboratory tests environmental samples for water fluoride levels; examines milk, food, and water for evidence of contamination; performs pesticide analyses, and occupational safety and health chemistry.

Today, public health laboratories protect the nation's health through disease surveillance activities that use sophisticated equipment and result in early detection of outbreaks caused by emerging infectious diseases. The information provided by these laboratories is essential for guiding epidemiologic investigations that determine the measures needed to prevent and control the spread of disease. The Laboratory Services Program works closely with the Division of Epidemiology and Health Planning to provide emergency response capability in case of such disease outbreaks or other public health emergencies.

General Fund support is the primary source of funding for Laboratory Services. Other funds are received from federal grants, newborn metabolic screening fees, and a cooperative agreement with OSHA.

The Laboratory Services Program is certified as a high complexity laboratory, obligating it to meet the most stringent of requirements.

Health and Family Services
Public Health
Public Health Protection and Safety

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,366,800	4,102,100	4,238,900	3,196,200	3,251,200
State Salary and Compensation Allocation	103,200				
Mandated Expenditure Reductions	-45,500				
Total General Fund	3,424,500	4,102,100	4,238,900	3,196,200	3,251,200
Restricted Funds					
Balance Forward	14,000				
Current Receipts	5,814,800	6,403,800	6,403,800	5,828,800	5,828,800
Fund Transfers	-83,800				
Total Restricted Funds	5,745,000	6,403,800	6,403,800	5,828,800	5,828,800
Federal Funds					
Balance Forward	151,700				
Current Receipts	1,462,700	1,757,100	1,591,900	1,722,200	1,591,900
Total Federal Funds	1,614,400	1,757,100	1,591,900	1,722,200	1,591,900
TOTAL SOURCE OF FUNDS	10,783,900	12,263,000	12,234,600	10,747,200	10,671,900
EXPENDITURES BY CLASS					
Personnel Cost	5,342,700	5,996,800	6,178,600	5,671,100	5,713,900
Operating Expenses	1,079,400	1,152,300	1,152,300	1,079,400	1,079,400
Grants Loans Benefits	4,230,200	5,113,900	4,903,700	3,996,700	3,878,600
TOTAL EXPENDITURES	10,652,300	12,263,000	12,234,600	10,747,200	10,671,900
EXPENDITURES BY FUND SOURCE					
General Fund	3,292,900	4,102,100	4,238,900	3,196,200	3,251,200
Restricted Funds	5,745,000	6,403,800	6,403,800	5,828,800	5,828,800
Federal Funds	1,614,400	1,757,100	1,591,900	1,722,200	1,591,900
TOTAL EXPENDITURES	10,652,300	12,263,000	12,234,600	10,747,200	10,671,900

The Public Health Protection and Safety Program provides a variety of environmental services, from monitoring exposure to radiation to ensuring sanitation of food, milk, and public facilities. This program provides consultation and guidance to some 500 local health department environmental-public health specialists/registered sanitarians, and provides regulatory oversight to many of Kentucky's businesses. The Program's mission statement is: promoting a healthier, safer public through prevention, education, communication, and regulation.

The Radiation subprogram inspects and issues over 675 specific licenses to users of radioactive materials, and registers and inspects over 200 users of radiation sources. The subprogram monitors the transportation of radioactive waste, within and through the Commonwealth, and is mandated and equipped to respond to radiological emergencies 24 hours per day. The subprogram registers and inspects 4,000 facilities with 9,800 X-Ray tubes, conducts reviews and inspects approximately 164 mammography facilities and shielding plans for facilities, and issues certificates and inspects approximately 7,586 operators of sources of radiation. The subprogram collects and analyzes approximately 1,500 samples from Maxey Flats Disposal Site and conducts 4,584 analyses on these samples. The subprogram also collects approximately 2,100 samples at the Paducah Gaseous Diffusion Plant and conducts 11,754 quality control analyses.

The Milk Safety subprogram inspects dairy farms, dairy plants, transfer and hauler facilities, and milk processors, conducting 8,048 inspections of 1,900 dairies annually as the events of September 11, 2001 have re-emphasized the need for added security of the nation's food supply, including milk products. The subprogram provides safety education to milk haulers, pasteurization equipment operators and other industry professionals. Routine testing and inspection of pasteurization equipment along with monthly sampling aid in the prevention of possible public health illnesses from occurring. The subprogram investigates complaints, responds to federal Food & Drug Administration notices regarding dairy recalls or events, and serves as a first responder for dairy industry events.

The Food Safety subprogram currently spends \$3,000,000 to oversee Kentucky's multi-billion dollar food industry. The subprogram trains local health department employees who inspect food service establishments, retail food stores, vending machine companies, tattoo studios, body piercing facilities, boarding homes, tanning facilities, and bed and breakfast establishments in order to prevent the spread of communicable diseases and injuries. The subprogram oversees food

manufacturing and storage programs and the farmer's market for program compliance. The subprogram collects representative samples from the state's raw agricultural producers and fish markets to test for pesticide residues and other contaminants. The Food Safety subprogram also oversees quarantines and the destruction of food, drugs, and alcohol which have been contaminated by disasters such as floods.

The Environmental Management subprogram is responsible for regulating public facilities, including hotels/motels, public restrooms, schools, state confinement facilities, public swimming and bathing facilities, mobile home/recreational vehicle parks/communities, and youth camps through annual operating permits and routine inspections that are required by law. The subprogram is also responsible for: initial certification and ongoing specialized trainings to local health department environmental staff; continuing education to septic system installers through a program operated by local health departments that results in certifications being issued when an individual demonstrates the ability to perform in a safe and sanitary manner; education, including informational pamphlets and presentations, to inform the public about the hazards of radon gas, proper septic system maintenance, pool maintenance for public and private swimming pools, rabies control, and proper water well sanitation.

This subprogram also ensures that public health nuisances (illegal garbage dumps, accumulation of trash and garbage, rodent infestations, mosquito infestations, and untreated sewage) are investigated and abated by local health department inspectors. The education, investigation, permitting, and inspection activities of the Environmental Management Branch have a direct effect on the lives of the public, as well as the operation of most private business entities, in an effort to protect Kentucky's citizens.

The Public Safety subprogram is responsible for lead detection and abatement activities, public swimming facilities construction, standardized reporting and analysis of trends in environmental public health, and assists with educational materials, research, data, reports, and maps related to the seizure and posting of methamphetamine laboratories in Kentucky. Local public health departments are now required to post notices related to methamphetamine contaminated dwellings per KRS 224.

**Health and Family Services
Health Policy**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	491,500	3,441,300	1,975,700	433,300	440,200
State Salary and Compensation Allocation	27,700				
Mandated Expenditure Reductions	-53,900				
Total General Fund	465,300	3,441,300	1,975,700	433,300	440,200
Restricted Funds					
Balance Forward	450,800	204,800	165,700	204,800	27,700
Current Receipts	750,000	750,000	750,000	761,600	771,900
Non-Revenue Receipts	-175,000	-25,000	-25,000	-163,000	-25,000
Fund Transfers	-94,500				
Total Restricted Funds	931,300	929,800	890,700	803,400	774,600
Federal Funds					
Current Receipts	7,800,000	400,000		400,000	
Total Federal Funds	7,800,000	400,000		400,000	
TOTAL SOURCE OF FUNDS	9,196,600	4,771,100	2,866,400	1,636,700	1,214,800
EXPENDITURES BY CLASS					
Personnel Cost	1,400,000	3,492,500	1,921,300	881,800	793,400
Operating Expenses	430,800	614,200	614,200	200,200	237,500
Grants Loans Benefits	7,135,100	498,700	192,900	527,000	183,900
TOTAL EXPENDITURES	8,965,900	4,605,400	2,728,400	1,609,000	1,214,800
EXPENDITURES BY FUND SOURCE					
General Fund	439,400	3,441,300	1,975,700	433,300	440,200
Restricted Funds	726,500	764,100	752,700	775,700	774,600
Federal Funds	7,800,000	400,000		400,000	
TOTAL EXPENDITURES	8,965,900	4,605,400	2,728,400	1,609,000	1,214,800
EXPENDITURES BY UNIT					
Office of Health Policy	8,965,900	4,605,400	2,728,400	1,609,000	1,214,800
TOTAL EXPENDITURES	8,965,900	4,605,400	2,728,400	1,609,000	1,214,800

The Office of Health Policy is charged with administering the state certificate of need program and coordinating with other Cabinet for Health and Family Services (CHFS) agencies as well as state agencies outside CHFS regarding health care policy issues and health data collection.

There are two functions within the Office of Health Policy: Health Planning and Development and Certificate of Need.

The Health Planning and Development staff seeks to provide coordination among state agencies and programs including: Medicaid, Insurance, Behavioral Health and Developmental and Intellectual Disabilities and Public Health. In addition to coordinating health policy and health insurance issues, staff oversees legislative and regulatory efforts to ensure that proposed statutes and regulations are consistent across departments, consistent with the overall goals of the cabinet, and develops health insurance policy in coordination with the Kentucky Department of Insurance. Staff is also responsible for collecting and analyzing statewide health data critical for sound decision making. Through its policy work, data collection and analysis, the Office identifies opportunities for preparing and distributing relevant information to the public about health, health care and public policy.

The Certificate of Need (CON) staff is responsible for administering the certificate of need program in order to prevent the proliferation and/or duplication of health care facilities, health services and major medical equipment that increase the cost of health care within the Commonwealth. Staff are responsible for developing the State Health Plan which guides the decision-making process for many types of CON applications. The proposed State Health Plan goes through an extensive review process allowing for comment and input from the public as well as the provider community.

A certificate of need is required to establish a health facility; to change bed capacity of health facility; to make a substantial change in a project (as defined by KRS Chapter 216 B.015); to add a health service for which there are review criteria in the state health plan to add a service subject to licensure; to obligate a capital expenditure or acquire major medical equipment which exceeds a specific threshold; or to change the geographic area which has been designated on a certificate of need or license.

**Health and Family Services
Family Resource Centers and Volunteer Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	424,000	809,800	852,900	427,700	439,100
State Salary and Compensation Allocation	45,000				
Mandated Expenditure Reductions	-14,900				
Total General Fund	454,100	809,800	852,900	427,700	439,100
Restricted Funds					
Balance Forward	61,700				
Non-Revenue Receipts	33,300	93,600	93,600	93,600	93,600
Fund Transfers	-4,300				
Total Restricted Funds	90,700	93,600	93,600	93,600	93,600
Federal Funds					
Balance Forward	115,400				
Current Receipts	3,218,900	3,079,700	3,069,100	3,079,700	3,069,100
Total Federal Funds	3,334,300	3,079,700	3,069,100	3,079,700	3,069,100
TOTAL SOURCE OF FUNDS	3,879,100	3,983,100	4,015,600	3,601,000	3,601,800
EXPENDITURES BY CLASS					
Personnel Cost	379,100	466,600	530,200	421,600	444,400
Operating Expenses	207,500	249,900	209,000	248,800	207,900
Grants Loans Benefits	3,256,400	3,266,600	3,276,400	2,930,600	2,949,500
TOTAL EXPENDITURES	3,843,000	3,983,100	4,015,600	3,601,000	3,601,800
EXPENDITURES BY FUND SOURCE					
General Fund	418,000	809,800	852,900	427,700	439,100
Restricted Funds	90,700	93,600	93,600	93,600	93,600
Federal Funds	3,334,300	3,079,700	3,069,100	3,079,700	3,069,100
TOTAL EXPENDITURES	3,843,000	3,983,100	4,015,600	3,601,000	3,601,800
EXPENDITURES BY UNIT					
Family Resource and Youth Services Center	381,200	399,200	399,200	383,000	383,000
Kentucky Com. Community Volunteerism and Serv.	3,461,800	3,583,900	3,616,400	3,218,000	3,218,800
TOTAL EXPENDITURES	3,843,000	3,983,100	4,015,600	3,601,000	3,601,800

The Department for Family Resource Centers and Volunteer Services is comprised of two separate divisions: Family Resource and Youth Service Centers and the Kentucky Commission on Community Volunteerism and Services.

**Health and Family Services
Family Resource Centers and Volunteer Services
Family Resource and Youth Services Center**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	188,000	188,000	188,000	171,800	171,800
Total General Fund	188,000	188,000	188,000	171,800	171,800
Federal Funds					
Current Receipts	211,200	211,200	211,200	211,200	211,200
Total Federal Funds	211,200	211,200	211,200	211,200	211,200
TOTAL SOURCE OF FUNDS	399,200	399,200	399,200	383,000	383,000
EXPENDITURES BY CLASS					
Operating Expenses	18,000	18,000	18,000	18,000	18,000
Grants Loans Benefits	363,200	381,200	381,200	365,000	365,000
TOTAL EXPENDITURES	381,200	399,200	399,200	383,000	383,000
EXPENDITURES BY FUND SOURCE					
General Fund	170,000	188,000	188,000	171,800	171,800
Federal Funds	211,200	211,200	211,200	211,200	211,200
TOTAL EXPENDITURES	381,200	399,200	399,200	383,000	383,000

The Kentucky Education Reform Act (KERA) of 1990, KRS 156.496 and KRS 156.4977 as amended, created the Family Resource and Youth Services Centers (FRYSC). The Division of Family Resource and Youth Services Centers, created by Executive Order 2004-726, provides administrative, technical assistance, and training support to the local school-based FRYSC. The primary goal of these centers is to enhance student ability to succeed in school by developing and sustaining partnerships that promote early learning and successful transition into school, academic achievement and well-being, graduation, and transition into adult life.

Each center has a unique blend of program components depending on location, available services, local need, and community input designed to promote the flow of resources and support to families in ways that strengthen their functioning and further the growth and development of each member. Services may include after-school child care, literacy programs, home visits to new/expectant parents, support and training for child day care providers, referrals to social services, employment counseling, summer and part-time job development, drug/alcohol counseling, and family crisis and mental health counseling. Centers also offer programs such as peer mediation, conflict resolution, pregnancy prevention and job shadowing.

**Health and Family Services
Family Resource Centers and Volunteer Services
Kentucky Com. Community Volunteerism and Serv.**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	236,000	621,800	664,900	255,900	267,300
State Salary and Compensation Allocation	45,000				
Mandated Expenditure Reductions	-14,900				
Total General Fund	266,100	621,800	664,900	255,900	267,300
Restricted Funds					
Balance Forward	61,700				
Non-Revenue Receipts	33,300	93,600	93,600	93,600	93,600
Fund Transfers	-4,300				
Total Restricted Funds	90,700	93,600	93,600	93,600	93,600
Federal Funds					
Balance Forward	115,400				
Current Receipts	3,007,700	2,868,500	2,857,900	2,868,500	2,857,900
Total Federal Funds	3,123,100	2,868,500	2,857,900	2,868,500	2,857,900
TOTAL SOURCE OF FUNDS	3,479,900	3,583,900	3,616,400	3,218,000	3,218,800
EXPENDITURES BY CLASS					
Personnel Cost	379,100	466,600	530,200	421,600	444,400
Operating Expenses	189,500	231,900	191,000	230,800	189,900
Grants Loans Benefits	2,893,200	2,885,400	2,895,200	2,565,600	2,584,500
TOTAL EXPENDITURES	3,461,800	3,583,900	3,616,400	3,218,000	3,218,800
EXPENDITURES BY FUND SOURCE					
General Fund	248,000	621,800	664,900	255,900	267,300
Restricted Funds	90,700	93,600	93,600	93,600	93,600
Federal Funds	3,123,100	2,868,500	2,857,900	2,868,500	2,857,900
TOTAL EXPENDITURES	3,461,800	3,583,900	3,616,400	3,218,000	3,218,800

The Kentucky Commission for Community Volunteerism and Services (KCCVS) was created in 1994 to serve as a conduit for federal funds that support AmeriCorps programs in the Commonwealth and to assume responsibility for the statewide coordination of volunteer activities.

Federal funds are contracted to community organizations that, in turn, receive local matching funds, which include cash and in-kind services. AmeriCorps members provide household budget training, home renovation assistance, life skills training, and services to help senior citizens live independently. They train volunteers, serve the homeless, mentor at-risk youth, and offer assistance to victims of natural disasters. In addition, participants tutor children in elementary and secondary schools and assist parents in developing skills to help their children learn to read. Children tutored by AmeriCorps members tend to advance a minimum of two reading levels during the school year. AmeriCorps alumni in Kentucky have received more than \$15,000,000 in federal educational vouchers for their years of service.

**Health and Family Services
Income Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,362,600	13,478,600	14,951,100	11,941,100	8,644,100
Mandated Expenditure Reductions	-47,500				
Total General Fund	1,315,100	13,478,600	14,951,100	11,941,100	8,644,100
Restricted Funds					
Current Receipts	26,968,200	12,525,200	15,650,800	12,525,200	15,650,800
Non-Revenue Receipts	100,000	100,000	100,000	100,000	100,000
Total Restricted Funds	27,068,200	12,625,200	15,750,800	12,625,200	15,750,800
Federal Funds					
Balance Forward	4,288,400				
Current Receipts	74,292,100	85,290,600	85,830,500	85,290,600	85,830,500
Total Federal Funds	78,580,500	85,290,600	85,830,500	85,290,600	85,830,500
TOTAL SOURCE OF FUNDS	106,963,800	111,394,400	116,532,400	109,856,900	110,225,400
EXPENDITURES BY CLASS					
Personnel Cost	36,390,100	40,340,100	40,967,500	38,624,500	39,510,700
Operating Expenses	4,537,700	4,537,700	4,537,700	4,495,800	4,495,800
Grants Loans Benefits	66,036,000	66,516,600	66,857,200	66,736,600	66,218,900
Debt Service			4,170,000		
TOTAL EXPENDITURES	106,963,800	111,394,400	116,532,400	109,856,900	110,225,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,315,100	13,478,600	14,951,100	11,941,100	8,644,100
Restricted Funds	27,068,200	12,625,200	15,750,800	12,625,200	15,750,800
Federal Funds	78,580,500	85,290,600	85,830,500	85,290,600	85,830,500
TOTAL EXPENDITURES	106,963,800	111,394,400	116,532,400	109,856,900	110,225,400
EXPENDITURES BY UNIT					
Disability Determinations	49,153,000	52,319,600	53,098,500	52,319,600	53,098,500
Child Support	57,810,800	59,074,800	63,433,900	57,537,300	57,126,900
TOTAL EXPENDITURES	106,963,800	111,394,400	116,532,400	109,856,900	110,225,400

The Department for Income Support is responsible for administering Child Support Enforcement and Disability Determination Services.

These programs help to ensure that children are financially supported by parents who are legally obligated to pay child support and to determine medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government. The Department's mission is to provide accurate, timely and cost effective services for the citizens of Kentucky.

**Health and Family Services
Income Support
Disability Determinations**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Non-Revenue Receipts	100,000	100,000	100,000	100,000	100,000
Total Restricted Funds	100,000	100,000	100,000	100,000	100,000
Federal Funds					
Current Receipts	49,053,000	52,219,600	52,998,500	52,219,600	52,998,500
Total Federal Funds	49,053,000	52,219,600	52,998,500	52,219,600	52,998,500
TOTAL SOURCE OF FUNDS	49,153,000	52,319,600	53,098,500	52,319,600	53,098,500
EXPENDITURES BY CLASS					
Personnel Cost	27,113,900	30,148,200	31,003,900	28,913,300	30,128,600
Operating Expenses	2,832,200	2,832,200	2,832,200	2,832,200	2,832,200
Grants Loans Benefits	19,206,900	19,339,200	19,262,400	20,574,100	20,137,700
TOTAL EXPENDITURES	49,153,000	52,319,600	53,098,500	52,319,600	53,098,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	100,000	100,000	100,000	100,000	100,000
Federal Funds	49,053,000	52,219,600	52,998,500	52,219,600	52,998,500
TOTAL EXPENDITURES	49,153,000	52,319,600	53,098,500	52,319,600	53,098,500

Disability Determination Services (DDS) determines medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government. The DDS reevaluates the claims of disability recipients who have been selected for a periodic review of their medical condition and conducts face-to-face evidentiary hearings for those individuals who appeal an unfavorable review of their continuing eligibility.

Disability Determination Services workload depends upon: 1) the number of individuals who apply for disability benefits through the Social Security Administration (SSA), 2) the number of claims that SSA selects for continuing review and sends to DDS, and 3) Congressional mandates, legal actions or other initiatives.

Health and Family Services

Income Support

Child Support

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,362,600	13,478,600	14,951,100	11,941,100	8,644,100
Mandated Expenditure Reductions	-47,500				
Total General Fund	1,315,100	13,478,600	14,951,100	11,941,100	8,644,100
Restricted Funds					
Current Receipts	26,968,200	12,525,200	15,650,800	12,525,200	15,650,800
Total Restricted Funds	26,968,200	12,525,200	15,650,800	12,525,200	15,650,800
Federal Funds					
Balance Forward	4,288,400				
Current Receipts	25,239,100	33,071,000	32,832,000	33,071,000	32,832,000
Total Federal Funds	29,527,500	33,071,000	32,832,000	33,071,000	32,832,000
TOTAL SOURCE OF FUNDS	57,810,800	59,074,800	63,433,900	57,537,300	57,126,900
EXPENDITURES BY CLASS					
Personnel Cost	9,276,200	10,191,900	9,963,600	9,711,200	9,382,100
Operating Expenses	1,705,500	1,705,500	1,705,500	1,663,600	1,663,600
Grants Loans Benefits	46,829,100	47,177,400	47,594,800	46,162,500	46,081,200
Debt Service			4,170,000		
TOTAL EXPENDITURES	57,810,800	59,074,800	63,433,900	57,537,300	57,126,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,315,100	13,478,600	14,951,100	11,941,100	8,644,100
Restricted Funds	26,968,200	12,525,200	15,650,800	12,525,200	15,650,800
Federal Funds	29,527,500	33,071,000	32,832,000	33,071,000	32,832,000
TOTAL EXPENDITURES	57,810,800	59,074,800	63,433,900	57,537,300	57,126,900

The Child Support Program under Title IV-D of the Social Security Act (PL 93-647) is designed to ensure that children are financially supported by parents who are legally obligated to pay child support. Both the state and federal governments share costs to conduct this program. State statutes governing the operation of this program were enacted under the Kentucky Child Support Recovery Act and are contained in KRS 205.710 - KRS 205.800.

The core functions of the child support program include locating parents; establishing paternity; establishing, enforcing, and modifying child support orders; and collecting and disbursing child support payments. Program responsibilities include the establishment and enforcement of medical support. In addition to traditional judicial processes, state and federal laws allow the Child Support Program to accomplish its mission through administrative processes such as in-hospital paternity establishment, wage assignments, liens and levies on personal property and assets, and offsetting tax refunds and unemployment benefits. The Division of Child Support maintains program administration contracts with 117 county officials to provide child support collection locally.

Child support services are automatically provided to families receiving assistance under the Kentucky Transitional Assistance Program (K-TAP) or Medicaid, and to children placed in the care of the Cabinet for Health and Family Services. Payment collected for families receiving K-TAP and children in the care of the Cabinet for Health and Family Services is used to reimburse the state and federal governments for benefits expended on behalf of those families and children. Families that do not participate in the cash or medical assistance programs may also apply for child support services.

New requirements for the child support program were created through Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Through contracts with private vendors, this program receives new-hire information from employers and asset data from financial institutions. A state case registry has been established and data is transmitted to the federal case registry to assist in locating out-of-state parents. The State Disbursement Unit is a centralized collection site for all child support payments, including non-Title IV-D wages. These are private child support cases in which payments are withheld from the parent's wages. State services provided in these cases are limited to receiving payments from the employer, disbursing the payment to the family, and maintaining fiscal records.

The Personal Responsibility and Work Opportunity Reconciliation Act also revised the method for calculating incentive payments from one that focused solely on program processes to one based on program outcomes. Under this new plan, a pool of funds has been created for incentive payments to all states. However, only those states which meet the performance criteria in each of five

program areas are eligible to receive a portion of the pool. The Deficit Reduction Act (DRA) of 2005 disallowed use of federal performance incentives as state matching funds for FFP.

Policy

The Executive Budget includes General fund in the amount of \$10.7 million in fiscal year 2013 and \$7.5 million in fiscal year 2014 to sustain the Child Support Enforcement program at its current level. Additional General Fund is necessary to replace non-recurring funds and match existing levels of federal funds, which provides \$2 for every \$1 of state matching funds.

**Health and Family Services
Community Based Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	312,749,600	426,359,300	444,509,000	329,884,300	330,465,500
State Salary and Compensation Allocation	3,971,100				
Mandated Expenditure Reductions	-837,400				
Total General Fund	315,883,300	426,359,300	444,509,000	329,884,300	330,465,500
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	9,175,000	8,532,000	8,338,000	8,715,000	8,715,000
Continuing Approp.-Tobacco Settlement	2,900				
Budget Reduction-General Fund Tobacco	-459,100				
Total Tobacco Settlement - Phase I	8,718,800	8,532,000	8,338,000	8,715,000	8,715,000
Restricted Funds					
Balance Forward	16,057,700	10,338,200	5,263,600	10,338,200	5,086,000
Current Receipts	147,400,800	149,873,500	153,600,100	147,649,800	148,710,000
Non-Revenue Receipts	-14,060,100	-14,332,400	-15,582,700	-13,671,100	-13,830,300
Fund Transfers	-3,140,300				
Total Restricted Funds	146,258,100	145,879,300	143,281,000	144,316,900	139,965,700
Federal Funds					
Balance Forward	18,990,900				
Current Receipts	490,918,300	483,138,300	478,307,800	452,445,700	452,506,100
ARRA Receipts	353,300				
Total Federal Funds	510,262,500	483,138,300	478,307,800	452,445,700	452,506,100
TOTAL SOURCE OF FUNDS	981,122,700	1,063,908,900	1,074,435,800	935,361,900	931,652,300
EXPENDITURES BY CLASS					
Personnel Cost	255,344,600	302,199,700	311,446,400	289,508,800	292,948,600
Operating Expenses	45,552,400	49,344,300	49,220,100	44,522,500	41,429,800
Grants Loans Benefits	666,554,600	706,951,300	712,873,500	596,094,600	597,273,900
Debt Service			828,000		
Capital Outlay		150,000		150,000	
TOTAL EXPENDITURES	967,451,600	1,058,645,300	1,074,368,000	930,275,900	931,652,300
EXPENDITURES BY FUND SOURCE					
General Fund	312,550,400	426,359,300	444,509,000	329,884,300	330,465,500
Tobacco Settlement - Phase I	8,718,800	8,532,000	8,338,000	8,715,000	8,715,000
Restricted Funds	135,919,900	140,615,700	143,213,200	139,230,900	139,965,700
Federal Funds	510,262,500	483,138,300	478,307,800	452,445,700	452,506,100
TOTAL EXPENDITURES	967,451,600	1,058,645,300	1,074,368,000	930,275,900	931,652,300
EXPENDITURES BY UNIT					
Family Support	332,928,600	380,042,100	380,792,800	353,795,700	355,872,200
Energy	26,004,200	26,010,500	26,012,000	24,333,000	24,300,900
Child Care	156,064,200	156,259,900	156,257,700	114,315,300	113,849,800
Family and Community Services	452,454,600	496,332,800	511,305,500	437,831,900	437,629,400
TOTAL EXPENDITURES	967,451,600	1,058,645,300	1,074,368,000	930,275,900	931,652,300

The Department for Community Based Services is responsible for administering the following programs: Family Support (including Temporary Assistance to Needy Families, Food Stamps, Medicaid Eligibility, and State Supplementation), Energy Assistance, Child Care, and Family and Community Based Services (including Family Based Services, Adult Services and Alternatives for Children).

These programs benefit Kentuckians who, because of social, educational, mental, or physical impairments are without sufficient resources to meet their basic needs. The Department's mission is to preserve the family as a unit when possible and protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

**Health and Family Services
Community Based Services
Family Support**

	Revised FY 2012	Requested FY 2013	Requested FY 2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	122,844,400	133,007,300	141,266,900	130,306,600	131,083,300
State Salary and Compensation Allocation	1,019,000				
Total General Fund	123,863,400	133,007,300	141,266,900	130,306,600	131,083,300
Restricted Funds					
Balance Forward	692,600	289,400	144,700	289,400	141,700
Current Receipts	1,453,300	1,711,900	1,711,900	1,711,900	1,711,900
Non-Revenue Receipts	22,189,200	22,189,100	22,189,100	22,189,100	22,189,100
Fund Transfers	-724,300				
Total Restricted Funds	23,610,800	24,190,400	24,045,700	24,190,400	24,042,700
Federal Funds					
Balance Forward	4,662,500				
Current Receipts	182,450,800	222,989,100	215,480,200	199,440,400	200,746,200
Total Federal Funds	187,113,300	222,989,100	215,480,200	199,440,400	200,746,200
TOTAL SOURCE OF FUNDS	334,587,500	380,186,800	380,792,800	353,937,400	355,872,200
EXPENDITURES BY CLASS					
Personnel Cost	124,275,100	137,977,700	141,412,600	140,894,500	145,656,600
Operating Expenses	22,510,900	23,021,900	22,859,600	26,706,700	24,052,300
Grants Loans Benefits	186,142,600	219,042,500	215,692,600	186,194,500	186,163,300
Debt Service			828,000		
TOTAL EXPENDITURES	332,928,600	380,042,100	380,792,800	353,795,700	355,872,200
EXPENDITURES BY FUND SOURCE					
General Fund	122,493,900	133,007,300	141,266,900	130,306,600	131,083,300
Restricted Funds	23,321,400	24,045,700	24,045,700	24,048,700	24,042,700
Federal Funds	187,113,300	222,989,100	215,480,200	199,440,400	200,746,200
TOTAL EXPENDITURES	332,928,600	380,042,100	380,792,800	353,795,700	355,872,200
EXPENDITURES BY UNIT					
Food Stamps	77,035,500	85,147,600	86,943,000	93,045,400	94,448,300
Medical Assistance	39,963,800	44,410,100	46,222,000	42,973,400	43,511,900
State Supplementation	16,852,200	17,918,800	17,934,400	16,882,600	16,880,100
TANF	199,077,100	232,565,600	229,693,400	200,894,300	201,031,900
TOTAL EXPENDITURES	332,928,600	380,042,100	380,792,800	353,795,700	355,872,200

The Family Support Program consists of the following programs: Temporary Assistance to Needy Families (TANF), Food Stamps, Medicaid Eligibility, and State Supplementation. The programs administered by the Division of Family Support are designed to promote self-sufficiency, job training assessment, and the delivery of basic essential services for families and children who need assistance. Access to these programs is available in every Kentucky county. Each local office has the responsibility to determine eligibility, provide facts and information of available benefits as well as the regulatory limitations of available benefits, and maintain case record information.

The National Voter Registration Act of 1993, also known as the Motor-Voter Act, requires agencies that deliver services to persons with disabilities or provide benefits under the Kentucky Transitional Assistance program, Women, Infants and Children program, Medicaid, or Food Stamps, as well as Armed Forces Recruiting Stations and driver licensing stations to make available voter registration applications to their clients. These agencies are mandated to distribute voter registration forms, provide assistance in completing these forms, and ensure completed forms reach the proper state election office for processing.

Temporary Assistance for Needy Families (TANF)

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PL 104-193) amended and combined Title IV-A (AFDC) and Title IV-F (JOBS) of the Social Security Act to provide block grants to states for TANF. These Federal Funds support the program's administrative and benefit expenditures that include personnel, operating, and indirect costs; contracts with partnering agencies; cash assistance subsidies; supportive services; child care; and transportation. A Maintenance of Effort

requirement mandates that states spend an amount equal to or greater than 80 percent of fiscal year 1994 expenditures. For Kentucky, this amount is \$71.9 million.

The Kentucky Transitional Assistance Program (K-TAP) is the Commonwealth's cash assistance program for families with a dependent child who is deprived of parental support due to the continued absence, unemployment, incapacity, or death of one or both parents. Monthly payments are designed to help adults find a job or obtain training that leads to employment. Gross income must fall below a level appropriate for the family's size, and total family resources cannot exceed agency limits.

The Kentucky Works Program assists recipients with their transition into the workforce and attainment of self-sufficiency. Adults receiving K-TAP benefits must participate in this program and, with the help of a case manager, develop a Transitional Assistance Agreement. Kentucky Works Program activities include employment, on-the-job training, work experience training programs, a job search/job readiness component, vocational training or other educational services, community service, high school completion for teen parents, and other activities necessary to prepare for employment. Referrals to providers of transportation, child care, and supportive services such as car repairs and supplies ensure that individuals are able to take part in this program.

Safety Net Services are available to former K-TAP families who lose cash assistance as a result of time limits or failure to complete an assessment for Kentucky Works. Families with an income at or below 200 percent of the federal poverty level can access temporary benefits to meet basic needs such as shelter, food, clothing, or utilities. A total of \$635 may be authorized for four months during a 12-month period.

The Family Alternatives Diversion Program (FAD) provides an alternative for families, who, while otherwise eligible, choose not to receive K-TAP cash assistance. A maximum of \$1,300 is available to assist the family with immediate needs such as food, shelter, transportation, etc. These benefits may be authorized for a three-month period. FAD may be approved once during a 24-month period.

The Kinship Care Program provides financial assistance and support services to non-parental relatives caring for children who cannot remain in the home of their parents due to abuse, neglect, or the death of both parents. An initial, one-time amount is available to address each child's immediate needs in this new environment.

Efforts continue to partner with local communities to achieve the goals of self-sufficiency, protection, and permanency for Kentucky's families. The flexibility of the TANF block grant has allowed the Department to pursue initiatives such as change management and organizational restructuring and, as a result, better address the needs of those striving to escape a life of dependency.

Food Stamps

The Food Stamp program, authorized by the Food Stamp Act of 1997 (PL 95-113), helps low-income persons purchase food for a nutritional diet. It is designed to promote the general welfare and safeguard the health and well-being of the nation's population by raising nutritional levels among low-income households. "Household" is defined as any individual, family, or group of people living with each other who buy and prepare food together. To qualify, each household must meet eligibility standards.

The Food Stamp Employment and Training (FS E&T) program is designed to assist able-bodied food stamp recipients obtain employment that leads to self-sufficiency. In Kentucky, the FS E & T program serves only non-exempt work registrants between the ages of 18 and 49, otherwise known as Able-Bodied Adults Without Dependents (ABAWDs). Recipients of this service must participate and comply with FS E & T requirements in order to maintain their food stamp eligibility.

Medicaid Eligibility

The Department for Community Based Services (DCBS), using staff in field offices located in each Kentucky county, determines eligibility for the Medicaid program under a contract with the Department for Medicaid Services. The Medicaid program is authorized under Title XIX of the U.S. Social Security Act and KRS 205.520.

State Supplementation

The State Supplementation Program, authorized by KRS 205.245, provides financial support to aged, blind, or disabled individuals who have insufficient income to meet their needs in a licensed personal care home or family care home, or to purchase caretaker services designed to prevent institutionalization. To be eligible, persons must meet the criteria of the Social Security Income program related to age, blindness or disability as well as additional requirements associated with citizenship, Kentucky residency, and special needs.

Policy

The Executive Budget includes General Fund in the amount of \$5,631,900 in fiscal year 2013 and \$5,692,500 in fiscal year 2014 to address caseloads in Family Support which have increased by over 30 percent since 2007. This investment will fund additional front-line benefit workers, reducing caseloads by approximately 14 percent over the biennium in the areas of Medicaid Eligibility, State Supplementation, Temporary Assistance for Needy Families, and Supplemental Nutrition Assistance Program (food stamps).

**Health and Family Services
Community Based Services
Energy**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,677,500	1,711,100		
Total General Fund		1,677,500	1,711,100		
Restricted Funds					
Balance Forward	30,000	30,000		30,000	
Total Restricted Funds	30,000	30,000		30,000	
Federal Funds					
Balance Forward	19,400				
Current Receipts	25,984,800	24,303,000	24,300,900	24,303,000	24,300,900
Total Federal Funds	26,004,200	24,303,000	24,300,900	24,303,000	24,300,900
TOTAL SOURCE OF FUNDS	26,034,200	26,010,500	26,012,000	24,333,000	24,300,900
EXPENDITURES BY CLASS					
Personnel Cost	42,600	48,400	50,100	45,600	46,600
Operating Expenses	10,300	10,300	10,300	10,200	10,200
Grants Loans Benefits	25,951,300	25,951,800	25,951,600	24,277,200	24,244,100
TOTAL EXPENDITURES	26,004,200	26,010,500	26,012,000	24,333,000	24,300,900
EXPENDITURES BY FUND SOURCE					
General Fund		1,677,500	1,711,100		
Restricted Funds		30,000		30,000	
Federal Funds	26,004,200	24,303,000	24,300,900	24,303,000	24,300,900
TOTAL EXPENDITURES	26,004,200	26,010,500	26,012,000	24,333,000	24,300,900

The Low Income Home Energy Assistance program, administered through the Department for Community Based Services, is a federally funded program that helps low-income households meet the cost of energy expenses through direct fuel bill subsidies.

The Home Energy Assistance program, authorized by KRS 205.400, provides support with home heating/cooling costs for low-income households. Eligibility criteria include income that does not exceed 130 percent of the federal poverty level, resources that total less than \$2,000 (or \$3,000 if at least one person in the household is either age 60 or older or disabled, \$4,000 if there is a catastrophic illness in the household), and the responsibility for home heating expenses. This program is divided into two segments: Subsidy, which provides heating assistance benefits to eligible households, and Crisis, which is designed to assist any low-income family experiencing a home energy emergency. Services include accepting applications, determining eligibility, implementing an outreach component, and coordinating this program with other energy assistance initiatives.

**Health and Family Services
Community Based Services
Child Care**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,265,300	51,389,500	52,077,300	9,279,700	9,292,400
Total General Fund	9,265,300	51,389,500	52,077,300	9,279,700	9,292,400
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	9,000,000	8,357,000	8,163,000	8,540,000	8,540,000
Budget Reduction-General Fund Tobacco	-459,100				
Total Tobacco Settlement - Phase I	8,540,900	8,357,000	8,163,000	8,540,000	8,540,000
Restricted Funds					
Balance Forward	4,300				
Current Receipts	59,700	50,000	50,000	50,000	50,000
Total Restricted Funds	64,000	50,000	50,000	50,000	50,000
Federal Funds					
Balance Forward	8,172,400				
Current Receipts	130,021,600	96,463,400	95,967,400	96,445,600	95,967,400
Total Federal Funds	138,194,000	96,463,400	95,967,400	96,445,600	95,967,400
TOTAL SOURCE OF FUNDS	156,064,200	156,259,900	156,257,700	114,315,300	113,849,800
EXPENDITURES BY CLASS					
Personnel Cost	6,664,000	9,106,200	9,457,000	8,612,900	8,483,000
Operating Expenses	423,500	427,000	427,500	423,500	423,500
Grants Loans Benefits	148,976,700	146,726,700	146,373,200	105,278,900	104,943,300
TOTAL EXPENDITURES	156,064,200	156,259,900	156,257,700	114,315,300	113,849,800
EXPENDITURES BY FUND SOURCE					
General Fund	9,265,300	51,389,500	52,077,300	9,279,700	9,292,400
Tobacco Settlement - Phase I	8,540,900	8,357,000	8,163,000	8,540,000	8,540,000
Restricted Funds	64,000	50,000	50,000	50,000	50,000
Federal Funds	138,194,000	96,463,400	95,967,400	96,445,600	95,967,400
TOTAL EXPENDITURES	156,064,200	156,259,900	156,257,700	114,315,300	113,849,800

Under KRS Chapter 199, the Department for Community Based Services, through the Division of Child Care, manages child day care services in the Commonwealth. Child care services are designed to promote, expand, and improve the quality of care for children in Kentucky and ensure that families most in need have access to high quality child care which is developmentally appropriate, affordable, and safe. In the context of comprehensive family services, child care is a support service directed at:

- Providing early educational opportunities for at-risk children,
- Strengthening and maintaining client families,
- Eliminating barriers to work and education for parents,
- Preventing or remedying abuse, neglect or exploitation of children,
- Preventing family dissolution, and
- Preventing out-of-home placements.

Priorities for allocation of available funds have been to meet protective services child care and child care needs for work participation requirements for the families receiving benefits through the Kentucky Temporary Assistance Program (K-TAP). Failure to meet participation requirements would result in substantial penalties and the loss of Federal Funds. After these priorities are met, remaining funds are used to provide child care subsidies for low-income working parents. This includes families who are transitioning from K-TAP and those who would be at risk of becoming dependent on K-TAP if child care were not available.

The cost of services for working parents is partially offset by a sliding fee scale under which parents pay a portion of the expense based on their income and family size. Child care assistance provided to families as a result of protective services is available without regard to income.

The Cabinet's Division of Child Care collaborates with the Division of Early Childhood Development Services in the Kentucky Department of Education and other public and private entities in the development and implementation of the Early Childhood

Development initiatives. A portion of the tobacco settlement funds may be used to match Federal Funds to support various quality initiatives. Early care and education have been enhanced through a voluntary, research based, four star child care quality rating system (STARS for KIDS NOW) for centers and certified family child care homes. This program includes quality incentives and achievement awards for participants. Increased quality, availability, and affordability of training for all early care and education professionals has been supported by a seamless statewide system of professional development that includes core content, credentials, scholarships, grants, awards, and articulation.

**Health and Family Services
Community Based Services
Family and Community Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	180,639,900	240,285,000	249,453,700	190,298,000	190,089,800
State Salary and Compensation Allocation	2,952,100				
Mandated Expenditure Reductions	-837,400				
Total General Fund	182,754,600	240,285,000	249,453,700	190,298,000	190,089,800
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	175,000	175,000	175,000	175,000	175,000
Continuing Approp.-Tobacco Settlement	2,900				
Total Tobacco Settlement - Phase I	177,900	175,000	175,000	175,000	175,000
Restricted Funds					
Balance Forward	15,330,800	10,018,800	5,118,900	10,018,800	4,944,300
Current Receipts	145,887,800	148,111,600	151,838,200	145,887,900	146,948,100
Non-Revenue Receipts	-36,249,300	-36,521,500	-37,771,800	-35,860,200	-36,019,400
Fund Transfers	-2,416,000				
Total Restricted Funds	122,553,300	121,608,900	119,185,300	120,046,500	115,873,000
Federal Funds					
Balance Forward	6,136,600				
Current Receipts	152,461,100	139,382,800	142,559,300	132,256,700	131,491,600
ARRA Receipts	353,300				
Total Federal Funds	158,951,000	139,382,800	142,559,300	132,256,700	131,491,600
TOTAL SOURCE OF FUNDS	464,436,800	501,451,700	511,373,300	442,776,200	437,629,400
EXPENDITURES BY CLASS					
Personnel Cost	124,362,900	155,067,400	160,526,700	139,955,800	138,762,400
Operating Expenses	22,607,700	25,885,100	25,922,700	17,382,100	16,943,800
Grants Loans Benefits	305,484,000	315,230,300	324,856,100	280,344,000	281,923,200
Capital Outlay		150,000		150,000	
TOTAL EXPENDITURES	452,454,600	496,332,800	511,305,500	437,831,900	437,629,400
EXPENDITURES BY FUND SOURCE					
General Fund	180,791,200	240,285,000	249,453,700	190,298,000	190,089,800
Tobacco Settlement - Phase I	177,900	175,000	175,000	175,000	175,000
Restricted Funds	112,534,500	116,490,000	119,117,500	115,102,200	115,873,000
Federal Funds	158,951,000	139,382,800	142,559,300	132,256,700	131,491,600
TOTAL EXPENDITURES	452,454,600	496,332,800	511,305,500	437,831,900	437,629,400
EXPENDITURES BY UNIT					
Family Based Services	102,792,000	130,432,700	134,430,900	109,572,500	107,919,600
Adult Services	34,796,000	37,345,200	37,593,500	33,668,400	36,426,100
Alternatives For Children	314,866,600	328,554,900	339,281,100	294,591,000	293,283,700
TOTAL EXPENDITURES	452,454,600	496,332,800	511,305,500	437,831,900	437,629,400

Family and Community Services are designed to provide maximum support to a family at the time of crisis to prevent the disruption of the family unit and to protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

The subprograms contained in Family and Community Services are Family Based Services, Adult Services, and Alternatives for Children. The legal authority for the program is in KRS Chapters 199, 209 (Adult Protection), and 600-645, and in Titles IV, XIX and XX of the Social Security Act.

Family Based Services

Family-based services include child protection, reunification following out-of-home placement, home safety services, preventive

services for families, community-based juvenile services, family preservation services, mental health services through contracts with local comprehensive care centers, self-help services provided through local child abuse councils, and preventive assistance.

Child Protective Services safeguard the rights and welfare of abused, neglected or dependent children; aid parents or other responsible persons in recognizing and remedying conditions detrimental to the welfare of their children; and identify conditions that contribute to the neglect, abuse, or dependency of children. Child Protective Services are both preventive and corrective in nature. The Department is mandated to receive and investigate reports of the abuse or neglect of children.

Home Safety Services provide in-home support that prevents the disruption of a family unit or expedites the return of the child by helping parents with general homemaker skills, role modeling, parenting skills, assistance in daily living skills, and direction in utilizing community services.

Preventive Services to families who do not qualify for services under other program areas address a family's treatment needs before the situation has escalated to become abusive or neglectful.

Family Preservation provides crisis intervention and intensive (5-20 hours per week) in-home services to families who have children at imminent risk of removal from their home. Family Reunification Services, which follow the same basic model with less intensive in-home services over a longer duration (up to 6 months), facilitate the successful return of children to the home and decrease the likelihood of repeated child placements.

Self-Help Groups provide support and education for parents in crisis or at risk of further abuse or neglect of children.

Juvenile Services in the community provide an array of preventive and treatment services for children adjudicated as status offenders under KRS 630. Because status offender behaviors such as running away from home, being beyond parental control and truancy are most often indicative of prior abuse or neglect of the child, services are targeted at prevention of further abuse or neglect and interventions to curb the child's negative behaviors. Appropriate services may be provided directly by DCBS or arranged through local mental health centers, Family Resource and Youth Service Centers, community partnerships, private child care agencies, and other private providers in the community.

Child Advocacy Centers provide services to victims of child sexual abuse and their non-offending caregivers.

Adult Services

Adult Services includes protection and self-support. Adult services are directed toward preserving the vulnerable individual's independence to the maximum degree possible and protecting him/her from abuse, neglect or exploitation pursuant to KRS 209. The elements of adult services are:

- Adult protection,
- Spouse abuse protection,
- Adult home safety services (which is the direct provision of home safety services to adults at risk or in need of protection),
- Services provided by spouse abuse centers and crisis centers,
- Alternate care (also called patient movement and placement) which involves assisting individuals with appropriate community and institutional placements,
- Preventive services for adults which entails assessment, planning, and guidance, and
- Services provided by rape crisis centers

This often involves finding food, shelter, clothing, and medical treatment. Adult Self-Support includes the Community Services Block Grant, which provides funding for emergency needs of economically disadvantaged citizens. This program helps to alleviate the stresses on the family unit resulting from poverty while promoting self-sufficiency.

Pursuant to KRS 209, anyone who knows or suspects that an adult, who because of mental or physical dysfunction, or a spouse (without regard to age) is being abused, neglected or exploited must report this information to the Cabinet for Health and Family Services. The Cabinet is required to investigate the report, notify local law enforcement officials, offer appropriate protection and support services, and maintain case records.

Homemaker Services are designed to enhance the adult's ability to remain at home in the least restrictive environment. Services may include meal preparation, budgeting, grocery shopping, menu planning, doing laundry, assisting with personal hygiene, changing beds, and sweeping floors. Homemaker services are a key element in enhancing the vulnerable adult's ability to remain at home and in assisting the family unit to remain intact.

Spouse Abuse Shelter Services are available in each of the 15 Area Development Districts under a contract between the Department and the Kentucky Domestic Violence Association. Part of the funding for this element is provided by a portion of the marriage license fee as authorized by KRS 209.160.

The Department for Community Based Services is involved in placement and movement of individuals into, between, and out of facilities. Placement and Movement denotes assistance provided to Medicaid-eligible individuals. Alternate Care denotes assistance to non-Medicaid eligible individuals.

It is estimated that approximately 56,000 Kentuckians need alternate care or placement and movement services each year. The

majority of these individuals have family or friends to assist them in finding alternate living arrangements. The Department assists those individuals who are not able to locate appropriate placements. Alternate Care Services help ensure that persons are not inappropriately placed in a level of care exceeding their need and thus promotes cost effectiveness. These services also help ensure that persons assisted receive the care they require.

As part of Alternate Care, the Department's family service workers make quarterly site visits to each freestanding personal care home and all family care homes to see residents and determine if their social and related needs are being met.

Rape Crisis Centers provide services to victims of rape and sexual assault, their friends, and family members.

Alternatives for Children

Alternatives for Children provides placement resources for children who have been or are at risk of being abused or neglected. The legal authority for Alternatives for Children includes KRS Chapters 199, 600 and 620, Titles IV-B and IV-E, and the Social Services Block Grant. Services are directed toward finding substitute care for children who must live apart from their family, working toward reuniting the child and family, and if that is not possible, securing an alternative living arrangement which will provide permanency for the child.

Family Foster Care takes place in the home of an agency-approved family. The development of alternative resources such as the Families and Children Together Services (FACTS), Family Preservation Program, Kinship Care, and Preventative Assistance has reduced the trend of more children placed in out-of-home care.

Foster Parent Training, provided by DCBS staff and contractors, is required of all foster parents. Foster parents must complete 30 hours prior to approval and placement of a child and also are required to attend annual in-service training. Parents serving special needs or medically fragile children and those from family treatment homes are required to complete additional training. Care Plus Homes provide a setting where intensively trained foster parents furnish a viable alternative placement resource for children and youth who have serious emotional problems, are due to be released from treatment facilities, display aggressive or destructive behaviors or other disruptive behaviors, are at risk of being placed in more restrictive settings, are at risk of institutionalization, or have experienced numerous placement failures. Medically Fragile Foster Care serves children who need medical treatment and continuous monitoring but do not necessarily require the daily services of a nurse or doctor. Foster parents caring for these children are provided an increased reimbursement and must meet additional training and certification requirements.

Care Plus Homes provide a setting whereby intensively trained foster parents furnish a viable alternative placement resource for children and youth who have serious emotional problems, are due to be released from treatment facilities, display aggressive or destructive behaviors or other disruptive behaviors, are at risk of being placed in more restrictive settings, are at risk of institutionalization, or have experienced numerous placement failures.

Independent Living services are specialized services, including classroom and experiential training, designed to enhance the self-sufficiency skills of older children in foster care, private child care, and other state funded living arrangements. Services are provided both directly by staff and by contract agencies. As they complete each phase of the training, youth receive a stipend. In addition, youth ages 18-21 who were formerly in care may receive room and board assistance for a limited time.

Private Child Caring/Child Placing services and emergency shelter services are essential components of a protective service program that provides temporary placement services for children who are unable to remain in their own homes because of severe abuse, neglect, exploitation, abandonment, and/or because they have specialized treatment needs.

Adoption is the legal process by which a child becomes a legal child of a person or persons other than his/her biological parents. The department provides services prior to adoption in order to bring children and families together and services after adoption through after-placement supervisory services and adoption assistance.

Intensive Family Based Services are cost effective, home-based alternatives to institutionalization for children who are dually diagnosed. Services are provided through contracts with local comprehensive care centers or other appropriate contractor and may include in-home services, family therapy, respite care, behavior management and consultation, and individual counseling.

Psychiatric services provide 24-hour care to DCBS committed children and youth with behavioral health or mental health issues. Services are provided by various psychiatric hospitals and psychiatric residential treatment facilities throughout Kentucky.

The IMPACT Plus Program provides services for children who require treatment due to emotional diagnoses. Medicaid funds support these services through agreements with specific providers. This program seeks to divert services from inpatient settings to the community level. All children in the IMPACT Plus Program have a team of parents, educators, therapists, social services workers, and others who meet to identify services that will meet the children's unique treatment needs. A health benefits administrator, contracted by the Department for Medicaid Services, certifies children as IMPACT Plus eligible and approves payment for services.

Policy

One of the few areas where the Executive Budget includes additional resources is in the critical area of protecting children from abuse and neglect and providing help to families in crisis. The Executive Budget includes over \$9 million from the General Fund over two years in response to a need to increase investigations into abuse and neglect; \$5.1 million in fiscal year 2013 and \$4.2

million in fiscal year 2014. Social worker caseloads have increased 22 percent since 2007. This investment will add more front-line social workers resulting in a six percent decrease in caseloads and an improvement in the ability to address these difficult family situations.

The Executive Budget includes General Fund in the amount of \$1,190,000 in fiscal year 2013 and \$1,021,000 in fiscal year 2014 for the development and operation of the Adult Abuse Registry.

**Health and Family Services
Aging and Independent Living**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	41,803,700	55,190,400	58,081,900	38,658,200	38,755,700
State Salary and Compensation Allocation	158,500				
Mandated Expenditure Reductions	-961,000				
Total General Fund	41,001,200	55,190,400	58,081,900	38,658,200	38,755,700
Restricted Funds					
Balance Forward	577,300				
Current Receipts	650,100	977,700	977,700	977,700	977,700
Non-Revenue Receipts	1,027,500	849,000	466,600	849,000	466,600
Fund Transfers	-81,700				
Total Restricted Funds	2,173,200	1,826,700	1,444,300	1,826,700	1,444,300
Federal Funds					
Current Receipts	20,152,400	18,239,700	18,112,000	18,239,700	18,112,000
Non-Revenue Receipts	217,300	217,300	217,300	217,300	217,300
Total Federal Funds	20,369,700	18,457,000	18,329,300	18,457,000	18,329,300
TOTAL SOURCE OF FUNDS	63,544,100	75,474,100	77,855,500	58,941,900	58,529,300
EXPENDITURES BY CLASS					
Personnel Cost	6,828,700	8,187,100	8,418,700	6,941,400	7,026,900
Operating Expenses	583,600	545,900	593,400	536,900	584,300
Grants Loans Benefits	55,991,300	66,741,100	68,681,400	51,463,600	50,918,100
Debt Service			162,000		
TOTAL EXPENDITURES	63,403,600	75,474,100	77,855,500	58,941,900	58,529,300
EXPENDITURES BY FUND SOURCE					
General Fund	40,860,700	55,190,400	58,081,900	38,658,200	38,755,700
Restricted Funds	2,173,200	1,826,700	1,444,300	1,826,700	1,444,300
Federal Funds	20,369,700	18,457,000	18,329,300	18,457,000	18,329,300
TOTAL EXPENDITURES	63,403,600	75,474,100	77,855,500	58,941,900	58,529,300
EXPENDITURES BY UNIT					
Aging and Independent Living	58,710,400	69,771,700	71,951,300	54,383,100	53,910,900
Guardianship	4,693,200	5,702,400	5,904,200	4,558,800	4,618,400
TOTAL EXPENDITURES	63,403,600	75,474,100	77,855,500	58,941,900	58,529,300

The Department for Aging and Independent Living (DAIL) sets policies and oversees programs for Kentucky's elderly and disabled citizens. The programs administered by the Department benefit Kentuckians by contributing to building self-sustaining families and improving the quality of life through an array of community-based services designed to help older persons, individuals with disabilities and wards of the state to be as independent as possible in the least restrictive environment. Department programs also provide counseling and support services to family caregivers to enable them to provide quality care to older persons while fulfilling other family and employment responsibilities. In carrying out its programs, DAIL emphasizes successful aging, independent living, planning for an aging society, and continued involvement of older persons, adult wards of the state and disabled individuals in every aspect of the community.

**Health and Family Services
Aging and Independent Living
Aging and Independent Living**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	37,711,500	50,086,600	52,776,300	34,698,000	34,735,900
Mandated Expenditure Reductions	-961,000				
Total General Fund	36,750,500	50,086,600	52,776,300	34,698,000	34,735,900
Restricted Funds					
Balance Forward	577,200				
Current Receipts	338,100	665,700	665,700	665,700	665,700
Non-Revenue Receipts	740,900	562,400	180,000	562,400	180,000
Fund Transfers	-45,300				
Total Restricted Funds	1,610,900	1,228,100	845,700	1,228,100	845,700
Federal Funds					
Current Receipts	20,152,400	18,239,700	18,112,000	18,239,700	18,112,000
Non-Revenue Receipts	217,300	217,300	217,300	217,300	217,300
Total Federal Funds	20,369,700	18,457,000	18,329,300	18,457,000	18,329,300
TOTAL SOURCE OF FUNDS	58,731,100	69,771,700	71,951,300	54,383,100	53,910,900
EXPENDITURES BY CLASS					
Personnel Cost	2,505,600	2,802,700	2,879,900	2,700,600	2,773,900
Operating Expenses	213,500	227,900	228,000	218,900	218,900
Grants Loans Benefits	55,991,300	66,741,100	68,681,400	51,463,600	50,918,100
Debt Service			162,000		
TOTAL EXPENDITURES	58,710,400	69,771,700	71,951,300	54,383,100	53,910,900
EXPENDITURES BY FUND SOURCE					
General Fund	36,729,800	50,086,600	52,776,300	34,698,000	34,735,900
Restricted Funds	1,610,900	1,228,100	845,700	1,228,100	845,700
Federal Funds	20,369,700	18,457,000	18,329,300	18,457,000	18,329,300
TOTAL EXPENDITURES	58,710,400	69,771,700	71,951,300	54,383,100	53,910,900

The Department for Aging and Independent Living is designated as the State Unit on Aging by the Federal Administration on Aging. In accordance with the Older Americans Act Amendments of 1965 as amended through December 2006 and 45 CFR 1321, the Department is responsible for aging issues on behalf of all older persons in Kentucky. It is required to carry out a wide range of functions related to service delivery, advocacy, planning, coordination, interagency linkages, information-sharing, community preparedness, brokering, and evaluation. These functions are intended to focus on the development or enhancement of comprehensive and coordinated community-based service systems designed to help elderly and disabled adult Kentuckians maintain independence and dignity in their own homes and communities. This focus on community-based alternatives is consistent with Kentucky's plan developed in response to the Supreme Court's Olmstead decision and the Department's State Plan on Aging.

The Department for Aging and Independent Living administers statewide programs; develops the State Plan on Aging; allocates funds to the 15 Area Agencies on Aging (AAA) as well as 14 Community Mental Health Centers (CMHCs) for the Hart Supported Living Program; and approves AAA program plans, amendments, budgets, and contracts for local provision of aging and disabilities services. It provides education, training, benefits counseling, information and assistance to respond to the needs of senior citizens and those with disabilities.

The programs the Department administers to achieve these goals include:

- Nutritional Services provided through agreements with the AAA's include the Nutritional Services Incentive Program: congregate meals to persons age 60 and over at senior centers in each Kentucky County and home-delivered meals to the homebound elderly ages 60 and over.
- Senior Community Service Employment Program (Title V): Employs persons age 55 and older who have incomes at or below 125% of the poverty level in part-time non-profit community work, such as senior citizens centers, with the goals of training and eventual placement in unsubsidized employment.
- State Health Insurance Assistance Program (SHIP): (Section 4360 OBRA 1990, PL 101-508) provides benefits

counseling and assistance to aged and disabled Medicare eligible persons through a federal Health Care Financing Administration Grant.

- Nursing Home Diversion: provides a consumer directed approach to community based care by incorporating a consumer directed model to the state funded Homecare Program.
- Long-Term Care Ombudsman Program: On behalf of long-term care residents and their families, this program receives and investigates all complaints and problems of residents of nursing homes and personal care homes in Kentucky.
- Aging and Disability Resource Center (ADRC): (Sec 1110 SS Act and 42 USC 3031-3037B) provides a single point of entry to services and supports for individuals who require assistance due to need or disability, regardless of age.
- Homecare Program (KRS 205.445-465): A state-funded alternative in-home program for frail and vulnerable persons 60 years and older who have functional or physical limitations and are at risk of institutionalization. Homecare provides essential services designed to delay or prevent institutionalization, including homemaker/personal care, homemaker/home management, home health aide, home-delivered meals, home-repair, chore, respite, and escort services.
- Hart Supported Living (KRS 210.770-795): provides services which enable a person with disabilities to live in a home of the person's choice which is typical of those living arrangements in which persons without disabilities reside, encourages the individual's integrated participation in the community, promotes the individual's rights and autonomy, enhances the individual's skills and competencies in living in the community and enables the individual's acceptance in the community by promoting home ownership or leasing arrangements in the name of the individual or the individual's family or guardian.
- Personnel Care Attendant Program (PCAP) for Physically Disabled Adults (KRS 205.900): Provides personal care assistant services and case management services to severely physically disabled adults, age 18 and over, who have functional loss of two or more limbs and need the services to prevent institutionalization or to leave an institutional setting.
- Adult Day and Alzheimer's Respite (KRS 209): Provides programs for day-long care and supervision for persons 60 and over who, because of physical, mental, and/or psychological limitations, cannot remain in their own homes alone during the day.
- Kentucky Caregiver Program (910 KAR 1:260): provides assistance to Grandparents caring for grandchildren under the age of 18. The program provides information services, individual counseling, caregiver training, and funds (limited to not more than \$500 per grandchild and no more than \$1,500 per household per fiscal year) for defraying the costs of caring for the grandchild that could include purchase of clothing, educational supplies or assistance, certain legal services, medical services not related to co-pays and premiums, and other services as authorized by the Area Agency on Aging.
- Traumatic Brain Injury Trust Fund Program (KRS 42.320): provides assistance to children and adults with brain injuries. The TBI Trust Fund Program is a funding source of last resort for Kentucky residents. The TBI Trust Fund is administered by a Board of Directors to assure that individuals with a brain injury and their families are provided services and supports to promote independence and personal productivity.
- Traumatic Brain Injury Behavioral Program (KRS 189A.050): serves persons affected by Traumatic Brain Injury who are in need of behavioral services. Services are provided through crisis intervention, residential treatment, targeted case management, and other wraps services.
- The Consumer Directed Option (CDO) program gives Medicaid waiver members more choices in the way some Medicaid services are provided. The client can choose who will provide services they need as well as how, when, and where these services will be provided
- Adult Day Certification (KRS 205.950): The Department for Aging and Independent Living certifies Adult Day Social Model programs to assure quality standards are met for the client.
- Assisted Living Certification (KRS 194A.707): The Department of Aging and Independent Living certifies Social Model Assisted Living Communities to assure compliance with state statutes and regulations.
- Alzheimer's disease and Related Advisory Council (KRS 194.600-609): oversees information and resources related to policy and services affecting the sixty thousand (60,000) residents of Kentucky with dementia, and the caregivers and families of the residents.
- Ombudsman: provides full time ombudsman services to assist residents in protecting the health, safety, welfare and rights of elderly Kentuckians in long term facilities.
- Preventive Health: provides disease prevention, education and assistance in training and care of elderly Kentuckians on health related issues.
- State Profile Tool: a process to develop a snapshot of Kentucky's long term care service for individuals who are frail and elderly, people with disabilities, mental retardation and developmental disabilities, mental illness children, autism and brain injuries.
- Family Caregiver Support Program: a program serving family and informal caregivers who provide care to people over 60 or an individual of any age with Alzheimer or a related diagnosis, as well as grandparents and other relatives over 55 who provide care to children up to age 19.
- Supportive Services: for persons over 60, these include: assessment/case management, transportation, escort to medical facilities, stores and other service delivery points: information, assistance and referral: homecare and other in-home services; health promotion; visiting and telephone reassurance; legal assistance, counseling; education; advocacy; respite; preventive health services; elder abuse prevention programs; supportive services for families of elderly victims of Alzheimer's and related disorders.

**Health and Family Services
Aging and Independent Living
Guardianship**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,092,200	5,103,800	5,305,600	3,960,200	4,019,800
State Salary and Compensation Allocation	158,500				
Total General Fund	4,250,700	5,103,800	5,305,600	3,960,200	4,019,800
Restricted Funds					
Balance Forward	100				
Current Receipts	312,000	312,000	312,000	312,000	312,000
Non-Revenue Receipts	286,600	286,600	286,600	286,600	286,600
Fund Transfers	-36,400				
Total Restricted Funds	562,300	598,600	598,600	598,600	598,600
TOTAL SOURCE OF FUNDS	4,813,000	5,702,400	5,904,200	4,558,800	4,618,400
EXPENDITURES BY CLASS					
Personnel Cost	4,323,100	5,384,400	5,538,800	4,240,800	4,253,000
Operating Expenses	370,100	318,000	365,400	318,000	365,400
TOTAL EXPENDITURES	4,693,200	5,702,400	5,904,200	4,558,800	4,618,400
EXPENDITURES BY FUND SOURCE					
General Fund	4,130,900	5,103,800	5,305,600	3,960,200	4,019,800
Restricted Funds	562,300	598,600	598,600	598,600	598,600
TOTAL EXPENDITURES	4,693,200	5,702,400	5,904,200	4,558,800	4,618,400

Kentucky's Adult Guardianship Services Program, outlined in KRS 210.290 and 387.500-387.900, is administered by the Division of Guardianship within the Department for Aging and Independent Living. Individuals are served by staff in both central office and regional offices. This Program provides a legal relationship between a court-appointed adult who assumes the responsibility of being the guardian for a ward. A ward is a person who has been declared "legally disabled" by the court and is no longer able to care for his or her personal and/or financial needs.

Appointed guardians may be a friend or family member who is willing to care for the disabled individual. If there is no one willing to care for the disabled person, the court will appoint the Cabinet for Health and Family Services as the state guardian. The duties of the state guardian include:

- Full Guardianship/Full Conservator – In this category the Cabinet will be responsible for both the personal and financial needs of the ward. In this case, the court will also decide which civil rights the person can retain and which are given to the guardian. These may include the right to vote, the right to drive a car, the right to make medical decisions, the right to determine where to live, the right to sell property, and the right to sign legal documents such as checks, marriage licenses or wills.
- Limited Guardian – A limited guardian may be appointed if the disabled person is declared partially disabled and can manage some personal needs but may need assistance with others.
- Conservator – A conservator may be appointed if the disabled person needs help only with managing financial or fiduciary affairs.
- Conservator/Guardian - This category allows for a combination of a conservator who manages financial and fiduciary affairs with a guardian who manages living and personal needs arrangements.

This page intentionally left blank

Justice and Public Safety

Justice and Public Safety

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	627,011,000	764,891,900	799,168,400	649,799,300	652,471,900
State Salary and Compensation Allocation	17,247,700				
Special Appropriation	-1,200,000				
Mandated Expenditure Reductions	-3,570,300				
Mandated Allotments	13,538,500				
Total General Fund	653,026,900	764,891,900	799,168,400	649,799,300	652,471,900
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	1,923,400	1,821,900	1,821,900	1,724,500	1,700,200
Budget Reduction-General Fund Tobacco	-101,500				
Total Tobacco Settlement - Phase I	1,821,900	1,821,900	1,821,900	1,724,500	1,700,200
Restricted Funds					
Balance Forward	21,158,782	10,918,000	6,858,100	20,901,800	14,428,900
Current Receipts	38,632,106	40,550,800	40,328,300	39,875,100	39,294,300
Non-Revenue Receipts	82,007,812	76,239,400	78,673,900	80,976,700	86,236,300
Fund Transfers	-2,415,600			-12,000,000	-12,000,000
Total Restricted Funds	139,383,100	127,708,200	125,860,300	129,753,600	127,959,500
Federal Funds					
Balance Forward	6,628,277	4,652,000	2,453,800	4,652,000	2,228,500
Current Receipts	29,140,623	24,547,500	28,759,200	25,210,300	29,406,000
Non-Revenue Receipts	11,468,000	12,672,700	11,987,600	11,826,400	11,141,300
ARRA Receipts	5,569,500	611,400	297,000	562,500	281,100
Total Federal Funds	52,806,400	42,483,600	43,497,600	42,251,200	43,056,900
Road Fund					
Regular Appropriation	83,251,500	85,499,600	85,927,200	89,475,900	91,898,200
Total Road Fund	83,251,500	85,499,600	85,927,200	89,475,900	91,898,200
TOTAL SOURCE OF FUNDS	930,289,800	1,022,405,200	1,056,275,400	913,004,500	917,086,700
EXPENDITURES BY CLASS					
Personnel Cost	508,179,000	608,943,650	639,715,650	532,571,500	540,940,100
Operating Expenses	106,862,800	117,726,750	118,950,550	102,808,800	101,910,200
Grants Loans Benefits	260,097,700	263,453,300	268,676,300	251,456,700	249,612,100
Debt Service	2,211,400	4,226,000	2,210,700	2,456,500	2,944,200
Capital Outlay	9,712,700	18,743,400	16,999,900	7,053,600	6,764,900
TOTAL EXPENDITURES	887,063,600	1,013,093,100	1,046,553,100	896,347,100	902,171,500
EXPENDITURES BY FUND SOURCE					
General Fund	636,545,600	764,891,900	799,168,400	649,799,300	652,471,900
Tobacco Settlement - Phase I	1,819,500	1,821,900	1,821,900	1,724,500	1,700,200
Restricted Funds	118,481,300	120,850,100	118,892,000	115,324,700	115,167,300
Federal Funds	48,154,400	40,029,800	40,743,800	40,022,700	40,933,900
Road Fund	82,062,800	85,499,600	85,927,200	89,475,900	91,898,200
TOTAL EXPENDITURES	887,063,600	1,013,093,300	1,046,553,300	896,347,100	902,171,500
EXPENDITURES BY UNIT					
Justice Administration	28,909,000	31,553,900	30,653,300	27,622,900	29,242,700
Criminal Justice Training	48,922,300	52,105,800	52,980,900	51,993,400	53,006,200
Juvenile Justice	101,486,000	113,298,500	115,812,400	102,666,600	102,959,400
State Police	185,688,400	236,022,700	247,393,300	189,326,300	189,761,800
Corrections	477,975,500	516,534,300	527,115,200	478,301,700	480,057,500
Public Advocacy	44,082,400	63,578,100	72,598,200	46,436,200	47,143,900
TOTAL EXPENDITURES	887,063,600	1,013,093,300	1,046,553,300	896,347,100	902,171,500

The Kentucky Justice Cabinet was established in 1974. It was renamed the Justice and Public Safety Cabinet in 2007. In 2009

the Department of Vehicle Enforcement was brought under the Kentucky State Police.

The Cabinet is comprised of six departments:

- Department of Justice Administration
- Department for Public Advocacy
- Department of Kentucky State Police
- Department of Juvenile Justice
- Department of Criminal Justice Training
- Department of Corrections

**Justice and Public Safety
Justice Administration**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,022,300	14,048,400	11,886,700	10,128,600	10,379,900
State Salary and Compensation Allocation	444,400				
Mandated Expenditure Reductions	-400,200				
Total General Fund	10,066,500	14,048,400	11,886,700	10,128,600	10,379,900
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	1,923,400	1,821,900	1,821,900	1,724,500	1,700,200
Budget Reduction-General Fund Tobacco	-101,500				
Total Tobacco Settlement - Phase I	1,821,900	1,821,900	1,821,900	1,724,500	1,700,200
Restricted Funds					
Balance Forward	2,631,100	1,536,000	1,157,400	1,568,200	1,186,200
Current Receipts	1,317,400	1,317,400	1,317,400	1,317,400	1,317,400
Non-Revenue Receipts	3,536,100	3,986,700	3,974,500	4,069,500	4,086,200
Fund Transfers	-109,900				
Total Restricted Funds	7,374,700	6,840,100	6,449,300	6,955,100	6,589,800
Federal Funds					
Balance Forward	5,619,000	3,256,100		3,256,100	
Current Receipts	6,620,900	6,393,200	11,086,800	6,393,200	11,086,800
ARRA Receipts	2,521,700	351,600	281,100	351,600	281,100
Total Federal Funds	14,761,600	10,000,900	11,367,900	10,000,900	11,367,900
TOTAL SOURCE OF FUNDS	34,024,700	32,711,300	31,525,800	28,809,100	30,037,800
EXPENDITURES BY CLASS					
Personnel Cost	12,333,100	14,740,500	14,454,100	12,797,700	12,979,800
Operating Expenses	1,861,500	1,295,400	1,420,900	1,328,500	1,377,800
Grants Loans Benefits	14,558,900	13,395,100	14,668,400	13,427,000	14,669,200
Debt Service		2,013,000			106,000
Capital Outlay	155,500	109,900	109,900	69,700	109,900
TOTAL EXPENDITURES	28,909,000	31,553,900	30,653,300	27,622,900	29,242,700
EXPENDITURES BY FUND SOURCE					
General Fund	9,777,500	14,048,400	11,886,700	10,128,600	10,379,900
Tobacco Settlement - Phase I	1,819,500	1,821,900	1,821,900	1,724,500	1,700,200
Restricted Funds	5,806,500	5,682,700	5,576,800	5,768,900	5,794,700
Federal Funds	11,505,500	10,000,900	11,367,900	10,000,900	11,367,900
TOTAL EXPENDITURES	28,909,000	31,553,900	30,653,300	27,622,900	29,242,700
EXPENDITURES BY UNIT					
Secretary	4,349,100	7,390,200	5,377,200	4,261,400	4,337,300
Office of Drug Control Policy	5,882,000	5,910,800	5,897,700	5,760,500	5,757,100
Medical Examiner Program	4,026,600	4,511,100	4,439,000	4,090,000	4,291,700
Parole Board	712,700	931,500	905,400	669,300	684,200
Grants	11,877,200	10,821,600	12,057,500	10,736,000	12,065,200
Criminal Justice Council	259,400	186,700	174,500	303,700	305,200
Motorcycle Training Program	1,052,000	1,052,000	1,052,000	1,052,000	1,052,000
Access to Justice	750,000	750,000	750,000	750,000	750,000
TOTAL EXPENDITURES	28,909,000	31,553,900	30,653,300	27,622,900	29,242,700

The Department of Justice Administration is comprised of the Office of the Secretary, Office of Management and Administrative Services, Office of Investigations, Office of Legal Services, Office of Legislative and Intergovernmental Services, Office of Drug Control Policy, Office of the Kentucky State Medical Examiner, and the Parole Board. The Department is responsible for the overall administration of the Justice and Public Safety Cabinet, coordinating the activities of the various departments, boards, and branches.

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

The Office of Management and Administrative Services is responsible for communications, personnel, budget and fiscal policy, and information technology coordination. Attached to the Office of Management and Administrative Services is the Grants Management Branch. Duties of the Grants Management Branch include the receipt and distribution of Federal Funds throughout the Cabinet, such as the Justice Assistance Grants (JAG) program, the Victims of Crime Act (VOCA) and the Violence Against Women Act (VAWA) programs. The Branch also administers the state Law Enforcement DUI Service Fee program.

The Office of Legislative and Intergovernmental Services, Criminal Justice Council, established in KRS 15A.040, advises and recommends to the Governor and the General Assembly policies and direction for long-range planning regarding all elements of the criminal justice system. The Council has representatives from: law enforcement, the judiciary, corrections, prosecution bar, defense bar, legislature, professional associations, crime victims, victim advocates, and universities. The Secretary of the Justice and Public Safety Cabinet serves ex-officio as Chair of the Council. The Council carries out criminal justice planning for the Executive, Legislative, and Judicial Branches of government.

The Office of Drug Control Policy, established in July of 2004, is responsible for all matters relating to the research, coordination, and execution of drug control policy for the Commonwealth. The Office directs state and federally funded programs that focus on prevention/education, enforcement, and treatment to ensure a united effort among law enforcement initiatives to address drug abuse in Kentucky.

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

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

Policy

The Executive Budget includes Restricted Funds of \$2,000,000 in both years of the biennium for Operation UNITE, funded from the Local Government Economic Development Fund, Multi-county fund.

The Executive Budget provides Restricted Fund resources of \$1,800,000 in each fiscal year for regional drug courts in Kentucky's coal-producing counties funded from the Local Government Economic Development Fund, Multi-county fund.

The Executive Budget includes \$750,000 in each year of the biennium from the General Fund for civil legal services to indigents.

The Executive Budget includes \$106,000 General Fund in each year of the biennium for the Public Safety First - Sex Offender Notification System.

The Executive Budget provides debt service in the amount of \$106,000 in fiscal year 2013-2014 to support new bonds for the site acquisition and design of a new Medical Examiner Laboratory and Office in Jefferson County.

**Justice and Public Safety
Criminal Justice Training**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	4,077,982	1,340,400	1,285,800	11,987,500	9,144,800
Current Receipts	409,906	421,200	425,000	409,900	409,900
Non-Revenue Receipts	57,321,612	51,442,000	52,313,300	60,552,800	63,076,800
Fund Transfers	-1,105,800			-12,000,000	-12,000,000
Total Restricted Funds	60,703,700	53,203,600	54,024,100	60,950,200	60,631,500
Federal Funds					
Balance Forward	18,377				
Current Receipts	187,723	188,000	188,000	188,000	188,000
Total Federal Funds	206,100	188,000	188,000	188,000	188,000
TOTAL SOURCE OF FUNDS	60,909,800	53,391,600	54,212,100	61,138,200	60,819,500
EXPENDITURES BY CLASS					
Personnel Cost	17,019,100	18,849,400	19,418,200	19,007,000	19,454,600
Operating Expenses	2,180,500	2,501,200	2,501,400	2,490,200	2,490,300
Grants Loans Benefits	27,421,200	28,489,100	28,797,500	28,230,100	28,797,500
Debt Service	2,211,400	2,213,000	2,210,700	2,213,000	2,210,700
Capital Outlay	90,100	53,100	53,100	53,100	53,100
TOTAL EXPENDITURES	48,922,300	52,105,800	52,980,900	51,993,400	53,006,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	48,716,200	51,917,800	52,792,900	51,805,400	52,818,200
Federal Funds	206,100	188,000	188,000	188,000	188,000
TOTAL EXPENDITURES	48,922,300	52,105,800	52,980,900	51,993,400	53,006,200
EXPENDITURES BY UNIT					
Kentucky Law Enforcement Program Fund	47,763,700	50,768,800	51,632,700	50,656,000	51,657,400
Peace Officer Professional Standards	524,700	673,200	680,600	673,400	680,900
Special Training Programs	633,900	663,800	667,600	664,000	667,900
TOTAL EXPENDITURES	48,922,300	52,105,800	52,980,900	51,993,400	53,006,200

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

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs with the Peace Officers Professional Standards office. The KLEFPF agency resources are derived from property and casualty insurance premium surcharge proceeds, which accrue pursuant to KRS 136.392, and are allocated by KRS 42.190 between the KLEFPF and the Kentucky Firefighters Foundation Program Fund. The Department provides entry-level and in-service training for approximately 20,000 students each year.

Policy

The Executive Budget includes Restricted Funds of \$6,115,900 in fiscal year 2013 and \$6,349,200 in fiscal year 2014 for a \$3,100 training incentive stipend for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, Vehicle Enforcement officers, and dispatchers within the Kentucky State Police, and expands the incentive stipend to the Horse Racing Commission investigators, Office of the Attorney General investigators, Department of Parks officers, Kentucky Horse Park Commission officers, Alcoholic Beverage Control officers, Department of Agriculture investigators, Department of Insurance investigators, Department of Charitable Gaming investigators, and certified peace officers employed by school districts and commissioned by the Justice and Public Safety Cabinet as School Resource officers. Each eligible must meet the requirements of Peace Officer Professional Standards Act training. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

The Executive Budget provides funding for approximately 7,600 training incentive stipend recipients each year.

The Executive Budget includes \$50,656,000 in fiscal year 2013 and \$51,657,400 in fiscal year 2014 for the Kentucky Law Enforcement Foundation Program Fund.

**Justice and Public Safety
Juvenile Justice**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	76,467,900	90,262,600	94,107,200	79,405,400	80,848,700
State Salary and Compensation Allocation	3,328,100				
Mandated Expenditure Reductions	-239,800				
Total General Fund	79,556,200	90,262,600	94,107,200	79,405,400	80,848,700
Restricted Funds					
Balance Forward	5,535,500	2,386,700	736,600	2,386,700	736,600
Current Receipts	1,543,800	1,317,400	917,400	1,317,400	917,400
Non-Revenue Receipts	8,032,500	8,032,500	8,032,500	8,032,500	8,032,500
Fund Transfers	-425,100				
Total Restricted Funds	14,686,700	11,736,600	9,686,500	11,736,600	9,686,500
Federal Funds					
Balance Forward	928,600	1,395,900	2,453,800	1,395,900	2,228,500
Current Receipts	1,269,400	1,267,400	1,177,400	1,267,400	1,177,400
Non-Revenue Receipts	11,468,000	11,826,400	11,141,300	11,826,400	11,141,300
Total Federal Funds	13,666,000	14,489,700	14,772,500	14,489,700	14,547,200
TOTAL SOURCE OF FUNDS	107,908,900	116,488,900	118,566,200	105,631,700	105,082,400
EXPENDITURES BY CLASS					
Personnel Cost	74,618,700	85,871,600	89,501,800	77,455,200	79,121,700
Operating Expenses	9,769,700	9,857,500	9,848,000	9,675,900	9,632,900
Grants Loans Benefits	15,577,600	16,407,900	15,412,600	14,374,000	13,154,800
Capital Outlay	1,520,000	1,161,500	1,050,000	1,161,500	1,050,000
TOTAL EXPENDITURES	101,486,000	113,298,500	115,812,400	102,666,600	102,959,400
EXPENDITURES BY FUND SOURCE					
General Fund	76,915,900	90,262,600	94,107,200	79,405,400	80,848,700
Restricted Funds	12,300,000	11,000,000	9,686,500	11,000,000	9,686,500
Federal Funds	12,270,100	12,035,900	12,018,700	12,261,200	12,424,200
TOTAL EXPENDITURES	101,486,000	113,298,500	115,812,400	102,666,600	102,959,400
EXPENDITURES BY UNIT					
Program Management	1,185,900	1,377,000	1,411,700	1,216,900	1,224,800
Program Operations	92,727,800	103,204,300	105,414,600	93,690,400	93,815,400
Support Services	7,572,300	8,717,200	8,986,100	7,759,300	7,919,200
TOTAL EXPENDITURES	101,486,000	113,298,500	115,812,400	102,666,600	102,959,400

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

Program Management is comprised of two organizational units which provide management and policy direction for the Department: Office of the Commissioner and Office of Ombudsman. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services. The Office of Ombudsman investigates and resolves grievances filed by those receiving services from the Department.

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

Day Treatment Services is comprised of six state-owned and 20 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of the 26 centers is 919 youths.

Group Home Facilities	County	Beds
Ashland	Boyd	8
Bowling Green	Warren	8
Burnside	Pulaski	8
Frenchburg	Menifee	8
Hopkinsville	Christian	8
London	Laurel	10
Mayfield	Graves	8
Middlesboro	Bell	8
Frankfort	Franklin	8
Westport	Jefferson	8

Group Home Beds = 82

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths between 12-18 years of age who have been committed to the Department as “public” or “youthful” offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of ten group homes is 82 youths.

Residential Facilities	City	County	Beds
Northern Kentucky Youth Development Center	Crittenden	Grant	40
Morehead Youth Development Center	Morehead	Rowan	40
Green River Youth Development Center	Cromwell	Butler	40
Audubon Youth Development Center	Louisville	Jefferson	70
Mayfield Youth Development Center	Mayfield	Graves	36
Owensboro Treatment Center	Owensboro	Daviess	30
Lincoln Village Youth Development Center	Elizabethtown	Hardin	40
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Youth Development Center	West Liberty	Morgan	40
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	60

Residential Beds = 476

The 11 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These facilities serve youths who are in need of treatment that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the 11 facilities is 476 youths.

State-operated Detention Centers	County	Beds
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Development Center	Adair	30
Warren Regional Juvenile Detention Center	Warren	48
Boyd Regional Juvenile Detention Center	Boyd	36
Hardin Regional Juvenile Detention Center	Hardin	44
Fayette Regional Juvenile Detention Center	Fayette	48

Detention Beds = 354

Seven state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, Hardin, Fayette, and Boyd Counties, and twenty beds are available for detention at the youth development center in Adair County. The Laurel Detention Center is currently closed. Currently, the state provides detention services to 119 counties. Jefferson County continues to operate a local detention program, and it is approved to use these facilities and receive a subsidy payment from the state of \$94 per day for all public and youthful offenders.

Placements less restrictive than detention facilities are provided through contracts with emergency shelters and foster care providers, electronic monitoring, and tracking services. Ten departmental staff members are responsible for the assessment of juveniles in the facilities, and the determination of whether an alternative to detention is appropriate.

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 40-45 juveniles are in these programs on any given day.

Community Services provide services to juvenile offenders. Workers in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. These workers supervise over 3,000 juvenile offenders

and recommend any necessary out-of-home placements.

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

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, Division of Professional Development, and the Division of Medical Services. The Division of Administrative Services consists of four branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of the Quality Assurance Branch and grant management staff that report directly to the Division Director. The Division of Professional Development consists of the Training Branch. The Medical Division oversees the medical delivery system throughout the Department.

**Justice and Public Safety
State Police**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	65,505,300	114,644,700	130,083,800	65,311,000	67,196,600
State Salary and Compensation Allocation	5,477,500				
Mandated Expenditure Reductions	-2,203,600				
Total General Fund	68,779,200	114,644,700	130,083,800	65,311,000	67,196,600
Restricted Funds					
Balance Forward	5,825,500	5,654,900	3,678,300	4,959,400	3,361,300
Current Receipts	12,623,600	14,319,000	14,242,400	13,654,600	13,223,500
Non-Revenue Receipts	6,153,300	6,848,800	6,548,800	6,785,100	6,704,000
Fund Transfers	-454,000				
Total Restricted Funds	24,148,400	26,822,700	24,469,500	25,399,100	23,288,800
Federal Funds					
Balance Forward	62,300				
Current Receipts	15,363,600	12,474,200	11,761,500	12,290,700	11,562,000
ARRA Receipts	3,047,800	259,800	15,900	210,900	
Total Federal Funds	18,473,700	12,734,000	11,777,400	12,501,600	11,562,000
Road Fund					
Regular Appropriation	83,251,500	85,499,600	85,927,200	89,475,900	91,898,200
Total Road Fund	83,251,500	85,499,600	85,927,200	89,475,900	91,898,200
TOTAL SOURCE OF FUNDS	194,652,800	239,701,000	252,257,900	192,687,600	193,945,600
EXPENDITURES BY CLASS					
Personnel Cost	140,893,700	172,879,900	185,813,000	147,861,900	149,741,800
Operating Expenses	36,065,300	45,350,600	45,190,100	33,252,400	31,963,600
Grants Loans Benefits	1,137,300	988,300	988,300	2,683,500	2,683,500
Debt Service				103,000	206,000
Capital Outlay	7,592,100	16,803,900	15,401,900	5,425,500	5,166,900
TOTAL EXPENDITURES	185,688,400	236,022,700	247,393,300	189,326,300	189,761,800
EXPENDITURES BY FUND SOURCE					
General Fund	65,962,900	114,644,700	130,083,800	65,311,000	67,196,600
Restricted Funds	19,189,000	23,144,400	19,604,900	22,037,800	19,105,000
Federal Funds	18,473,700	12,734,000	11,777,400	12,501,600	11,562,000
Road Fund	82,062,800	85,499,600	85,927,200	89,475,900	91,898,200
TOTAL EXPENDITURES	185,688,400	236,022,700	247,393,300	189,326,300	189,761,800
EXPENDITURES BY UNIT					
Administration	21,545,200	37,860,900	39,465,600	22,547,900	23,236,600
Technical Services	34,038,800	43,383,100	40,076,400	32,164,500	30,895,400
Operations	108,634,300	135,575,600	148,592,400	113,355,800	114,105,300
Commercial Vehicle Enforcement	21,470,100	19,203,100	19,258,900	21,258,100	21,524,500
TOTAL EXPENDITURES	185,688,400	236,022,700	247,393,300	189,326,300	189,761,800

The Kentucky State Police is the statewide law enforcement agency of the Commonwealth. The State Police was established in 1948. State Troopers are assigned to 16 regional posts across the State. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The Kentucky State Police is comprised of three divisions: Administrative, Operations, and Technical Services.

The Administrative Division, which includes the Office of the Commissioner, provides professional support services for the Department. These services include organizational policy, personnel, properties management and supplies, payroll, employee assistance, fiscal, internal investigations, and inspections. Media relations, training, analysis, research, strategic planning, and information coordination are other functions performed in this division. The State Police Drivers Testing Stations, Facilities Security, and Legislative Detail are also part of this division and provide external support to citizens and other public officials of Kentucky.

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

The Technical Services Division is responsible for providing technical assistance to other departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, records, communications (including headquarters dispatch), criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The Division also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is supported by the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

The Commercial Vehicle Enforcement Division is responsible for encouraging and promoting a safe driving environment through education and safety awareness while enforcing state and federal laws and regulations, placing special emphasis on commercial vehicles. This Division encompasses the entire Commonwealth divided into 6 Regions. This Division is staffed with sworn law enforcement officers, regulatory weight and safety inspectors, and civilian staff.

Policy

The Executive Budget includes Restricted Funds of \$5,335,400 in fiscal year 2013 and \$5,554,200 in fiscal year 2014 for a \$3,100 training incentive stipend for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, Vehicle Enforcement officers, and dispatchers within the Kentucky State Police. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

The Frankfort Career Development Center (FCDC) minimum security prison was closed and the Department of Corrections transferred ownership of the 362 acres of land and facilities to the Kentucky State Police to be used as the Kentucky State Police Training Academy on July 1, 2011. The Executive Budget provides General Fund debt service in the amount \$103,000 in fiscal year 2013 and \$206,000 in fiscal year 2014.

**Justice and Public Safety
Corrections**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	437,820,000	490,785,400	500,798,300	454,980,300	453,368,100
State Salary and Compensation Allocation	6,017,700				
Special Appropriation	-1,200,000				
Mandated Expenditure Reductions	-726,700				
Mandated Allotments	13,538,500				
Total General Fund	455,449,500	490,785,400	500,798,300	454,980,300	453,368,100
Restricted Funds					
Balance Forward	3,081,600				
Current Receipts	20,237,300	20,668,600	20,918,900	20,668,600	20,918,900
Non-Revenue Receipts	5,427,500	2,427,500	2,427,500		2,800,000
Fund Transfers	-257,200				
Total Restricted Funds	28,489,200	23,096,100	23,346,400	20,668,600	23,718,900
Federal Funds					
Current Receipts	3,363,900	2,652,800	2,970,500	2,652,800	2,970,500
Total Federal Funds	3,363,900	2,652,800	2,970,500	2,652,800	2,970,500
TOTAL SOURCE OF FUNDS	487,302,600	516,534,300	527,115,200	478,301,700	480,057,500
EXPENDITURES BY CLASS					
Personnel Cost	224,763,500	260,977,500	265,991,000	234,863,500	238,381,700
Operating Expenses	51,494,300	50,808,700	51,969,500	50,251,800	50,602,200
Grants Loans Benefits	201,362,700	204,132,900	208,769,500	192,702,100	190,267,100
Debt Service				140,500	421,500
Capital Outlay	355,000	615,000	385,000	343,800	385,000
TOTAL EXPENDITURES	477,975,500	516,534,100	527,115,000	478,301,700	480,057,500
EXPENDITURES BY FUND SOURCE					
General Fund	446,122,400	490,785,400	500,798,300	454,980,300	453,368,100
Restricted Funds	28,489,200	23,096,100	23,346,400	20,668,600	23,718,900
Federal Funds	3,363,900	2,652,800	2,970,500	2,652,800	2,970,500
TOTAL EXPENDITURES	477,975,500	516,534,300	527,115,200	478,301,700	480,057,500
EXPENDITURES BY UNIT					
Corrections Management	9,755,600	11,535,000	12,807,900	9,976,900	10,662,200
Adult Correctional Institutions	289,530,600	322,476,400	330,122,100	289,739,200	293,114,300
Community Services and Local Facilities	164,865,000	162,660,200	162,236,800	161,621,700	157,244,000
Local Jail Support	13,824,300	19,862,700	21,948,400	16,963,900	19,037,000
TOTAL EXPENDITURES	477,975,500	516,534,300	527,115,200	478,301,700	480,057,500

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

The Department's core cost driver is the felon population. In the 2011 Regular Session, HB 463 was passed with the intent to decrease the state's prison population; reduce incarceration costs; and implement programs that will reduce crime and increase overall public safety. KRS 196.111 mandates the use of evidence-based practices in the sentencing process for convicted felons and in the decision making process for the supervision and treatment of felons in prison or on probation or parole. HB 463 modified KRS Chapter 218A controlled substance statutes and placed emphasis on probation, diversion, and treatment and diverts savings from the drug law changes to drug treatment programs. Other provisions in KRS 439.335, KRS 439.340, KRS 439.320, and KRS 197.045 emphasize the use of parole to effectuate accelerated parole hearings; to order mandatory reentry supervision release; and to allow for good time credit that reduces the sentence while on parole.

Policy

The Department of Corrections is permitted to adjust appropriations between the Community Services and Local Facilities budget unit and the Adult Correctional Institutions budget unit with the prior concurrence of the State Budget Director. Only adjustments necessary to manage the diverse mix of inmate classifications, custody levels, probation and parole caseloads, and population increases or decreases shall be permitted. No adjustments may be made except upon the prior written concurrence of the State Budget Director.

The Executive Budget incorporates the following array of institutional and community beds to accommodate the projected prison and community felon population under the custody of the Department of Corrections.

2012 – 2014 Felon and Community Beds Forecast

	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Felons*	20,966	19,864	19,141
Other**	<u>1,867</u>	<u>1,867</u>	<u>1,867</u>
Total	22,833	21,731	21,008

* The incarcerated felon forecast is a consensus estimating process involving a nationally-known Corrections consulting firm, the Department of Corrections, and the Office of the State Budget Director. The forecast for the 2012-14 biennium estimates that the overall impact of the many provisions of HB 463, enacted in the 2011 Session of the General Assembly, would reduce the incarcerated felon population by 1,782 in fiscal year 2013 and by 2,871 in fiscal year 2014 (average daily population).

The projected gross savings are \$21,483,700 in fiscal year 2013 and \$34,612,600 in fiscal year 2014, of which the savings estimated from changes in the Controlled Substances laws are \$6,763,400 in FY 2013 and \$11,549,600 in fiscal year 2014.

**The Other category is the remaining population under the custody of the Department of Corrections located in Halfway House and Recovery Kentucky beds for parolees and probationers, as well as others serving time in jails under an alternative sentence arrangement with the Courts.

**Justice and Public Safety
Corrections
Corrections Management**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,258,300	11,052,000	11,682,900	9,493,900	9,537,200
State Salary and Compensation Allocation	522,700				
Mandated Expenditure Reductions	-229,500				
Total General Fund	9,551,500	11,052,000	11,682,900	9,493,900	9,537,200
Restricted Funds					
Balance Forward	208,300				
Current Receipts	91,700	300,000	300,000	300,000	300,000
Fund Transfers	-4,700				
Total Restricted Funds	295,300	300,000	300,000	300,000	300,000
Federal Funds					
Current Receipts	315,000	183,000	825,000	183,000	825,000
Total Federal Funds	315,000	183,000	825,000	183,000	825,000
TOTAL SOURCE OF FUNDS	10,161,800	11,535,000	12,807,900	9,976,900	10,662,200
EXPENDITURES BY CLASS					
Personnel Cost	8,505,900	10,287,200	11,348,700	8,752,400	9,336,400
Operating Expenses	1,249,700	1,247,800	1,459,200	1,224,500	1,325,800
TOTAL EXPENDITURES	9,755,600	11,535,000	12,807,900	9,976,900	10,662,200
EXPENDITURES BY FUND SOURCE					
General Fund	9,145,300	11,052,000	11,682,900	9,493,900	9,537,200
Restricted Funds	295,300	300,000	300,000	300,000	300,000
Federal Funds	315,000	183,000	825,000	183,000	825,000
TOTAL EXPENDITURES	9,755,600	11,535,000	12,807,900	9,976,900	10,662,200
EXPENDITURES BY UNIT					
Commissioner	5,916,500	6,662,500	7,687,500	6,257,600	6,895,400
Corrections Training	1,429,200	1,698,700	1,791,200	1,368,800	1,389,100
Administrative Services	1,845,400	2,143,200	2,246,500	1,809,100	1,836,300
Division of Personnel	564,500	1,030,600	1,082,700	541,400	541,400
TOTAL EXPENDITURES	9,755,600	11,535,000	12,807,900	9,976,900	10,662,200

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through six program areas: Office of the Commissioner, Division of Personnel, Division of Corrections Training, Division of Administrative Services, and Debt Service.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Office conducts centralized personnel and budgeting functions. The Commission on Corrections/Community Services is administratively attached to the Office. Also attached to the Office of the Commissioner is the Office of the Deputy Commissioner for Support Services, responsible for the Division of Corrections Training and Division of Administrative Services. The Information Technology and Offender Records Branch as well as the Parole Board/Victims Services Branch are also under the Office of the Deputy Commissioner of Support Services.

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

The Division of Administrative Services, referenced in KRS 12.020, is comprised of two branches that provide support services to the entire Department in accounting and purchasing, property inventory, and budgeting. The Division of Administrative Services also includes the Contract Management Branch, which is charged with the responsibility for administering the contracts for the Commonwealth's privately operated correctional facilities. These private facilities include two contracted adult institutions (authorized and governed by KRS 197.500-525) - the Marion Adjustment Center, an 826-bed minimum/medium security institution located at St. Mary's, and the Otter Creek Correctional Complex, a 646-bed facility located near Wheelwright. This

branch also oversees contracts with 22 halfway houses located across the state which provide housing for approximately 1,780 community custody inmates and parolees, which includes community placements with the Recovery Kentucky substance abuse programs.

Policy

The Executive Budget includes \$370,000 General Fund in fiscal year 2012-2013 and \$240,000 in fiscal year 2013-2014 for the Public Safety First Programs to support the Victim's Information Notification Everyday (VINE) Protective Order and VINE Court Notification programs. The VINE Protective Order program notifies petitioners when their protective order has been served and keeps them informed throughout the process. The VINE Court Notification program notifies victims of the offender's court hearings (dates, locations, schedule changes) and case status.

**Justice and Public Safety
Corrections
Adult Correctional Institutions**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	273,313,700	303,208,000	310,727,700	270,470,800	273,719,900
State Salary and Compensation Allocation	4,343,900				
Other	-2,900,000				
Total General Fund	274,757,600	303,208,000	310,727,700	270,470,800	273,719,900
Restricted Funds					
Balance Forward	1,453,700				
Current Receipts	18,535,200	17,338,600	17,588,900	17,338,600	17,588,900
Fund Transfers	-252,500				
Total Restricted Funds	19,736,400	17,338,600	17,588,900	17,338,600	17,588,900
Federal Funds					
Current Receipts	2,253,700	1,929,800	1,805,500	1,929,800	1,805,500
Total Federal Funds	2,253,700	1,929,800	1,805,500	1,929,800	1,805,500
TOTAL SOURCE OF FUNDS	296,747,700	322,476,400	330,122,100	289,739,200	293,114,300
EXPENDITURES BY CLASS					
Personnel Cost	175,054,400	201,591,600	202,396,100	182,686,900	185,029,800
Operating Expenses	44,425,000	43,055,300	43,831,700	43,305,200	43,544,800
Grants Loans Benefits	69,696,200	77,485,500	83,509,100	63,262,800	63,733,200
Debt Service				140,500	421,500
Capital Outlay	355,000	343,800	385,000	343,800	385,000
TOTAL EXPENDITURES	289,530,600	322,476,200	330,121,900	289,739,200	293,114,300
EXPENDITURES BY FUND SOURCE					
General Fund	267,540,500	303,208,000	310,727,700	270,470,800	273,719,900
Restricted Funds	19,736,400	17,338,600	17,588,900	17,338,600	17,588,900
Federal Funds	2,253,700	1,929,800	1,805,500	1,929,800	1,805,500
TOTAL EXPENDITURES	289,530,600	322,476,400	330,122,100	289,739,200	293,114,300
EXPENDITURES BY UNIT					
Institutions Operations	2,891,500	3,233,300	3,269,500	3,228,800	3,465,600
Medical Services	56,064,100	58,222,600	59,512,800	57,602,000	54,164,600
Education	6,410,700	6,411,600	6,520,200	6,052,300	6,028,700
Correctional Industries	14,202,300	13,104,500	13,354,800	12,104,500	12,354,800
Correctional Facilities	175,789,800	199,004,100	199,523,700	184,078,100	186,075,100
Mental Health	11,767,400	20,095,500	25,536,300	12,189,000	19,114,300
Private Prisons	22,404,800	22,404,800	22,404,800	14,484,500	11,911,200
TOTAL EXPENDITURES	289,530,600	322,476,400	330,122,100	289,739,200	293,114,300

Adult Correctional Institutions is comprised of 12 state correctional facilities and two privately contracted facilities for adult felon offenders. Six additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, Education programs, Inmate Medical Services, the Division of Adult Institutions and the Division of Correctional Industries.

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

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of four units: alcohol and other substance abuse treatment programs, sex offender treatment programs (which are governed by KRS 197.400-440), the Sex Offender Risk Assessment Unit, and psychiatric and psychological out patient services.

Inmate Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts,

and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Inmate Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division. County jail inmates are now beneficiaries of the healthcare network in accordance with KRS 441.560.

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

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, vegetables, and freshwater shrimp. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

Correctional Institutions

Kentucky State Reformatory (KSR) is a medium security institution with an operational capacity of 1,952 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

Kentucky State Penitentiary (KSP) is a maximum security institution with an operational capacity of 849 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

Blackburn Correctional Complex (BCC) is a minimum security institution with an operational capacity of 594 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

Bell County Forestry Camp (BCFC) is a minimum security institution with an operational capacity of 300 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

Kentucky Correctional Institution for Women (KCIW), the only state institutional facility for women in the Commonwealth, is located in PeeWee Valley in Shelby County, and has an operational capacity of 691 inmates. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

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

Western Kentucky Correctional Complex (WKCC) is a medium security institution with an operational capacity of 670 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties.

Roederer Correctional Complex (RCC) is a medium security institution with an operational capacity of 1,002 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The institution also operates a full farm operation on approximately 2,800 acres.

Luther Lockett Correctional Complex (LLCC) is a medium security institution with an operational capacity of 1,073 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services' Kentucky Correctional Psychiatric Center (KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

Green River Correctional Complex (GRCC) is a medium security institution with an operational capacity of 947 inmates located near Central City in Muhlenberg County.

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

Little Sandy Correctional Complex (LSCC) is the state's newest correctional institution. The new institution, which opened in June 2005, is located near Sandy Hook in Elliott County and has an operational capacity of 987 inmates. Programming at the new institution consists of basic educational and vocational training classes, as well as psychological services. Correctional

industries programs are planned in the near future.

The **Frankfort Career Development Center (FCDC)** minimum security prison was closed and the Department of Corrections transferred the 362 acres of land and facilities to the Kentucky State Police to be used as the Kentucky State Police Training Academy on July 1, 2011.

Policy

HB 463 modified KRS Chapter 218A controlled substance statutes and placed emphasis on probation, diversion, and treatment and diverts savings from the drug law changes to drug treatment programs. KRS 196.286 directs that the estimated amount of savings shall be used solely for expanding and enhancing treatment programs that employ evidence-based or promising practices designed to reduce the likelihood of future criminal behavior. Consistent with the statute, the estimated savings attributable to fiscal year 2013 are budgeted to expand treatment programs in fiscal year 2014 once the savings are achieved. The Executive Budget directs estimated savings in the amount of \$6,763,400 to the Mental Health program budget to comply with that statute.

The incarcerated felon population forecast incorporates new provisions of KRS 197.045(1)(a) as a result of HB 463 to provide an educational good time credit of 90 days to any prisoner who successfully receives a graduate equivalency diploma or a high school diploma, a two or four year certification in applied sciences, or a technical education diploma, or completes a drug treatment program or other treatment program that requires participation in the program of six months or more.

The incarcerated felon population forecast also incorporates provisions of KRS 197.045(2) as a result of HB 463 so that an inmate may at the discretion of the Commissioner of the Department of Corrections, be allowed a deduction from a sentence not to exceed seven days per month served for meritorious behavior, and may be allowed an additional deduction up to seven days per month served for acts of exceptional service during times of emergency or for performing duties of outstanding importance in connection with institutional operations and programs.

The incarcerated felon population forecast incorporates provisions of KRS 439.340 as a result of HB 463 authorizing the commissioner to determine the most appropriate placement in a program operated by the department or community program approved by the department when the Parole Board grants parole contingent upon completion of a program.

The Executive Budget suspends KRS 532.100(7) so that a state prisoner, excluding the Class C and D felons, qualifying to serve time in county jails, may be transferred to a state institution within 90 days of final sentencing, if the county jail does not object to the additional 45 days.

The Executive Budget includes an estimated savings of \$4,000,000 in fiscal year 2013-2014 as a result of implementing the Affordable Health Care Act provision that becomes effective January 1, 2014 that allows state inmates below 133% of the poverty level Medicaid coverage.

The Executive Budget assumes that during fiscal year 2013, Otter Creek Correctional Complex will no longer be needed and the result is estimated to increase the amount of jail per diem payment to the counties by \$5,867,800 in fiscal year 2013 and \$7,788,100 in fiscal year 2014.

The Executive Budget provides General Fund debt service in the amount of \$140,500 in fiscal year 2013 and \$421,500 in fiscal year 2014 to support new bonds for capital projects.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	140,926,500	156,662,700	156,439,300	158,051,700	151,074,000
State Salary and Compensation Allocation	1,151,100				
Special Appropriation	-1,200,000				
Mandated Allotments	13,538,500				
Other	2,900,000				
Total General Fund	157,316,100	156,662,700	156,439,300	158,051,700	151,074,000
Restricted Funds					
Balance Forward	1,419,600				
Current Receipts	1,610,400	3,030,000	3,030,000	3,030,000	3,030,000
Non-Revenue Receipts	5,427,500	2,427,500	2,427,500		2,800,000
Total Restricted Funds	8,457,500	5,457,500	5,457,500	3,030,000	5,830,000
Federal Funds					
Current Receipts	795,200	540,000	340,000	540,000	340,000
Total Federal Funds	795,200	540,000	340,000	540,000	340,000
TOTAL SOURCE OF FUNDS	166,568,800	162,660,200	162,236,800	161,621,700	157,244,000
EXPENDITURES BY CLASS					
Personnel Cost	41,168,500	49,064,000	52,211,500	43,389,500	43,980,800
Operating Expenses	5,372,600	6,058,600	6,231,600	5,275,100	5,284,600
Grants Loans Benefits	118,323,900	107,266,400	103,793,700	112,957,100	107,978,600
Capital Outlay		271,200			
TOTAL EXPENDITURES	164,865,000	162,660,200	162,236,800	161,621,700	157,244,000
EXPENDITURES BY FUND SOURCE					
General Fund	155,612,300	156,662,700	156,439,300	158,051,700	151,074,000
Restricted Funds	8,457,500	5,457,500	5,457,500	3,030,000	5,830,000
Federal Funds	795,200	540,000	340,000	540,000	340,000
TOTAL EXPENDITURES	164,865,000	162,660,200	162,236,800	161,621,700	157,244,000
EXPENDITURES BY UNIT					
Probation and Parole Program	43,602,000	51,942,400	54,494,100	49,262,700	51,854,300
Local Facilities Operations	977,500	1,280,900	1,261,600	1,012,800	1,015,300
Local Facilities - Jail Program	92,394,100	81,063,700	77,694,200	83,176,000	76,377,700
Community Corrections Commission	1,056,000	1,108,500	1,115,200	1,057,500	1,058,800
Halfway Houses	24,376,000	25,085,400	25,144,100	24,963,000	24,963,000
Electronic Monitoring	2,459,400	2,179,300	2,527,600	2,149,700	1,974,900
TOTAL EXPENDITURES	164,865,000	162,660,200	162,236,800	161,621,700	157,244,000

The Community Services and Local Facilities program is comprised of three units which provide the core system of community-based correctional programs to protect the Commonwealth. The three organizational units are the Division of Probation and Parole, the Division for Local Facilities, and Community Corrections.

The Division of Probation and Parole, pursuant to KRS 439.370 and 439.480, through the probation and parole officers in the 19 districts, provides supervision of approximately 41,534 probationers and parolees in the community, investigations of offenders for the courts and parole board, rehabilitative services to offenders, and assistance in employment and home placement.

The Division for Local Facilities, as mandated by KRS Chapter 441, is responsible for jail inspection, jail standards review and enforcement regulations, technical assistance to local governments, and approval of construction plans. The Division administers the controlled intake of certain classes of C and D felons, per KRS Chapter 532.

This division is also responsible for payment of local jail per diems, medical per diems, excess medical costs, and inmate labor for the state inmates housed in the Commonwealth's 74 full service jails and 4 regional jails.

The Community Corrections area is comprised of the Halfway House program, Kentucky Corrections Commissioner, and

Electronic Monitoring program. Pursuant to KRS Chapter 439, the Halfway House program provides rehabilitation in community residential correctional centers throughout the Commonwealth where inmates are transitioned prior to their release. Pursuant to KRS Chapter 196, the Kentucky Corrections Commission grants funds for the purpose of assisting judges, throughout the Commonwealth, develop alternatives to incarceration. In accordance with KRS 532.260, the Department of Corrections has initiated the Home Incarceration program (HIP). The current average daily population of HIP participants is 433.

Policy

The Department of Corrections estimates a 20 percent growth in the number of probationers and parolees compared to fiscal year 2011. Much of this increase is due to the provisions of HB 463 enacted by the 2011 Session of the General Assembly related to accelerated parole hearings and mandatory reentry supervision release.

Fiscal Year	Probation and Parole Population
2011 Actual	41,534
2012 Estimated	43,225
2013 Estimated	46,961
2014 Estimated	49,728

One provision of HB 463, codified as KRS 196.288, requires a reinvestment of a portion of the estimated savings based on the implementation of several elements of HB 463, of \$3,615,800 in fiscal year 2013 and \$5,653,200 in fiscal year 2014 to expand probation and parole services. These funds will support 54 additional probation and parole officers in fiscal year 2013 and 84 officers in fiscal year 2014.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,321,500	19,862,700	21,948,400	16,963,900	19,037,000
Mandated Expenditure Reductions	-497,200				
Total General Fund	13,824,300	19,862,700	21,948,400	16,963,900	19,037,000
TOTAL SOURCE OF FUNDS	13,824,300	19,862,700	21,948,400	16,963,900	19,037,000
EXPENDITURES BY CLASS					
Personnel Cost	34,700	34,700	34,700	34,700	34,700
Operating Expenses	447,000	447,000	447,000	447,000	447,000
Grants Loans Benefits	13,342,600	19,381,000	21,466,700	16,482,200	18,555,300
TOTAL EXPENDITURES	13,824,300	19,862,700	21,948,400	16,963,900	19,037,000
EXPENDITURES BY FUND SOURCE					
General Fund	13,824,300	19,862,700	21,948,400	16,963,900	19,037,000
TOTAL EXPENDITURES	13,824,300	19,862,700	21,948,400	16,963,900	19,037,000
EXPENDITURES BY UNIT					
Local Jail Allotment	12,330,700	14,473,900	14,473,900	12,026,600	12,026,600
Restricted Medical	931,100	931,100	931,100	931,100	931,100
Jailers' Allowance	481,700	481,700	481,700	481,700	481,700
Catastrophic Medical	80,800	295,900	295,900	80,800	80,800
Local Correctional Assistance Fund		3,680,100	5,765,800	3,443,700	5,516,800
TOTAL EXPENDITURES	13,824,300	19,862,700	21,948,400	16,963,900	19,037,000

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

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

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

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

Policy

Pursuant to KRS 196.288, as enacted by the 2011 General Assembly in HB 463, the Executive Budget directs General Fund in the amounts of \$3,443,700 in fiscal year 2013 and \$5,516,800 in fiscal year 2014 to the Local Corrections Assistance Fund established KRS 441.207. These amounts represent an estimate of 25% of the savings resulting from changes made by HB 463 to reduce the incarcerated population, excluding the effect of changes to KRS Chapter 218A, the Controlled Substances laws.

**Justice and Public Safety
Public Advocacy**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	37,195,500	55,150,800	62,292,400	39,974,000	40,678,600
State Salary and Compensation Allocation	1,980,000				
Total General Fund	39,175,500	55,150,800	62,292,400	39,974,000	40,678,600
Restricted Funds					
Balance Forward	7,100				
Current Receipts	2,500,100	2,507,200	2,507,200	2,507,200	2,507,200
Non-Revenue Receipts	1,536,800	3,501,900	5,377,300	1,536,800	1,536,800
Fund Transfers	-63,600				
Total Restricted Funds	3,980,400	6,009,100	7,884,500	4,044,000	4,044,000
Federal Funds					
Current Receipts	2,335,100	1,571,900	1,575,000	2,418,200	2,421,300
Non-Revenue Receipts		846,300	846,300		
Total Federal Funds	2,335,100	2,418,200	2,421,300	2,418,200	2,421,300
TOTAL SOURCE OF FUNDS	45,491,000	63,578,100	72,598,200	46,436,200	47,143,900
EXPENDITURES BY CLASS					
Personnel Cost	38,550,900	55,624,750	64,537,550	40,586,200	41,260,500
Operating Expenses	5,491,500	7,913,350	8,020,650	5,810,000	5,843,400
Grants Loans Benefits	40,000	40,000	40,000	40,000	40,000
TOTAL EXPENDITURES	44,082,400	63,578,100	72,598,200	46,436,200	47,143,900
EXPENDITURES BY FUND SOURCE					
General Fund	37,766,900	55,150,800	62,292,400	39,974,000	40,678,600
Restricted Funds	3,980,400	6,009,100	7,884,500	4,044,000	4,044,000
Federal Funds	2,335,100	2,418,200	2,421,300	2,418,200	2,421,300
TOTAL EXPENDITURES	44,082,400	63,578,100	72,598,200	46,436,200	47,143,900
EXPENDITURES BY UNIT					
Office of the Public Advocate	1,073,300	1,275,100	1,277,500	1,169,300	1,187,500
Defense Services	39,366,600	57,553,700	66,469,300	41,423,900	42,049,700
Law Operations	1,610,800	2,356,300	2,401,400	1,678,500	1,701,100
Protection and Advocacy	2,031,700	2,393,000	2,450,000	2,164,500	2,205,600
TOTAL EXPENDITURES	44,082,400	63,578,100	72,598,200	46,436,200	47,143,900

The U. S. and Kentucky Constitutions provide to all Americans the right to the assistance of counsel when they are charged with a crime. Those same constitutional provisions mandate that all persons who cannot afford an attorney and are charged with a crime that carries a potential loss of liberty be provided with an attorney by the state. The Kentucky Department for Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders, full-time contract public defenders, and private attorneys contracting with the Department to provide services primarily in situations involving conflicts of interest. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Office of the Public Advocate is responsible for the oversight of the agency and includes the Public Advocate, Deputy Public Advocate & General Counsel, and all strategic planning and education functions.

The Operations Division provides budget, personnel, administrative, technology, facility oversight, library services, research, archive services and management support for the Department.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty, persons accused of juvenile delinquency and status offenses, and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, and family court venues.

The Post-Trial Division provides mandated defender services for indigent persons after conviction. These services include providing counsel to indigent persons on appeal, to incarcerated persons on post-conviction actions in state and federal court, and to all juveniles in treatment facilities.

The Department's Protection and Advocacy Division was established pursuant to Public Law 99-319, Public Law 101-496, and KRS 31.030. The Division seeks legal, administrative, and other appropriate remedies to insure protection of Kentuckians with developmental disabilities and mental illness. The majority of funds in this division's budget are Federal Funds that have strict non-supplanting requirements.

Policy

Notwithstanding KRS 45.777, the Commonwealth's share of proceeds from any sale of the Department for Public Advocacy building located on 109 Church Street in Lexington shall be deposited into a Restricted Funds account for the benefit of the Department for Public Advocacy.

This page intentionally left blank

Labor

	Labor				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,829,700	25,877,500	26,344,400	4,649,500	4,744,100
State Salary and Compensation Allocation	327,600				
Mandated Expenditure Reductions	-188,500				
Total General Fund	4,968,800	25,877,500	26,344,400	4,649,500	4,744,100
Restricted Funds					
Balance Forward	14,402,700	793,000	262,900	793,000	378,900
Current Receipts	93,166,700	90,568,200	92,060,800	107,533,500	109,000,300
Non-Revenue Receipts	92,667,700	103,154,300	104,285,400	101,338,400	102,277,600
Fund Transfers	-69,100				
Total Restricted Funds	200,168,000	194,515,500	196,609,100	209,664,900	211,656,800
Federal Funds					
Balance Forward	2,600				
Current Receipts	3,708,500	4,436,400	4,657,700	4,047,100	4,260,500
Non-Revenue Receipts	-218,400	-254,700	-253,100	-254,700	-253,100
Total Federal Funds	3,492,700	4,181,700	4,404,600	3,792,400	4,007,400
TOTAL SOURCE OF FUNDS	208,629,500	224,574,700	227,358,100	218,106,800	220,408,300
EXPENDITURES BY CLASS					
Personnel Cost	130,121,500	144,965,700	147,464,100	139,129,100	141,271,400
Operating Expenses	6,380,200	8,253,400	8,709,700	7,613,700	8,086,100
Grants Loans Benefits	70,604,200	70,604,200	70,604,200	70,604,200	70,604,200
Capital Outlay	470,900	488,500	545,700	380,900	412,200
TOTAL EXPENDITURES	207,576,800	224,311,800	227,323,700	217,727,900	220,373,900
EXPENDITURES BY FUND SOURCE					
General Fund	4,709,100	25,877,500	26,344,400	4,649,500	4,744,100
Restricted Funds	199,375,000	194,252,600	196,574,700	209,286,000	211,622,400
Federal Funds	3,492,700	4,181,700	4,404,600	3,792,400	4,007,400
TOTAL EXPENDITURES	207,576,800	224,311,800	227,323,700	217,727,900	220,373,900
EXPENDITURES BY UNIT					
Secretary	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
General Administration and Program Support	5,805,300	7,027,400	7,304,100	5,816,400	6,091,900
Workplace Standards	82,042,200	84,543,200	85,025,300	82,518,800	82,844,400
Workers' Claims	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
Occupational Safety and Health Review Commission	512,600	563,700	578,700	541,100	551,200
Workers' Compensation Funding Commission	99,782,900	110,400,900	111,736,000	108,220,800	109,512,200
TOTAL EXPENDITURES	207,576,800	224,311,800	227,323,700	217,727,900	220,373,900

The Labor Cabinet is created pursuant to KRS 336. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, and the Department of Workplace Standards. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workplace Standards also administers the payment of workers' compensation injury claims by the Special Fund and the Coal Workers' Pneumoconiosis Fund.

Attached to the Labor Cabinet for administrative purposes are the Kentucky Labor Management Advisory Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employers' Mutual Insurance Authority, the Workers' Compensation Nominating Commission, and the Workers' Compensation Board.

In addition, the Office of General Administration and Program Support for Shared Services and the Office of Inspector General are attached to the Labor Cabinet for administrative purposes. These offices provide principal administrative, human resources, budget, auditing, and internal investigation activities for the Labor Cabinet, Energy and Environment Cabinet, and Public Protection Cabinet.

	Labor Secretary				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	256,600				
Current Receipts	16,800	16,800	16,800	16,800	16,800
Non-Revenue Receipts	3,880,000	4,729,200	4,891,400	4,498,500	4,660,200
Total Restricted Funds	4,153,400	4,746,000	4,908,200	4,515,300	4,677,000
Federal Funds					
Current Receipts	189,600	194,700	194,700	194,700	194,700
Non-Revenue Receipts	-24,700	-24,700	-24,700	-24,700	-24,700
Total Federal Funds	164,900	170,000	170,000	170,000	170,000
TOTAL SOURCE OF FUNDS	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
EXPENDITURES BY CLASS					
Personnel Cost	3,488,800	4,046,800	4,179,000	3,816,100	3,947,800
Operating Expenses	746,500	754,200	754,200	754,200	754,200
Capital Outlay	83,000	115,000	145,000	115,000	145,000
TOTAL EXPENDITURES	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	4,153,400	4,746,000	4,908,200	4,515,300	4,677,000
Federal Funds	164,900	170,000	170,000	170,000	170,000
TOTAL EXPENDITURES	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
EXPENDITURES BY UNIT					
Secretary	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000
TOTAL EXPENDITURES	4,318,300	4,916,000	5,078,200	4,685,300	4,847,000

The Secretary of Labor manages and administers the duties of the Cabinet.

Funding for the Office of the Secretary is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
General Administration and Program Support

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,034,700	4,026,800	4,321,800	2,931,800	2,993,600
State Salary and Compensation Allocation	221,100				
Mandated Expenditure Reductions	-125,100				
Total General Fund	3,130,700	4,026,800	4,321,800	2,931,800	2,993,600
Restricted Funds					
Balance Forward	707,900	509,700	262,900	509,700	378,900
Non-Revenue Receipts	2,647,700	2,686,800	2,686,800	2,686,800	2,686,800
Fund Transfers	-69,100				
Total Restricted Funds	3,286,500	3,196,500	2,949,700	3,196,500	3,065,700
Federal Funds					
Current Receipts	69,500	69,500	69,500	69,500	69,500
Non-Revenue Receipts	-2,500	-2,500	-2,500	-2,500	-2,500
Total Federal Funds	67,000	67,000	67,000	67,000	67,000
TOTAL SOURCE OF FUNDS	6,484,200	7,290,300	7,338,500	6,195,300	6,126,300
EXPENDITURES BY CLASS					
Personnel Cost	5,042,600	6,370,600	6,602,300	5,271,800	5,475,700
Operating Expenses	740,700	656,800	701,800	544,600	616,200
Capital Outlay	22,000				
TOTAL EXPENDITURES	5,805,300	7,027,400	7,304,100	5,816,400	6,091,900
EXPENDITURES BY FUND SOURCE					
General Fund	2,961,500	4,026,800	4,321,800	2,931,800	2,993,600
Restricted Funds	2,776,800	2,933,600	2,915,300	2,817,600	3,031,300
Federal Funds	67,000	67,000	67,000	67,000	67,000
TOTAL EXPENDITURES	5,805,300	7,027,400	7,304,100	5,816,400	6,091,900
EXPENDITURES BY UNIT					
Office of General Admin & Program Support Shared Services	5,045,600	6,090,600	6,338,900	5,035,500	5,262,400
Inspector General Shared Services	759,700	936,800	965,200	780,900	829,500
TOTAL EXPENDITURES	5,805,300	7,027,400	7,304,100	5,816,400	6,091,900

Attached to the Labor Cabinet for administrative purposes, General Administration and Program Support for Shared Services includes the Office of Administrative and Program Support for Shared Services and the Office of Inspector General for Shared Services. Both offices provide the Public Protection Cabinet, Labor Cabinet and Energy and Environment Cabinet agencies with the centralized administrative resources necessary to carry out their mission.

The Office of Administrative and Program Support for Shared Services serves as a central point of contact for fiscal, personnel, payroll, budget and operations for the three Cabinet's. The Division of Information Services within the Office of Administrative and Program Support for Shared Services is a central point of contact for information technology services for the Public Protection Cabinet and Energy and Environment Cabinet.

The Office of Inspector General for Shared Services is the lead investigative agency for the three Cabinets.

**Labor
Workplace Standards**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,795,000	2,850,700	3,022,600	1,717,700	1,750,500
State Salary and Compensation Allocation	106,500				
Mandated Expenditure Reductions	-63,400				
Total General Fund	1,838,100	2,850,700	3,022,600	1,717,700	1,750,500
Restricted Funds					
Balance Forward	4,526,900				
Current Receipts	1,140,700	1,140,700	1,140,700	1,140,700	1,140,700
Non-Revenue Receipts	71,366,200	76,607,100	76,694,400	76,105,000	76,182,800
Total Restricted Funds	77,033,800	77,747,800	77,835,100	77,245,700	77,323,500
Federal Funds					
Balance Forward	2,600				
Current Receipts	3,449,400	4,172,200	4,393,500	3,782,900	3,996,300
Non-Revenue Receipts	-191,200	-227,500	-225,900	-227,500	-225,900
Total Federal Funds	3,260,800	3,944,700	4,167,600	3,555,400	3,770,400
TOTAL SOURCE OF FUNDS	82,132,700	84,543,200	85,025,300	82,518,800	82,844,400
EXPENDITURES BY CLASS					
Personnel Cost	9,039,200	11,342,900	11,792,400	9,675,400	9,895,600
Operating Expenses	2,177,600	2,430,200	2,361,500	2,073,300	2,077,400
Grants Loans Benefits	70,604,200	70,604,200	70,604,200	70,604,200	70,604,200
Capital Outlay	221,200	165,900	267,200	165,900	267,200
TOTAL EXPENDITURES	82,042,200	84,543,200	85,025,300	82,518,800	82,844,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,747,600	2,850,700	3,022,600	1,717,700	1,750,500
Restricted Funds	77,033,800	77,747,800	77,835,100	77,245,700	77,323,500
Federal Funds	3,260,800	3,944,700	4,167,600	3,555,400	3,770,400
TOTAL EXPENDITURES	82,042,200	84,543,200	85,025,300	82,518,800	82,844,400
EXPENDITURES BY UNIT					
Employment Standards	1,846,200	2,850,700	3,022,600	1,717,700	1,750,500
Special Fund	71,200,000	71,278,700	71,316,300	71,240,600	71,270,400
Occupational Safety and Health	8,589,300	9,959,100	10,192,700	9,130,900	9,359,400
Commissioner's Office	406,700	454,700	493,700	429,600	464,100
TOTAL EXPENDITURES	82,042,200	84,543,200	85,025,300	82,518,800	82,844,400

The Department of Workplace Standards operates under the authority of KRS Chapters 336, 337, 338, 339, 342, 343, and 388.

The Department is comprised of the Division of Occupational Safety and Health Compliance; the Division of Employment Standards, Apprenticeship and Mediation; the Division of Occupational Safety and Health Education and Training; and the Division of Workers' Compensation Funds.

The Division of Workers' Compensation Funds is responsible for the administration and legal representation of the Special Fund and Coal Workers' Pneumoconiosis Fund and the maintenance of records regarding the payment of workers' compensation injury claims by these funds.

The Division of Occupational Safety and Health Compliance ensures that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in the work environment. Penalties collected by the Division are returned to the General Fund.

The Division of Occupational Safety and Health Education and Training promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, technical data, and technical and informational materials. The Division also gathers and monitors statistical data concerning job injuries and illnesses, and acts as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

The Division of Employment Standards, Apprenticeship and Mediation is responsible for enforcing areas of Kentucky labor laws including minimum wage, overtime, prevailing wage, child labor, wage discrimination based on sex, apprenticeship and training and mediation.

The Department of Workplace Standards is funded with restricted agency receipts garnered through the Workers' Compensation Funding Commission under the authority of KRS 342; federal funding received from the U.S. Department of Labor, Occupational Safety and Health Administration; and General Fund dollars that support only the Division of Employment Standards, Apprenticeship and Mediation Services.

**Labor
Workers' Claims**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	620,800				
Current Receipts	120,000				
Non-Revenue Receipts	14,374,700	16,860,600	17,601,400	15,945,500	16,527,200
Total Restricted Funds	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
TOTAL SOURCE OF FUNDS	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
EXPENDITURES BY CLASS					
Personnel Cost	12,698,600	14,261,000	14,729,300	13,493,700	13,813,800
Operating Expenses	2,272,200	2,392,000	2,738,600	2,351,800	2,713,400
Capital Outlay	144,700	207,600	133,500	100,000	
TOTAL EXPENDITURES	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
TOTAL EXPENDITURES	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
EXPENDITURES BY UNIT					
Workers' Claims	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200
TOTAL EXPENDITURES	15,115,500	16,860,600	17,601,400	15,945,500	16,527,200

The Department of Workers' Claims operates under the authority of KRS Chapters 11, 342, and 336. The Department enforces statutes with regard to workers' compensation coverage for Kentucky's 2.1 million employees, administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance, and rehabilitation provisions in KRS Chapter 342.

The Department has four divisions. The Division of Claims Processing processes injury claims. The Division of Information and Research collects, stores and retrieves data and disseminates information for the Department. The Division of Security and Compliance handles electronic filings for coverage, enforcement investigations and self-insurance issues. The Division of Ombudsman and Workers' Compensation Specialist Services provides services to employees, employers, insurance carriers, and medical providers.

The Office of Administrative Law Judges conducts hearings; supervises the presentation of evidence and renders final decisions, orders or awards regarding workers' compensation claims.

The Workers' Compensation Board is attached to the Department for administrative purposes. The Board rules on appeals of decisions rendered by administrative law judges in the Kentucky Workers Claims' and Compensation system pursuant to KRS 342.213 and KRS 342.285. The board consists of three members appointed by the Governor to four-year terms. These members must possess the qualifications of appeals court justices and are held to those same professional ethical standards of behavior and compensation. A decision from two of the three board members constitutes a decision of the board.

The Workers' Compensation Advisory Council and the Workers' Compensation Nominating Commission established by KRS Chapter 342 are attached to the Department for administrative purposes.

Funding for the Department of Workers' Claims is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
Occupational Safety and Health Review Commission

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	115,300				
Non-Revenue Receipts	397,300	563,700	578,700	541,100	551,200
Total Restricted Funds	512,600	563,700	578,700	541,100	551,200
TOTAL SOURCE OF FUNDS	512,600	563,700	578,700	541,100	551,200
EXPENDITURES BY CLASS					
Personnel Cost	468,000	518,600	533,600	496,000	506,100
Operating Expenses	44,600	45,100	45,100	45,100	45,100
TOTAL EXPENDITURES	512,600	563,700	578,700	541,100	551,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	512,600	563,700	578,700	541,100	551,200
TOTAL EXPENDITURES	512,600	563,700	578,700	541,100	551,200
EXPENDITURES BY UNIT					
Occupational Safety and Health Review Commission	512,600	563,700	578,700	541,100	551,200
TOTAL EXPENDITURES	512,600	563,700	578,700	541,100	551,200

The Kentucky Occupational Safety and Health Review Commission is an independent quasi-judicial administrative agency which hears and rules on appeals of citations, pursuant to KRS 338.071 and KRS 338.081, issued by the Labor Cabinet's Division of Occupational Safety and Health Compliance.

The Commission receives and processes over 200 cases per year and holds hearings throughout the state. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
Workers' Compensation Funding Commission

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		19,000,000	19,000,000		
Total General Fund		19,000,000	19,000,000		
Restricted Funds					
Balance Forward	8,175,200	283,300		283,300	
Current Receipts	91,889,200	89,410,700	90,903,300	106,376,000	107,842,800
Non-Revenue Receipts	1,800	1,706,900	1,832,700	1,561,500	1,669,400
Total Restricted Funds	100,066,200	91,400,900	92,736,000	108,220,800	109,512,200
TOTAL SOURCE OF FUNDS	100,066,200	110,400,900	111,736,000	108,220,800	109,512,200
EXPENDITURES BY CLASS					
Personnel Cost	99,384,300	108,425,800	109,627,500	106,376,100	107,632,400
Operating Expenses	398,600	1,975,100	2,108,500	1,844,700	1,879,800
TOTAL EXPENDITURES	99,782,900	110,400,900	111,736,000	108,220,800	109,512,200
EXPENDITURES BY FUND SOURCE					
General Fund		19,000,000	19,000,000		
Restricted Funds	99,782,900	91,400,900	92,736,000	108,220,800	109,512,200
TOTAL EXPENDITURES	99,782,900	110,400,900	111,736,000	108,220,800	109,512,200
EXPENDITURES BY UNIT					
Workers' Compensation Funding Commission	1,705,000	1,862,900	1,988,700	1,717,500	1,825,400
Benefit Reserve	96,740,300	107,134,700	108,339,900	105,105,400	106,292,100
KCWP Fund	1,337,600	1,403,300	1,407,400	1,397,900	1,394,700
TOTAL EXPENDITURES	99,782,900	110,400,900	111,736,000	108,220,800	109,512,200

The Workers' Compensation Funding Commission was created through the passage of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342.

The Commission is governed by a seven-member Board of Directors. Board members include the Secretaries of Labor, Economic Development, and Finance and Administration Cabinets. In addition, the Governor appoints four members who represent labor, insurance companies writing workers' compensation insurance, employers, and self-insured employers and groups.

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky Workers' Compensation premiums received by all insurance carriers and group self-insurers, and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. These funds are to be used to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Employment Standards, Apprenticeship and Mediation; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

These assessments are credited to the Commission's Benefit Reserve Fund, and the excess of collections over Special Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities, and budgeted expenditures are invested according to the Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to Workers' Compensation funding.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

Included in the operating expenses are the fund transfers that represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

The Commission maintains a diverse financial long-term investment portfolio and has an agreement with the Office of Financial Management, within the Finance and Administration Cabinet, for short-term overnight investment advantages.

Policy

The Benefit Reserve Fund has a sufficient balance to meet all claims, expected growth, and reserves for the upcoming biennium. Therefore, the Executive Budget does not include the \$19,000,000 per year as required in KRS 342.122(1)(c).

Personnel

	Personnel				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	59,740,900	7,275,800	7,963,700	8,157,800	8,457,800
State Salary and Compensation Allocation	-47,959,200				
Mandated Expenditure Reductions	-4,390,200				
Total General Fund	7,391,500	7,275,800	7,963,700	8,157,800	8,457,800
Restricted Funds					
Balance Forward	16,683,800	13,426,400	11,563,600	13,426,300	7,327,900
Current Receipts	49,888,900	52,699,900	53,178,000	52,672,500	53,073,600
Non-Revenue Receipts	9,060,900	8,563,400	8,670,600	7,919,100	7,198,400
Fund Transfers	-2,777,100	-2,691,200	-2,691,600	-6,991,200	-2,691,600
Total Restricted Funds	72,856,500	71,998,500	70,720,600	67,026,700	64,908,300
TOTAL SOURCE OF FUNDS	80,248,000	79,274,300	78,684,300	75,184,500	73,366,100
EXPENDITURES BY CLASS					
Personnel Cost	58,746,000	59,782,200	62,603,700	60,918,500	62,631,800
Operating Expenses	6,395,500	6,398,200	6,440,300	5,470,100	5,260,600
Grants Loans Benefits	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
Capital Outlay	88,700	10,200	10,200	10,200	10,200
TOTAL EXPENDITURES	66,821,700	67,710,700	70,574,300	67,856,600	69,360,400
EXPENDITURES BY FUND SOURCE					
General Fund	7,391,500	7,275,800	7,963,700	8,157,800	8,457,800
Restricted Funds	59,430,200	60,434,900	62,610,600	59,698,800	60,902,600
TOTAL EXPENDITURES	66,821,700	67,710,700	70,574,300	67,856,600	69,360,400
EXPENDITURES BY UNIT					
General Operations	31,466,900	31,429,300	32,229,500	29,645,300	26,818,800
Public Employees Deferred Compensation Authority	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
Workers' Compensation Benefits and Reserve	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
State Salary and Compensation Fund				2,200,000	4,500,000
State Group Health Insurance Fund	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL EXPENDITURES	66,821,700	67,710,700	70,574,300	67,856,600	69,360,400

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application process, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of five appropriation units: General Operations, Public Employees Deferred Compensation Authority, Workers' Compensation Benefits and Reserve, the State Group Health Insurance Fund, and the State Salary and Compensation Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The Board had the responsibility to forward to the Governor a list of qualified applicants for the position of Commissioner of Personnel. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel-related functions. In 1998, the General Assembly elevated the Department to Cabinet status.

On April 1, 2011 the new Kentucky Human Resources Information System (KHRIS) went live and replaced the Commonwealth's 1982 Unified Personnel/Payroll System (UPPS).

Executive Order 2011-352, dated May 19, 2011, reorganized the Personnel Cabinet and its organizational structure.

**Personnel
General Operations**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		5,755,700	6,443,600	4,500,000	2,500,000
Other	5,800,000				
Total General Fund	5,800,000	5,755,700	6,443,600	4,500,000	2,500,000
Restricted Funds					
Balance Forward	94,100	140,800	266,300	140,800	122,900
Current Receipts	19,217,900	19,796,900	19,880,000	19,769,500	19,775,600
Non-Revenue Receipts	9,185,900	8,693,400	8,805,600	8,049,100	7,333,400
Fund Transfers	-2,690,200	-2,691,200	-2,691,600	-2,691,200	-2,691,600
Total Restricted Funds	25,807,700	25,939,900	26,260,300	25,268,200	24,540,300
TOTAL SOURCE OF FUNDS	31,607,700	31,695,600	32,703,900	29,768,200	27,040,300
EXPENDITURES BY CLASS					
Personnel Cost	25,507,900	25,519,500	26,282,700	24,664,500	22,052,600
Operating Expenses	5,883,600	5,901,300	5,938,300	4,972,300	4,757,700
Capital Outlay	75,400	8,500	8,500	8,500	8,500
TOTAL EXPENDITURES	31,466,900	31,429,300	32,229,500	29,645,300	26,818,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,800,000	5,755,700	6,443,600	4,500,000	2,500,000
Restricted Funds	25,666,900	25,673,600	25,785,900	25,145,300	24,318,800
TOTAL EXPENDITURES	31,466,900	31,429,300	32,229,500	29,645,300	26,818,800
EXPENDITURES BY UNIT					
General Administration	2,701,500	3,012,000	3,098,300	2,876,400	2,934,900
Governmental Service Center	863,400	936,400	960,700	895,300	914,900
Employee Relations	1,726,100	1,798,700	1,820,600	1,591,700	1,519,000
Employee Insurance	9,060,900	8,563,400	8,670,600	7,876,000	7,241,500
Personnel Administration	17,115,000	17,118,800	17,679,300	16,405,900	14,208,500
TOTAL EXPENDITURES	31,466,900	31,429,300	32,229,500	29,645,300	26,818,800

The General Operations unit includes the Office of the Secretary, the Department of Human Resources Administration and the Department of Employee Insurance.

The Secretary of the Personnel Cabinet is the executive and administrative head of the cabinet and supervises all activities of the cabinet. The Office of the Secretary includes: the Office of Administrative Services, the Office of Legal Services, the Office for Employee Relations, the Office of Diversity and Equality, the Governmental Services Center, and the Center for Strategic Innovation.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, and procurement functions.

The Office of Legal Services provides legal services relating to the enforcement and application of state and federal laws and regulations governing employment with both the Cabinet and other Executive Branch agencies.

The Office of Employee Relations administers the Kentucky Employee Assistance Program which provides assistance to troubled employees; life insurance benefits for state employees; the employee suggestion system; a mediation program to help resolve employment problems; the state safety program; and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, Murray State University, the Kentucky Community Technical College System, volunteer firefighters, volunteer ambulance personnel, and various local government entities.

The Office of Diversity and Equality is responsible for administering the Equal Employment Opportunity and Diversity Programs, the Minority Management Trainee Program, and the Commonwealth's affirmative action plan established in 18A.138.

The Governmental Services Center is responsible for government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning and performance measurement processes. It also has the responsibility of maintaining the employee performance management system.

The Center for Strategic Innovation is responsible for setting the strategic direction for the Cabinet, improving processes, developing services, and planning future service offerings.

The Department of Human Resources Administration consists of three divisions: the Division of Employee Management, the Division of Career Opportunities, and the Division of Technology Services. The responsibilities of this department include recruiting, counseling, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll records; and coordinating information technology within the Cabinet. In addition, the development and implementation of the replacement personnel and payroll system is coordinated through the Department of Human Resources Administration.

The Department of Employee Insurance manages state government's self-insured health insurance program, the Kentucky Employees' Health Plan. The Plan provides health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. The Department also provides administrative support to the Group Health Insurance Board under KRS 18A.226 and 18A.227. There are two divisions organized under the department: the Division of Insurance Administration and the Division of Financial and Data Services.

Policy

Included in the above Restricted Fund appropriation is \$2,691,200 in fiscal year 2013 and \$2,691,600 in fiscal year 2014 for debt service on bonds previously issued for the Kentucky Human Resources Information System (KHRIS). The Cabinet is authorized to collect a pro rata assessment from all state agencies and other organizations that will use the new personnel and payroll system. The Cabinet shall retain the funds in a Special Project Account, the balance of which will be transferred to the General Fund to cover the debt service payment.

Personnel
Public Employees Deferred Compensation Authority

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,177,900	3,798,200	3,600,900	3,798,100	3,774,500
Current Receipts	7,671,000	8,403,000	8,798,000	8,403,000	8,798,000
Non-Revenue Receipts	-62,500	-65,000	-67,500	-65,000	-67,500
Total Restricted Funds	12,786,400	12,136,200	12,331,400	12,136,100	12,505,000
TOTAL SOURCE OF FUNDS	12,786,400	12,136,200	12,331,400	12,136,100	12,505,000
EXPENDITURES BY CLASS					
Personnel Cost	8,530,000	8,087,400	8,624,700	7,912,800	8,424,000
Operating Expenses	447,900	446,600	451,000	447,500	451,900
Capital Outlay	10,400	1,300	1,300	1,300	1,300
TOTAL EXPENDITURES	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
TOTAL EXPENDITURES	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
EXPENDITURES BY UNIT					
Public Employees Deferred Compensation Authority	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200
TOTAL EXPENDITURES	8,988,300	8,535,300	9,077,000	8,361,600	8,877,200

The Kentucky Public Employees Deferred Compensation Authority administers tax sheltered, supplemental retirement savings programs as established in the U.S. Internal Revenue Code Sections 457, 401(k), Roth 401(k), and 403(b) and in accordance with KRS 18A.230-18A.350. These programs are an optional benefit for Kentucky's public employees.

**Personnel
Workers' Compensation Benefits and Reserve**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	11,411,800	9,487,400	7,696,400	9,487,400	3,430,500
Current Receipts	23,000,000	24,500,000	24,500,000	24,500,000	24,500,000
Non-Revenue Receipts	-62,500	-65,000	-67,500	-65,000	-67,500
Fund Transfers	-86,900			-4,300,000	
Total Restricted Funds	34,262,400	33,922,400	32,128,900	29,622,400	27,863,000
TOTAL SOURCE OF FUNDS	34,262,400	33,922,400	32,128,900	29,622,400	27,863,000
EXPENDITURES BY CLASS					
Personnel Cost	24,708,100	26,175,300	27,696,300	26,141,200	27,655,200
Operating Expenses	64,000	50,300	51,000	50,300	51,000
Capital Outlay	2,900	400	400	400	400
TOTAL EXPENDITURES	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
TOTAL EXPENDITURES	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
EXPENDITURES BY UNIT					
Workers' Compensation Benefits and Reserve	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600
TOTAL EXPENDITURES	24,775,000	26,226,000	27,747,700	26,191,900	27,706,600

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self-insured Workers' Compensation program. The program provides coverage to the executive, legislative, and judicial branches of government, but excludes the Transportation Cabinet and all state universities except Murray State University. The program also covers the Kentucky Community and Technical College System, volunteer firefighters, volunteer ambulance personnel, and employees of some county clerk's or sheriff's offices when the county's population is 70,000 or more. Workers' Compensation includes a return-to-work program for injured employees, managed care, and a statewide safety program.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency and the number of covered employees. Claims history is calculated based upon a three year running average.

Personnel
State Salary and Compensation Fund

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	58,000,000			2,200,000	4,500,000
State Salary and Compensation Allocation	-47,959,200				
Mandated Expenditure Reductions	-4,240,800				
Other	-5,800,000				
Total General Fund				2,200,000	4,500,000
TOTAL SOURCE OF FUNDS				2,200,000	4,500,000
EXPENDITURES BY CLASS					
Personnel Cost				2,200,000	4,500,000
TOTAL EXPENDITURES				2,200,000	4,500,000
EXPENDITURES BY FUND SOURCE					
General Fund				2,200,000	4,500,000
TOTAL EXPENDITURES				2,200,000	4,500,000
EXPENDITURES BY UNIT					
State Salary Compensation Fund				2,200,000	4,500,000
TOTAL EXPENDITURES				2,200,000	4,500,000

The State Salary and Compensation Fund is a statewide pool to provide the additional funds necessary for state agencies to finance the salary and compensation policy for state employees.

Policy

Included in the General Fund appropriation is \$2,200,000 in fiscal year 2013 and \$4,500,000 in fiscal year 2014 to support the General Fund share of a two percent increase each plan year in the health insurance program.

Personnel
State Group Health Insurance Fund

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,740,900	1,520,100	1,520,100	1,457,800	1,457,800
Mandated Expenditure Reductions	-149,400				
Total General Fund	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL SOURCE OF FUNDS	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
EXPENDITURES BY CLASS					
Grants Loans Benefits	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL EXPENDITURES	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL EXPENDITURES	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
EXPENDITURES BY UNIT					
State Group Health Insurance Fund	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800
TOTAL EXPENDITURES	1,591,500	1,520,100	1,520,100	1,457,800	1,457,800

The State Group Health Insurance Fund provides funding to support a dependent subsidy for quasi-governmental employers participating in the Kentucky Employees' Health Plan.

Policy

The Executive Budget provides General Fund support of \$1,457,800 in each year of the biennium to support a dependent subsidy for quasi-governmental employers participating in the State Group Health Insurance program. To participate in the fund, each quasi-government employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees. Only quasi-governmental employers that were participating in the group prior to the enactment of a dependent subsidy in the fall of 2004 are eligible to receive this funding.

This page intentionally left blank

Postsecondary Education

Postsecondary Education

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,245,875,600	1,359,395,600	1,518,001,000	1,172,249,700	1,177,683,000
State Salary and Compensation Allocation	215,200				
Special Appropriation	-18,943,800				
Continuing Approp.-General Fund	7,841,200			794,300	
Mandated Expenditure Reductions	-1,829,700				
Total General Fund	1,233,158,500	1,359,395,600	1,518,001,000	1,173,044,000	1,177,683,000
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	5,987,600	5,417,700	5,317,700	5,047,800	4,887,800
Continuing Approp.-Tobacco Settlement	200				
Budget Reduction-General Fund Tobacco	-250,000				
Total Tobacco Settlement - Phase I	5,737,800	5,417,700	5,317,700	5,047,800	4,887,800
Restricted Funds					
Balance Forward	8,732,800	1,672,100	708,800	1,819,100	1,214,200
Current Receipts	4,106,096,100	4,503,910,900	4,677,421,900	4,503,918,300	4,677,464,400
Non-Revenue Receipts	11,698,100	13,240,000	13,070,000	15,333,800	15,963,400
Fund Transfers	-405,400				
Total Restricted Funds	4,126,121,600	4,518,823,000	4,691,200,700	4,521,071,200	4,694,642,000
Federal Funds					
Current Receipts	924,252,500	954,857,500	992,671,900	954,832,500	992,644,300
ARRA Receipts	5,000				
Total Federal Funds	924,257,500	954,857,500	992,671,900	954,832,500	992,644,300
TOTAL SOURCE OF FUNDS	6,289,275,400	6,838,493,800	7,207,191,300	6,653,995,500	6,869,857,100
EXPENDITURES BY CLASS					
Personnel Cost	2,902,489,500	3,147,836,000	3,251,753,500	3,086,902,900	3,176,826,500
Operating Expenses	2,029,923,200	2,234,814,800	2,334,080,200	2,174,047,700	2,262,169,600
Grants Loans Benefits	1,019,217,200	1,113,825,500	1,151,143,500	1,053,936,900	1,083,441,600
Debt Service	136,190,700	133,462,700	253,636,500	134,091,700	135,725,400
Capital Outlay	198,551,900	207,674,500	216,062,900	203,802,100	210,491,000
TOTAL EXPENDITURES	6,286,372,500	6,837,613,500	7,206,676,600	6,652,781,300	6,868,654,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,232,074,700	1,359,405,600	1,518,011,000	1,173,044,000	1,177,683,000
Tobacco Settlement - Phase I	5,737,800	5,417,700	5,317,700	5,047,800	4,887,800
Restricted Funds	4,124,302,500	4,517,942,700	4,690,686,000	4,519,857,000	4,693,439,000
Federal Funds	924,257,500	954,857,500	992,671,900	954,832,500	992,644,300
TOTAL EXPENDITURES	6,286,372,500	6,837,623,500	7,206,686,600	6,652,781,300	6,868,654,100
EXPENDITURES BY UNIT					
Council on Postsecondary Education	79,791,600	80,112,800	200,049,000	72,936,900	74,120,600
Kentucky Higher Education Assistance Authority	222,393,500	264,804,600	272,722,400	221,551,300	222,362,900
Postsecondary Education Institutions	5,984,187,400	6,492,706,100	6,733,915,200	6,358,293,100	6,572,170,600
TOTAL EXPENDITURES	6,286,372,500	6,837,623,500	7,206,686,600	6,652,781,300	6,868,654,100

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,627,700	51,370,300	171,630,900	44,339,600	45,820,000
State Salary and Compensation Allocation	215,200				
Continuing Approp.-General Fund	3,772,400				
Mandated Expenditure Reductions	-1,829,700				
Total General Fund	50,785,600	51,370,300	171,630,900	44,339,600	45,820,000
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	4,737,600	4,367,700	4,367,700	4,247,800	4,187,800
Budget Reduction-General Fund Tobacco	-250,000				
Total Tobacco Settlement - Phase I	4,487,600	4,367,700	4,367,700	4,247,800	4,187,800
Restricted Funds					
Balance Forward	886,200	201,800	35,500	201,800	35,500
Current Receipts	1,829,900	1,986,500	1,986,500	1,986,500	1,986,500
Non-Revenue Receipts	4,200,000	4,200,000	4,100,000	4,200,000	4,100,000
Fund Transfers	-258,400				
Total Restricted Funds	6,657,700	6,388,300	6,122,000	6,388,300	6,122,000
Federal Funds					
Current Receipts	18,352,000	18,022,000	18,022,000	17,996,700	17,993,800
Total Federal Funds	18,352,000	18,022,000	18,022,000	17,996,700	17,993,800
TOTAL SOURCE OF FUNDS	80,282,900	80,148,300	200,142,600	72,972,400	74,123,600
EXPENDITURES BY CLASS					
Personnel Cost	11,189,900	12,371,400	12,558,400	11,012,700	11,013,500
Operating Expenses	2,810,900	2,873,500	2,903,700	2,607,400	2,576,500
Grants Loans Benefits	65,750,800	64,827,900	64,818,900	58,647,800	58,603,600
Debt Service			119,728,000	629,000	1,887,000
Capital Outlay	40,000	40,000	40,000	40,000	40,000
TOTAL EXPENDITURES	79,791,600	80,112,800	200,049,000	72,936,900	74,120,600
EXPENDITURES BY FUND SOURCE					
General Fund	50,496,100	51,370,300	171,630,900	44,339,600	45,820,000
Tobacco Settlement - Phase I	4,487,600	4,367,700	4,367,700	4,247,800	4,187,800
Restricted Funds	6,455,900	6,352,800	6,028,400	6,352,800	6,119,000
Federal Funds	18,352,000	18,022,000	18,022,000	17,996,700	17,993,800
TOTAL EXPENDITURES	79,791,600	80,112,800	200,049,000	72,936,900	74,120,600
EXPENDITURES BY UNIT					
Agency Operations	7,853,200	8,863,900	9,044,900	7,361,400	7,298,000
Pass Through Programs	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900
Federal Programs	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
Strategic Investment and Incentive Funding Program	55,901,900	55,309,200	174,940,700	49,904,900	51,102,900
TOTAL EXPENDITURES	79,791,600	80,112,800	200,049,000	72,936,900	74,120,600

The Council on Postsecondary Education co-ordinates public postsecondary education, bringing a statewide perspective to budget and policy issues and planning. The Council both guides the system and serves as an advocate for the postsecondary education sector of the state's education enterprise. The Council licenses private non-profit and proprietary degree-granting institutions and operates Kentucky's adult education system, bringing all of Kentucky's postsecondary and adult education providers under a single authority.

In KRS 164.003(2) are six goals for the state's postsecondary education system:

- A seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life.
- A major comprehensive research institution ranked nationally in the top 20 public universities at the University of

Kentucky.

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

The Council's statutory responsibilities include:

- development of a strategic plan for an efficient and effective system of postsecondary education that provides statewide access without unnecessary competition and duplication, recognizing both public and independent institutions;
- implementation of the strategic plan through public accountability, including reporting and evaluation of institutional performance;
- approval of the creation, modification, and elimination of programs and degrees and transferability of credits earned;
- approval of tuition rates and admission requirements;
- approval of capital projects and real property acquisitions by institutions;
- training and orientation of new members of institutional governing boards;
- liaison between postsecondary education institutions and the Kentucky Department of Education, the Education Professional Standards Board, the Education and Workforce Development Cabinet, and the Cabinet for Economic Development;
- operation of the Kentucky Virtual High School and the Kentucky Virtual Library;
- coordination and acquisition of technology resources for broadest access and cost efficiency;
- collection of data and research and analysis concerning the overall needs of postsecondary and adult education;
- administration of the statewide adult education and literacy program; and
- assistance in the development of the postsecondary institutions' biennial budget requests and recommendations concerning operating and capital appropriations to the Governor and the General Assembly.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,664,300	8,221,100	8,626,500	6,718,600	6,789,000
State Salary and Compensation Allocation	215,200				
Mandated Expenditure Reductions	-402,300				
Total General Fund	7,477,200	8,221,100	8,626,500	6,718,600	6,789,000
Restricted Funds					
Balance Forward	488,500	201,800	34,000	201,800	34,000
Current Receipts	475,000	475,000	475,000	475,000	475,000
Fund Transfers	-96,200				
Total Restricted Funds	867,300	676,800	509,000	676,800	509,000
TOTAL SOURCE OF FUNDS	8,344,500	8,897,900	9,135,500	7,395,400	7,298,000
EXPENDITURES BY CLASS					
Personnel Cost	6,495,600	7,426,300	7,577,100	6,189,900	6,157,400
Operating Expenses	1,357,600	1,437,600	1,467,800	1,171,500	1,140,600
TOTAL EXPENDITURES	7,853,200	8,863,900	9,044,900	7,361,400	7,298,000
EXPENDITURES BY FUND SOURCE					
General Fund	7,187,700	8,221,100	8,626,500	6,718,600	6,789,000
Restricted Funds	665,500	642,800	418,400	642,800	509,000
TOTAL EXPENDITURES	7,853,200	8,863,900	9,044,900	7,361,400	7,298,000

Agency Operations include all of the staff and operating expenses necessary to manage the agency and programs of the Council except those funded with Federal grants. Activities of the professional staff include review of academic programs, admission standards, tuition rates, credit transfer procedures, adult education, technology resources and on-line learning; funding for science and technology initiatives; minority outreach; research and data analysis; and licensing of private postsecondary educational institutions. Also included in this budget are the business functions of the agency such as human resources, communications, budget, accounting, and purchasing, as well as board relations.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,718,400	6,029,700	6,253,400	5,785,900	5,937,900
Mandated Expenditure Reductions	-33,000				
Total General Fund	5,685,400	6,029,700	6,253,400	5,785,900	5,937,900
Restricted Funds					
Balance Forward	197,200				
Current Receipts	10,000	10,000	10,000	10,000	10,000
Non-Revenue Receipts	4,200,000	4,200,000	4,100,000	4,200,000	4,100,000
Fund Transfers	-86,100				
Total Restricted Funds	4,321,100	4,210,000	4,110,000	4,210,000	4,110,000
TOTAL SOURCE OF FUNDS	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900
EXPENDITURES BY CLASS					
Operating Expenses	5,000				
Grants Loans Benefits	10,001,500	10,239,700	10,363,400	9,995,900	10,047,900
TOTAL EXPENDITURES	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900
EXPENDITURES BY FUND SOURCE					
General Fund	5,685,400	6,029,700	6,253,400	5,785,900	5,937,900
Restricted Funds	4,321,100	4,210,000	4,110,000	4,210,000	4,110,000
TOTAL EXPENDITURES	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900
EXPENDITURES BY UNIT					
Contract Spaces	4,886,700	5,049,600	5,254,800	5,049,600	5,201,600
Professional Education Preparation Program	290,200	302,100	309,600	267,500	267,500
Minority Student College Prep Program	202,700	211,000	216,200	186,900	186,900
State Autism Training Center	144,900	150,900	154,600	133,600	133,600
SREB Doctoral Scholars Program	78,300	230,100	230,100	72,200	72,200
Pass Through - Other	82,600	86,000	88,100	76,100	76,100
Cancer Research Instns Mtchg Fd	4,321,100	4,210,000	4,110,000	4,210,000	4,110,000
TOTAL EXPENDITURES	10,006,500	10,239,700	10,363,400	9,995,900	10,047,900

Funds are appropriated to the Council on Postsecondary Education and subsequently "passed-through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day-to-day operations.

The **Contract Spaces Program** provides Kentucky students with access to professional programs in veterinary medicine and optometry through contracts administered by the Southern Regional Education Board and Indiana University. In veterinary medicine, Kentucky contracts for spaces at Auburn University and Tuskegee Institute. For optometry students spaces are available at the Southern College of Optometry, University of Alabama, and Indiana University. Contract fees guarantee a fixed number of spaces in these academic programs for qualified Kentucky residents. Enrolled students are required to pay only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution.

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program is funded by a one cent per pack cigarette surtax, and the two research institutions - UK and U of L - provide a dollar for dollar match from external sources.

The **Professional Education Preparation Program (PEPP)** was established in 1980 pursuant to KRS 164.028 through 164.0282. The program assists students and prospective students from rural and inner-city areas experiencing medical and dental workforce shortages to gain admission to and graduate from medical and dental school. All funds appropriated to the Council for the PEPP program are allocated to the University of Kentucky, the University of Louisville, and the University of Pikeville to conduct pre-freshman workshops, undergraduate workshops, student assessment conferences, and MCAT/DAT test assistance with tutoring and summer job placement.

The **Governor's Minority Student College Preparation Program** was established in 1986 to provide academic enrichment activities for middle school students, encourage them to stay in school and to enter college, to make young African-American students aware of the benefits and value of college and make them more likely to consider college as an achievable option, and

to prepare these students to be successful in college-level work. The program places emphasis on early intervention in an attempt to overcome problems at the high school level that tend to reduce the pool of minorities interested in attending and prepared to do well in college. Approximately 1,100 middle and high-school students will be enrolled in this program each year.

The **Kentucky State Autism Training Center** contracts with the University of Louisville to provide coordinated services for training individuals to deliver services to children diagnosed with autism spectrum disorders.

The **Southern Regional Education Board Doctoral Scholars Program** supports and encourages minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states. Kentucky has 35 students currently in the program, 20 at U of L and 15 at UK. Of the 60 students who have already graduated, 23 are currently employed in Kentucky.

The **Washington Internship Program** provides scholarships for students who spend a semester in Washington, DC in work-study programs in international relations, journalism, law, medicine, public relations, business, the arts, science and technology, education or counseling.

Policy

The Governor's recommended budget includes additional General Fund of \$162,900 in fiscal year 2013 and \$314,900 in fiscal year 2014 in the Contract Spaces program for increased costs due to changes in tuition rates at out-of-state institutions.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
Total Federal Funds	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
TOTAL SOURCE OF FUNDS	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
EXPENDITURES BY CLASS					
Personnel Cost	1,663,600	1,823,600	1,859,800	1,798,300	1,831,600
Operating Expenses	126,000	126,000	126,000	126,000	126,000
Grants Loans Benefits	4,240,400	3,750,400	3,714,200	3,750,400	3,714,200
TOTAL EXPENDITURES	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
EXPENDITURES BY FUND SOURCE					
Federal Funds	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800
TOTAL EXPENDITURES	6,030,000	5,700,000	5,700,000	5,674,700	5,671,800

The Council on Postsecondary Education administers two federal programs (exclusive of the Adult Education related grants): Improving Educator Quality State Grant Program and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Kentucky.

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

The Gaining Early Awareness and Readiness program is a federal initiative that encourages young people to stay in school, study hard and take courses that prepare them to succeed in college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. GEAR UP state grants stress early intervention and provide scholarships. Each grant dollar must be matched through a combination of state, local, and private funds.

**Postsecondary Education
Council on Postsecondary Education
Strategic Investment and Incentive Funding Program**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	35,245,000	37,119,500	156,751,000	31,835,100	33,093,100
Continuing Approp.-General Fund	3,772,400				
Mandated Expenditure Reductions	-1,394,400				
Total General Fund	37,623,000	37,119,500	156,751,000	31,835,100	33,093,100
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	4,737,600	4,367,700	4,367,700	4,247,800	4,187,800
Budget Reduction-General Fund Tobacco	-250,000				
Total Tobacco Settlement - Phase I	4,487,600	4,367,700	4,367,700	4,247,800	4,187,800
Restricted Funds					
Balance Forward	200,500		1,500		1,500
Current Receipts	1,344,900	1,501,500	1,501,500	1,501,500	1,501,500
Fund Transfers	-76,100				
Total Restricted Funds	1,469,300	1,501,500	1,503,000	1,501,500	1,503,000
Federal Funds					
Current Receipts	12,322,000	12,322,000	12,322,000	12,322,000	12,322,000
Total Federal Funds	12,322,000	12,322,000	12,322,000	12,322,000	12,322,000
TOTAL SOURCE OF FUNDS	55,901,900	55,310,700	174,943,700	49,906,400	51,105,900
EXPENDITURES BY CLASS					
Personnel Cost	3,030,700	3,121,500	3,121,500	3,024,500	3,024,500
Operating Expenses	1,322,300	1,309,900	1,309,900	1,309,900	1,309,900
Grants Loans Benefits	51,508,900	50,837,800	50,741,300	44,901,500	44,841,500
Debt Service			119,728,000	629,000	1,887,000
Capital Outlay	40,000	40,000	40,000	40,000	40,000
TOTAL EXPENDITURES	55,901,900	55,309,200	174,940,700	49,904,900	51,102,900
EXPENDITURES BY FUND SOURCE					
General Fund	37,623,000	37,119,500	156,751,000	31,835,100	33,093,100
Tobacco Settlement - Phase I	4,487,600	4,367,700	4,367,700	4,247,800	4,187,800
Restricted Funds	1,469,300	1,500,000	1,500,000	1,500,000	1,500,000
Federal Funds	12,322,000	12,322,000	12,322,000	12,322,000	12,322,000
TOTAL EXPENDITURES	55,901,900	55,309,200	174,940,700	49,904,900	51,102,900
EXPENDITURES BY UNIT					
Research Challenge Trust Fund	4,487,600	4,367,700	11,410,700	4,247,800	4,187,800
Regional University Excellence Trust Fund			1,083,000		
Technology Initiative Trust Fund	6,163,900	6,558,000	17,806,100	5,829,300	5,829,300
Physical Facilities Trust Fund			100,604,000	629,000	1,887,000
Adult Education and Literacy Funding Program	37,300,800	34,727,500	35,530,000	31,870,600	31,870,600
Science and Technology Funding Program	6,258,900	6,516,800	6,676,900	5,769,700	5,769,700
Special Initiatives Funding Program	1,690,700	3,139,200	1,830,000	1,558,500	1,558,500
TOTAL EXPENDITURES	55,901,900	55,309,200	174,940,700	49,904,900	51,102,900

The **Strategic Investment and Incentive Funding Program** was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for the Research Challenge Trust Fund and the Technology Initiative Trust Fund, as well as three programs established by the Council through the budget process: the Adult Education and Literacy Funding Program, the Science and Technology Funding Program, and the Special Initiatives Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to accomplish the goals established in KRS 164.003(2).

Adult Education and Literacy Funding Program

Adult Education and Literacy aims to improve the educational status of adult Kentuckians who do not have a high school diploma, who function at low levels of literacy or who want to learn the English language. Kentucky Adult Education contracts with local boards of education, community and technical colleges, community-based organizations, education consortia, public and private non-profit organizations and correctional institutions to provide adult education and literacy services in a variety of settings and locations. Every Kentucky county has a comprehensive adult education provider that offers all levels of adult education instruction, family literacy, and employability and life skills instruction. Many providers also offer English as a Second Language classes and workplace education. By statute, funds are allocated using a formula based on the number of adults in each county functioning at low literacy levels.

Research Challenge Trust Fund

Tobacco Settlement - Phase I funds support competitive grants to researchers at the Brown Cancer Center at U of L and the Markey Cancer at UK. Funds are granted by the lung cancer research governance board established in KRS 164.476 to fund research into the causes, detection and treatment of lung cancer.

Science and Technology Funding Program

The Science and Technology Funding program supports the initiatives established by the Kentucky Innovation Act in KRS 164.6011 through 164.6043. The **Research and Development Voucher** program assists small and medium-size Kentucky-based companies that undertake research and development work in partnership with universities in the Commonwealth. The **Commercialization Fund** provides development funds for promising technologies developed at the universities in the Commonwealth. The **Rural Innovation** program provides funding to Kentucky-based companies with fewer than 150 employees. Recipient companies contract with an accredited postsecondary institution. The **Experimental Program to Stimulate Competitive Research (EPSCoR)** program, a highly collaborative and successful federal research and development program initiated by the National Science Foundation in 1978, leverages state matching funds to bring additional federal research dollars to Kentucky. The Science and Technology Funding Program also provides funding for the **Science and Engineering Foundation**. The Science and Engineering Foundation, modeled on the National Science Foundation, makes investments in peer-reviewed science and engineering research. The **Knowledge-Based Economy Academic Program** supports postsecondary education programs in engineering and information technology. The Council on Postsecondary Education directed the public universities and colleges to work together to design a statewide strategy to educate more engineers, to integrate engineering education more closely into the technology-driven New Economy, and to recruit more women and minorities into engineering. Students at Western Kentucky University, Murray State University, the University of Louisville, and the University of Kentucky are enrolled in joint engineering classes.

Special Initiatives Funding Program

The Council on Postsecondary Education allocates funds to institutions for activities that support the goals of Senate Bill 1 in the 2009 session of the General Assembly. These include professional development of faculty and revision of the pedagogic curriculum and assessment standards of colleges of education.

Technology Initiative Trust Fund

This program includes funding for the Kentucky Postsecondary Education Network (KPEN), the Kentucky Virtual Campus and Virtual Library, the College Level Learning Assessment, the College Access Initiative, and faculty development activities that improve teaching and develop best practices, particularly for distance learning situations.

Policy

The Governor's recommended budget includes additional General Fund of \$629,000 in fiscal year 2013 and \$1,887,000 in fiscal year 2014 for debt service on \$25,000,000 in new bonds for the Asset Preservation/Renovation Pool for projects that renew, maintain and extend the useful life of existing capital assets. The Council on Postsecondary Education will determine the allocation of the funds to the postsecondary institutions based on previously identified needs and matching requirements. General Fund investment at postsecondary institutions has generally funded new construction. This will be the largest allocation of state bonds for asset preservation purposes since the 2000-2002 biennium (HB 502).

**Postsecondary Education
Kentucky Higher Education Assistance Authority**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	190,517,100	235,456,200	243,310,800	189,494,000	190,288,300
Continuing Approp.-General Fund	4,068,800			794,300	
Total General Fund	194,585,900	235,456,200	243,310,800	190,288,300	190,288,300
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	1,000,000	800,000	700,000	800,000	700,000
Continuing Approp.-Tobacco Settlement	200				
Total Tobacco Settlement - Phase I	1,000,200	800,000	700,000	800,000	700,000
Restricted Funds					
Balance Forward	7,846,600	1,470,300	673,300	1,617,300	1,178,700
Current Receipts	11,672,300	16,867,900	17,474,400	16,875,300	17,489,300
Non-Revenue Receipts	7,498,100	9,040,000	8,970,000	11,133,800	11,863,400
Fund Transfers	-147,000				
Total Restricted Funds	26,870,000	27,378,200	27,117,700	29,626,400	30,531,400
Federal Funds					
Current Receipts	2,349,000	2,015,000	2,015,000	2,015,300	2,015,600
Total Federal Funds	2,349,000	2,015,000	2,015,000	2,015,300	2,015,600
TOTAL SOURCE OF FUNDS	224,805,100	265,649,400	273,143,500	222,730,000	223,535,300
EXPENDITURES BY CLASS					
Personnel Cost	15,492,900	15,624,600	15,871,200	15,445,400	15,640,800
Operating Expenses	2,143,800	2,147,600	2,147,600	2,147,600	2,147,600
Grants Loans Benefits	203,439,100	245,714,700	253,385,900	202,640,600	203,256,800
Debt Service	744,700	744,700	744,700	744,700	744,700
Capital Outlay	573,000	573,000	573,000	573,000	573,000
TOTAL EXPENDITURES	222,393,500	264,804,600	272,722,400	221,551,300	222,362,900
EXPENDITURES BY FUND SOURCE					
General Fund	193,791,600	235,456,200	243,310,800	190,288,300	190,288,300
Tobacco Settlement - Phase I	1,000,200	800,000	700,000	800,000	700,000
Restricted Funds	25,252,700	26,533,400	26,696,600	28,447,700	29,359,000
Federal Funds	2,349,000	2,015,000	2,015,000	2,015,300	2,015,600
TOTAL EXPENDITURES	222,393,500	264,804,600	272,722,400	221,551,300	222,362,900
EXPENDITURES BY UNIT					
General Administration and Support	18,486,000	18,639,900	18,886,500	18,460,700	18,656,100
College Access Program	60,586,200	93,432,500	98,147,500	58,861,500	58,861,500
Work Study Program	660,600	828,800	828,800	600,000	600,000
Kentucky Tuition Grant	32,479,300	42,617,500	43,302,500	31,752,100	31,752,100
Teacher Scholarships	2,065,000	1,872,800	1,802,800	1,872,800	1,802,800
Ky National Guard Tuition	4,936,000			4,898,100	4,898,100
Osteopathic Medicine Scholarship	872,500	1,074,000	1,294,500	872,500	872,500
Ky Educational Excellence Scholarships	98,215,300	101,673,700	102,473,300	101,673,700	102,473,300
Early Childhood Development Scholarships	1,225,100	1,066,800	1,053,400	866,800	753,400
Kentucky's Affordable Prepaid Tuition (KAPT)	468,400	450,000	450,000	450,000	450,000
Pharmacy Scholarship Program	1,000,000	1,905,500	3,240,000		
Other Programs	1,399,100	1,243,100	1,243,100	1,243,100	1,243,100
TOTAL EXPENDITURES	222,393,500	264,804,600	272,722,400	221,551,300	222,362,900

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

objectives as provided under KRS 164.740 - 164.785.

KHEAA administers state grants, scholarships, work study and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates college planning and financial aid information.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

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

The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 26 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

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

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

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

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who attend the University of Pikeville College of Osteopathic Medicine. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship.

The Coal County Pharmacy Scholarship Program provides tuition equalization awards to eligible students who attend Midway College School of Pharmacy in Paintsville. Recipients must agree to provide pharmacy services in a coal-producing county of Kentucky for one year for each year they receive the scholarship.

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

The Mary Jo Young Scholarship Fund provides assistance to low-income high school students taking Advance Placement and dual enrollment classes. The program is supported by earnings from audit activities under the Federal Student Aid program.

The Drive the Dream Scholarship, funded with restricted funds, provides assistance to low-income high schools students who participate in the Council on Postsecondary Education's GEAR UP program.

The John R. Justice program, supported by a Federal grant, provides student loan repayment assistance for public defenders and prosecutors who commit to continued employment for at least three years after graduation from law school.

Policy

Included in the Executive Budget for the College Access Program (CAP) is \$58,861,500 in each fiscal year of the biennium.

Included in the Executive Budget for the Kentucky Tuition Grant program is \$31,752,100 in each fiscal year.

The KEES program funding is \$101,673,700 in fiscal year 2013 and \$102,473,300 in fiscal year 2014.

Included in the Executive Budget for the Teacher Scholarship Program is \$1,872,800 in fiscal year 2013 and \$1,802,800 in fiscal year 2014.

The Executive Budget includes \$4,898,100 in each fiscal year for the National Guard Tuition Assistance program.

Included in the recommended General Fund appropriation for the Osteopathic Medicine Scholarship Program is \$872,500 in each fiscal year from coal severance tax revenues.

The Early Childhood Development Scholarship program is funded with \$866,800 in fiscal year 2013 and \$753,400 in fiscal year 2014 from Tobacco Settlement funds and other resources.

The Work Study program is funded with \$600,000 each year from the General Fund.

Postsecondary Education
Postsecondary Education Institutions

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,006,730,800	1,072,569,100	1,103,059,300	938,416,100	941,574,700
Special Appropriation	-18,943,800				
Total General Fund	987,787,000	1,072,569,100	1,103,059,300	938,416,100	941,574,700
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Total Tobacco Settlement - Phase I	250,000	250,000	250,000		
Restricted Funds					
Current Receipts	4,092,593,900	4,485,056,500	4,657,961,000	4,485,056,500	4,657,988,600
Total Restricted Funds	4,092,593,900	4,485,056,500	4,657,961,000	4,485,056,500	4,657,988,600
Federal Funds					
Current Receipts	903,551,500	934,820,500	972,634,900	934,820,500	972,634,900
ARRA Receipts	5,000				
Total Federal Funds	903,556,500	934,820,500	972,634,900	934,820,500	972,634,900
TOTAL SOURCE OF FUNDS	5,984,187,400	6,492,696,100	6,733,905,200	6,358,293,100	6,572,198,200
EXPENDITURES BY CLASS					
Personnel Cost	2,875,806,700	3,119,840,000	3,223,323,900	3,060,444,800	3,150,172,200
Operating Expenses	2,024,968,500	2,229,793,700	2,329,028,900	2,169,292,700	2,257,445,500
Grants Loans Benefits	750,027,300	803,282,900	832,938,700	792,648,500	821,581,200
Debt Service	135,446,000	132,718,000	133,163,800	132,718,000	133,093,700
Capital Outlay	197,938,900	207,061,500	215,449,900	203,189,100	209,878,000
TOTAL EXPENDITURES	5,984,187,400	6,492,696,100	6,733,905,200	6,358,293,100	6,572,170,600
EXPENDITURES BY FUND SOURCE					
General Fund	987,787,000	1,072,579,100	1,103,069,300	938,416,100	941,574,700
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Restricted Funds	4,092,593,900	4,485,056,500	4,657,961,000	4,485,056,500	4,657,961,000
Federal Funds	903,556,500	934,820,500	972,634,900	934,820,500	972,634,900
TOTAL EXPENDITURES	5,984,187,400	6,492,706,100	6,733,915,200	6,358,293,100	6,572,170,600
EXPENDITURES BY UNIT					
Eastern Kentucky University	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600
Kentucky State University	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800
Morehead State University	226,080,200	235,363,000	244,040,800	228,736,000	236,291,300
Murray State University	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300
Northern Kentucky University	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300
University of Kentucky	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300
University of Louisville	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800
Western Kentucky University	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800
Kentucky Community and Technical College System	903,161,700	974,467,400	1,013,296,000	942,016,700	974,300,400
TOTAL EXPENDITURES	5,984,187,400	6,492,706,100	6,733,915,200	6,358,293,100	6,572,170,600

**Postsecondary Education
Postsecondary Education Institutions
Eastern Kentucky University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,221,000	77,217,100	79,322,100	67,673,700	67,673,700
Special Appropriation	-1,398,000				
Total General Fund	70,823,000	77,217,100	79,322,100	67,673,700	67,673,700
Restricted Funds					
Current Receipts	164,585,800	171,562,700	178,873,000	171,562,700	178,873,000
Total Restricted Funds	164,585,800	171,562,700	178,873,000	171,562,700	178,873,000
Federal Funds					
Current Receipts	95,266,800	104,793,500	115,272,900	104,793,500	115,272,900
Total Federal Funds	95,266,800	104,793,500	115,272,900	104,793,500	115,272,900
TOTAL SOURCE OF FUNDS	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600
EXPENDITURES BY CLASS					
Personnel Cost	165,820,000	175,297,000	184,217,800	172,434,200	181,355,000
Operating Expenses	114,661,800	125,365,300	133,638,700	119,314,500	125,482,900
Grants Loans Benefits	42,198,000	44,482,400	46,752,600	43,881,100	46,151,300
Debt Service	5,995,800	6,320,400	6,643,000	6,320,400	6,643,000
Capital Outlay	2,000,000	2,108,200	2,215,900	2,079,700	2,187,400
TOTAL EXPENDITURES	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600
EXPENDITURES BY FUND SOURCE					
General Fund	70,823,000	77,217,100	79,322,100	67,673,700	67,673,700
Restricted Funds	164,585,800	171,562,700	178,873,000	171,562,700	178,873,000
Federal Funds	95,266,800	104,793,500	115,272,900	104,793,500	115,272,900
TOTAL EXPENDITURES	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600
EXPENDITURES BY UNIT					
Instruction	90,762,100	94,237,400	97,380,600	88,592,000	89,630,200
Research	3,159,900	3,455,200	3,779,100	3,455,200	3,779,100
Public Service	44,310,300	48,535,000	53,174,100	48,535,000	53,174,100
Libraries	3,575,500	3,730,000	3,892,200	3,730,000	3,892,200
Academic Support	19,871,700	20,734,700	21,640,900	20,734,700	21,640,900
Student Services	19,066,100	19,922,700	20,824,700	19,922,700	20,824,700
Institutional Support	2,983,800	3,146,100	3,319,300	3,146,100	3,319,300
Operation and Maintenance of Plant	31,376,600	59,405,400	61,850,800	55,507,400	57,952,800
Scholarships and Fellowships	67,966,800	73,513,700	79,567,300	73,513,700	79,567,300
Mandatory Transfers	15,807,600				
Non-Mandatory Transfers	5,995,800				
Auxilliary Enterprises	25,799,400	26,893,100	28,039,000	26,893,100	28,039,000
TOTAL EXPENDITURES	330,675,600	353,573,300	373,468,000	344,029,900	361,819,600

Eastern Kentucky University (EKU), located in Richmond, Kentucky, was established by the General Assembly in 1906 as a school for the training of teachers. Originally designated the Eastern Kentucky State Normal School, the 1922 General Assembly changed the name to the Eastern Kentucky State Normal School and Teachers College and authorized the school to confer academic degrees. In 1930 the name was changed to Eastern Kentucky State Teachers College, then to Eastern Kentucky State College in 1948, and finally to Eastern Kentucky University in 1966. The governing body of the University is the Board of Regents, consisting of eight members appointed by the Governor of Kentucky, one faculty member elected by the faculty, one student member elected by the students, and one staff member elected by the staff. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Eastern Kentucky University's goal, mandated by statute, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, EKU's programs have a strong liberal arts and sciences undergraduate core that prepares students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs and may

offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Eastern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in justice and safety. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Eastern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Eastern Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on survey research, program evaluation, technology, teacher and health care professional preparation, homeland security, entrepreneurship and natural areas using resources such as the Lilley Cornett Woods program. The university collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization, high quality workforce, justice and safety and homeland security. It also provides and coordinates education services to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Kentucky State University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	25,146,800	26,886,200	27,832,600	23,537,400	23,537,400
Special Appropriation	-486,800				
Total General Fund	24,660,000	26,886,200	27,832,600	23,537,400	23,537,400
Restricted Funds					
Current Receipts	33,815,600	34,439,500	35,605,700	34,439,500	35,605,700
Total Restricted Funds	33,815,600	34,439,500	35,605,700	34,439,500	35,605,700
Federal Funds					
Current Receipts	24,444,700	24,444,700	24,444,700	24,444,700	24,444,700
Total Federal Funds	24,444,700	24,444,700	24,444,700	24,444,700	24,444,700
TOTAL SOURCE OF FUNDS	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800
EXPENDITURES BY CLASS					
Personnel Cost	43,431,200	44,445,800	45,311,800	42,928,700	43,269,900
Operating Expenses	18,733,200	20,243,700	21,115,300	18,815,800	19,265,800
Grants Loans Benefits	14,460,400	14,535,400	14,660,400	14,257,000	14,382,000
Capital Outlay	6,295,500	6,545,500	6,795,500	6,420,100	6,670,100
TOTAL EXPENDITURES	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800
EXPENDITURES BY FUND SOURCE					
General Fund	24,660,000	26,886,200	27,832,600	23,537,400	23,537,400
Restricted Funds	33,815,600	34,439,500	35,605,700	34,439,500	35,605,700
Federal Funds	24,444,700	24,444,700	24,444,700	24,444,700	24,444,700
TOTAL EXPENDITURES	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800
EXPENDITURES BY UNIT					
Instruction	13,832,300	14,318,100	14,809,300	13,903,500	14,394,700
Research	4,673,800	4,868,000	5,072,200	4,656,600	4,656,600
Public Service	10,248,100	10,248,000	10,248,000	10,153,300	10,153,300
Academic Support	5,184,900	6,209,900	6,459,900	5,345,600	5,595,600
Student Services	7,571,000	7,871,100	8,683,600	7,671,100	7,971,100
Institutional Support	15,702,300	15,702,200	15,702,200	15,264,000	15,264,000
Operation and Maintenance of Plant	6,495,500	7,265,800	7,495,500	6,288,000	6,288,000
Scholarships and Fellowships	13,907,000	13,981,900	14,106,900	13,834,100	13,959,100
Auxilliary Enterprises	5,305,400	5,305,400	5,305,400	5,305,400	5,305,400
TOTAL EXPENDITURES	82,920,300	85,770,400	87,883,000	82,421,600	83,587,800

Kentucky State College was established in 1886 by an act of the Kentucky General Assembly. In its early years, the institution's purpose was to train Negro teachers for the Negro public schools in the Commonwealth. With the passage of the 1890 Morrill Act by the U.S. Congress, the college became a land grant institution. A tripartite mission was instituted: teaching, research, and public service. The General Assembly elevated the college to university status effective July 1, 1973. The governing body of the University, the Board of Regents, is a body corporate and an educational institution and agency of the Commonwealth consisting of eight citizen members appointed by the Governor. Student, faculty and staff representatives also serve on the Board, each elected by their respective peers. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky.

Kentucky State University's statutorily-mandated goal is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, KSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a targeted array of baccalaureate, masters and specialist programs with special attention to its mission as a land grant institution and Kentucky's historically black university. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Kentucky State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in aquaculture and aquatic sciences. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Kentucky State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Kentucky State University's priorities for action are applied research and scholarly activities that support the primary function of instruction, supplement the university's commitment to land grant and agriculture-related programs, and improve economic and community development, with an emphasis on the development of alternative species and the nutrition, reproductive physiology, genetics and economics of aquaculture. KSU collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also provides and coordinates education services to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Morehead State University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	44,363,000	48,181,500	49,299,700	41,564,500	41,560,200
Special Appropriation	-848,200				
Total General Fund	43,514,800	48,181,500	49,299,700	41,564,500	41,560,200
Restricted Funds					
Current Receipts	91,985,200	95,911,000	101,100,800	95,911,000	101,100,800
Total Restricted Funds	91,985,200	95,911,000	101,100,800	95,911,000	101,100,800
Federal Funds					
Current Receipts	90,575,200	91,260,500	93,630,300	91,260,500	93,630,300
ARRA Receipts	5,000				
Total Federal Funds	90,580,200	91,260,500	93,630,300	91,260,500	93,630,300
TOTAL SOURCE OF FUNDS	226,080,200	235,353,000	244,030,800	228,736,000	236,291,300
EXPENDITURES BY CLASS					
Personnel Cost	89,152,100	93,073,700	97,761,300	91,259,300	95,082,500
Operating Expenses	31,758,000	33,351,900	33,616,700	29,831,300	29,838,000
Grants Loans Benefits	86,328,200	90,066,500	93,765,200	88,948,100	92,646,800
Debt Service	5,676,600	5,682,600	5,678,300	5,682,600	5,678,300
Capital Outlay	13,165,300	13,178,300	13,209,300	13,014,700	13,045,700
TOTAL EXPENDITURES	226,080,200	235,353,000	244,030,800	228,736,000	236,291,300
EXPENDITURES BY FUND SOURCE					
General Fund	43,514,800	48,191,500	49,309,700	41,564,500	41,560,200
Restricted Funds	91,985,200	95,911,000	101,100,800	95,911,000	101,100,800
Federal Funds	90,580,200	91,260,500	93,630,300	91,260,500	93,630,300
TOTAL EXPENDITURES	226,080,200	235,363,000	244,040,800	228,736,000	236,291,300
EXPENDITURES BY UNIT					
Instruction	46,877,700	48,051,900	49,769,500	46,722,000	48,191,500
Research	3,844,300	3,410,000	2,791,600	3,401,800	2,783,400
Public Service	6,833,800	5,956,300	5,883,900	5,917,100	5,844,700
Libraries	3,179,800	3,304,900	3,440,900	3,238,800	3,374,800
Academic Support	13,468,400	14,098,900	15,198,100	13,432,600	13,787,400
Student Services	15,238,400	15,372,600	15,965,400	15,105,200	15,568,000
Institutional Support	14,450,600	14,896,400	15,488,400	14,608,600	15,200,600
Operation and Maintenance of Plant	9,437,300	12,743,200	13,146,600	9,612,800	10,016,200
Scholarships and Fellowships	86,328,200	90,066,500	93,765,200	89,783,800	93,482,500
Mandatory Transfers	3,108,600	3,230,900	3,363,800	3,166,300	3,299,200
Non-Mandatory Transfers	8,047,000	8,364,000	8,707,800	8,196,800	8,540,600
Auxilliary Enterprises	15,266,100	15,867,400	16,519,600	15,550,200	16,202,400
TOTAL EXPENDITURES	226,080,200	235,363,000	244,040,800	228,736,000	236,291,300

Morehead State University (MoSU), located in Morehead, Kentucky, was established in 1922 by the Kentucky General Assembly as Morehead State Normal School. In 1926 it became Morehead State Normal School and Teachers College, followed by other changes until the current name was adopted in 1966. Governance of the University is vested in the Board of Regents, a body corporate and an educational institution and agency of the Commonwealth. The Board consists of eight citizen members appointed by the Governor as well as a student, a faculty member and a staff member elected by their peers. The Board has general supervision of lands, buildings, and other properties of the University, subject to the statutes of the Commonwealth of Kentucky. The University was established primarily for the purpose of training teachers, administrators and supervisors for the elementary and secondary schools of the state, but over the years has expanded its facilities and curriculum to serve as a general regional institution of higher learning.

Morehead State University's goal, mandated by statute, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MoSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to protecting, preserving, and improving the unique heritage of the Appalachian region. It may offer programs beyond the master's degree to meet the requirements for teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs to meet community needs in consultation with KCTCS.

Morehead State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Institute for Regional Analysis and Public Policy, and the Space Science Center. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, and opportunities for discovery-based learning.

Morehead State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes first-generation and low-income students from the Appalachian region. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Morehead State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship, teacher education, space-related science and technology, visual and performing arts, and regional public policy. As such, Morehead collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. Morehead State University also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Murray State University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,288,200	52,950,300	54,402,800	48,005,800	48,005,800
Special Appropriation	-992,800				
Total General Fund	50,295,400	52,950,300	54,402,800	48,005,800	48,005,800
Restricted Funds					
Current Receipts	97,352,300	105,181,000	112,603,700	105,181,000	112,603,700
Total Restricted Funds	97,352,300	105,181,000	112,603,700	105,181,000	112,603,700
Federal Funds					
Current Receipts	18,708,800	18,708,800	18,708,800	18,708,800	18,708,800
Total Federal Funds	18,708,800	18,708,800	18,708,800	18,708,800	18,708,800
TOTAL SOURCE OF FUNDS	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300
EXPENDITURES BY CLASS					
Personnel Cost	105,366,900	108,612,900	112,747,700	105,954,200	109,526,700
Operating Expenses	42,494,000	45,675,400	48,892,200	43,951,200	46,713,900
Grants Loans Benefits	12,548,900	14,818,500	15,483,000	14,349,100	14,790,500
Debt Service	3,856,300	4,052,300	4,711,400	4,052,300	4,641,300
Capital Outlay	2,090,400	3,681,000	3,881,000	3,588,800	3,645,900
TOTAL EXPENDITURES	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300
EXPENDITURES BY FUND SOURCE					
General Fund	50,295,400	52,950,300	54,402,800	48,005,800	48,005,800
Restricted Funds	97,352,300	105,181,000	112,603,700	105,181,000	112,603,700
Federal Funds	18,708,800	18,708,800	18,708,800	18,708,800	18,708,800
TOTAL EXPENDITURES	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300
EXPENDITURES BY UNIT					
Instruction	58,859,100	62,392,300	63,982,400	60,166,700	60,757,400
Research	3,096,800	3,206,000	3,177,600	3,206,000	3,177,600
Public Service	7,997,200	8,417,500	8,490,700	8,299,500	8,372,700
Libraries	3,709,400	3,941,700	4,265,200	3,860,800	4,184,300
Academic Support	7,227,100	7,690,600	8,022,200	7,386,100	7,717,700
Student Services	15,723,900	16,708,500	17,422,300	16,365,700	16,626,400
Institutional Support	19,268,600	20,450,900	20,807,000	20,030,800	20,386,900
Operation and Maintenance of Plant	18,257,500	19,357,600	19,674,200	18,197,000	18,513,600
Scholarships and Fellowships	8,470,700	10,747,200	11,221,800	10,531,300	11,005,900
Mandatory Transfers	4,289,900	4,052,300	4,711,400	4,052,300	4,711,400
Non-Mandatory Transfers	2,912,900	113,600	113,600	37,500	37,500
Auxilliary Enterprises	16,543,400	19,761,900	23,826,900	19,761,900	23,826,900
TOTAL EXPENDITURES	166,356,500	176,840,100	185,715,300	171,895,600	179,318,300

Murray State University (MuSU), located in Murray, Kentucky, was established in 1922 as Murray Normal School by the General Assembly, which changed its name to Murray State University in 1966. The University's main campus is a 232-acre site, and two agricultural farms totaling 351 acres lie within one mile of the campus. The governing body is the Board of Regents, consisting of eight members appointed by the Governor, one faculty member elected by the faculty, one staff member elected by the staff, and one student member elected by students. Pursuant to KRS 164.350, the Board of Regents is a body corporate with the powers usually vested in corporations and has control and management of the University, subject to the statutes of the Commonwealth.

Murray State University's statutorily-mandated goal is to have at least one nationally recognized program of distinction or applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, MuSU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. The University offers a comprehensive array of baccalaureate, master's, and specialist programs, with special attention to agriculture, business, health and human services, teacher education, communications, engineering, and applied technologies. It may offer programs beyond the master's degree to meet the needs of teachers, educational leaders,

and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky

and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet community needs in consultation with KCTCS.

Murray State University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction in telecommunications systems management and the Ecosystem and Reservoir Research Center of Excellence. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning and residential colleges.

Murray State University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body that includes dually enrolled high school students. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Murray State University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on ecosystems, reservoir management, telecommunications, agriculture, entrepreneurship and teaching pedagogy. The University places a high premium on academic outreach, collaborative relationships with alumni, the public schools, business and industry, governmental agencies and other colleges and universities at home and abroad.

Murray State University provides and coordinates education services to meet the economic and community needs of its designated area of geographic responsibility. It collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization, and the workforce. It also works directly with schools and educational agencies to improve teacher quality and student performance in the region.

**Postsecondary Education
Postsecondary Education Institutions
Northern Kentucky University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	50,713,000	55,260,600	57,085,600	46,835,100	46,835,100
Special Appropriation	-968,600				
Total General Fund	49,744,400	55,260,600	57,085,600	46,835,100	46,835,100
Restricted Funds					
Current Receipts	170,324,100	179,009,200	188,288,000	179,009,200	188,288,000
Total Restricted Funds	170,324,100	179,009,200	188,288,000	179,009,200	188,288,000
Federal Funds					
Current Receipts	15,140,200	15,140,200	15,140,200	15,140,200	15,140,200
Total Federal Funds	15,140,200	15,140,200	15,140,200	15,140,200	15,140,200
TOTAL SOURCE OF FUNDS	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300
EXPENDITURES BY CLASS					
Personnel Cost	136,646,600	146,845,600	155,076,600	141,361,900	148,541,700
Operating Expenses	48,640,300	50,154,000	51,489,200	48,853,400	50,014,800
Grants Loans Benefits	25,475,200	26,907,800	28,227,700	25,891,700	26,711,600
Debt Service	9,425,600	8,760,100	8,777,800	8,760,100	8,777,800
Capital Outlay	15,021,000	16,742,500	16,942,500	16,117,400	16,217,400
TOTAL EXPENDITURES	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300
EXPENDITURES BY FUND SOURCE					
General Fund	49,744,400	55,260,600	57,085,600	46,835,100	46,835,100
Restricted Funds	170,324,100	179,009,200	188,288,000	179,009,200	188,288,000
Federal Funds	15,140,200	15,140,200	15,140,200	15,140,200	15,140,200
TOTAL EXPENDITURES	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300
EXPENDITURES BY UNIT					
Instruction	77,383,500	82,568,400	86,656,600	78,157,300	81,859,800
Research	1,541,100	1,542,500	1,558,400	1,542,400	1,558,300
Public Service	11,144,600	11,301,900	11,542,800	11,297,700	11,538,600
Libraries	6,328,500	6,856,300	7,127,200	6,574,700	6,845,600
Academic Support	24,405,900	26,857,600	28,647,200	25,533,400	26,678,000
Student Services	19,167,100	20,420,900	21,396,300	19,712,700	20,393,800
Institutional Support	31,711,300	32,977,400	34,325,900	32,744,600	34,093,100
Operation and Maintenance of Plant	19,329,200	20,594,700	21,292,800	19,933,700	20,631,800
Scholarships and Fellowships	25,320,500	26,723,100	27,990,400	25,982,800	26,750,100
Mandatory Transfers	3,480,700	2,805,200	2,805,200	2,805,200	2,805,200
Non-Mandatory Transfers	2,160,700	3,129,300	3,129,300	3,067,300	3,067,300
Auxilliary Enterprises	13,235,600	13,632,700	14,041,700	13,632,700	14,041,700
TOTAL EXPENDITURES	235,208,700	249,410,000	260,513,800	240,984,500	250,263,300

Northern Kentucky University (NKU) is a comprehensive institution of higher education located in a large metropolitan area. The university started in 1948 as an extension center of the University of Kentucky and later was part of the University of Kentucky's Community College System. Northern Kentucky University became an autonomous institution in 1968 by an act of the Kentucky General Assembly. A Board of Regents was appointed, and subsequently, the Board of Trustees of the University of Kentucky turned over the Covington facilities and assets of Northern Kentucky Community College to Northern Kentucky State College. These facilities, along with the community college faculty and students, formed the nucleus of NKU. Limited space at the Covington campus and a rapidly growing enrollment necessitated the move to a new campus in Highland Heights in the fall of 1972. The first bachelor's degrees were awarded in the spring of 1973. In 1976 Northern Kentucky State College was renamed Northern Kentucky University under KRS 164.290.

Northern Kentucky University's goal, mandated by statute, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as working cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, NKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live

and work in a global society. It offers a comprehensive array of baccalaureate, master's, and specialist programs, a first-professional program in law, and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders, and other certified school personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Northern Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Program of Distinction, the Center for Integrative Natural Science and Mathematics. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education, opportunities for discovery-based learning, undergraduate research, community-based learning and civic engagement.

Northern Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Northern Kentucky University emphasizes public engagement as a defining and nationally recognized quality of the university. As such, its priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on entrepreneurship and improving math and science instruction. Northern Kentucky University collaborates with entrepreneurs, business leaders, local and state officials, and citizens to identify and respond to regional needs for research, commercialization and the workforce. It is committed to partnerships that support economic development, P-12 excellence, local government effectiveness, quality healthcare, nonprofit management and civic literacy. NKU is committed to becoming a center for the performing and visual arts.

**Postsecondary Education
Postsecondary Education Institutions
University of Kentucky**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	303,199,200	320,752,300	327,351,700	283,869,300	283,869,300
Special Appropriation	-5,869,100				
Total General Fund	297,330,100	320,752,300	327,351,700	283,869,300	283,869,300
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Total Tobacco Settlement - Phase I	250,000	250,000	250,000		
Restricted Funds					
Current Receipts	2,169,253,400	2,247,116,400	2,333,364,300	2,247,116,400	2,333,364,300
Total Restricted Funds	2,169,253,400	2,247,116,400	2,333,364,300	2,247,116,400	2,333,364,300
Federal Funds					
Current Receipts	207,934,900	219,752,200	232,396,700	219,752,200	232,396,700
Total Federal Funds	207,934,900	219,752,200	232,396,700	219,752,200	232,396,700
TOTAL SOURCE OF FUNDS	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300
EXPENDITURES BY CLASS					
Personnel Cost	1,235,736,100	1,283,730,900	1,333,517,800	1,270,086,500	1,317,096,800
Operating Expenses	1,127,711,300	1,186,150,400	1,238,482,100	1,165,895,700	1,215,404,600
Grants Loans Benefits	115,991,400	120,472,400	125,179,100	119,604,500	124,311,200
Debt Service	75,797,500	75,800,900	72,743,900	75,800,900	72,743,900
Capital Outlay	119,532,100	121,716,300	123,439,800	119,350,300	120,073,800
TOTAL EXPENDITURES	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300
EXPENDITURES BY FUND SOURCE					
General Fund	297,330,100	320,752,300	327,351,700	283,869,300	283,869,300
Tobacco Settlement - Phase I	250,000	250,000	250,000		
Restricted Funds	2,169,253,400	2,247,116,400	2,333,364,300	2,247,116,400	2,333,364,300
Federal Funds	207,934,900	219,752,200	232,396,700	219,752,200	232,396,700
TOTAL EXPENDITURES	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300
EXPENDITURES BY UNIT					
Instruction	353,742,900	362,325,100	371,031,300	339,206,700	345,962,700
Research	284,994,000	295,758,800	307,116,900	295,564,700	306,715,100
Public Service	311,059,500	319,976,200	329,333,100	319,518,200	328,385,000
Libraries	26,107,900	27,012,300	27,429,800	26,467,500	26,837,000
Academic Support	102,884,700	112,765,000	123,125,800	112,596,900	122,777,800
Student Services	37,082,400	37,915,200	38,785,500	37,844,600	38,639,400
Institutional Support	110,042,200	114,728,300	117,275,100	111,716,400	113,640,400
Operation and Maintenance of Plant	90,974,600	101,608,300	105,732,200	92,041,200	93,139,900
Scholarships and Fellowships	115,991,400	120,472,400	125,179,100	120,472,400	125,179,100
Mandatory Transfers	18,481,700	18,481,700	18,481,700	18,481,700	18,481,700
Auxilliary Enterprises	171,429,600	180,300,600	189,916,500	180,300,600	189,916,500
Hospitals	1,051,977,500	1,096,527,000	1,139,955,700	1,096,527,000	1,139,955,700
TOTAL EXPENDITURES	2,674,768,400	2,787,870,900	2,893,362,700	2,750,737,900	2,849,630,300

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

The University of Kentucky's statutorily-mandated goal is to be a major comprehensive research institution ranked nationally in the top 20 public universities.

To advance this agenda, UK's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, master's, specialist, and doctoral degree programs consistent with a flagship institution's statewide mission. It also maintains professional programs in dentistry, law, medicine, pharmacy, architecture, engineering, education, and social professions. The graduate and postdoctoral programs emphasize areas supporting statewide economic and community development and are consistent with a nationally-recognized public research university.

The University of Kentucky's programs include innovative post-baccalaureate certificate, masters, and doctoral programs that meet 21st century public needs in traditional and emerging multidisciplinary fields. The University of Kentucky maintains a state leadership role in delivering doctoral education, including collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning, living-learning communities and undergraduate research.

The University of Kentucky has selective to highly selective admissions with a commitment to recruiting a diverse, well-qualified undergraduate and graduate student body. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees, and recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Kentucky's priorities for action include basic, applied and translational research as one of only seven universities in the United States with schools of agriculture, engineering, law, medicine and pharmacy on a single campus. The University of Kentucky emphasizes research and creativity in areas of identified strength and opportunity, as well as in emerging fields essential to the development of a knowledge-based economy in Kentucky and beyond. This requires significant extramural support and a broad array of doctoral programs, consistent with the nation's top 20 research universities. The University of Kentucky focuses on programs in health and life sciences, computer science and engineering, cultural and international studies, public policy and human services, business and economics, energy and the environment and the arts. It also conducts research and outreach supporting the improvement of P-20 and adult education systems with a special emphasis on literacy.

The University of Kentucky drives statewide economic development by preparing a highly educated workforce, conducting grant and contract-funded research and transferring research and technological innovations to the marketplace. It assures Kentuckians high-quality health care by promoting access to the highest level of appropriate care possible within the facilities of local communities and developing advanced subspecialty programs of national stature at the academic medical center. The University of Kentucky engages the university community and its partners in fostering economic well being and quality of life for Kentuckians in regions facing significant economic and health-related challenges, throughout the Commonwealth, and, as the state's flagship institution, beyond its borders to the nation and world.

**Postsecondary Education
Postsecondary Education Institutions
University of Louisville**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	177,715,600	185,535,500	192,894,300	163,049,400	166,212,300
Special Appropriation	-2,920,000				
Total General Fund	174,795,600	185,535,500	192,894,300	163,049,400	166,212,300
Restricted Funds					
Current Receipts	680,791,600	924,735,500	949,169,200	924,735,500	949,169,200
Total Restricted Funds	680,791,600	924,735,500	949,169,200	924,735,500	949,169,200
Federal Funds					
Current Receipts	124,381,800	118,126,200	116,852,300	118,126,200	116,852,300
Total Federal Funds	124,381,800	118,126,200	116,852,300	118,126,200	116,852,300
TOTAL SOURCE OF FUNDS	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800
EXPENDITURES BY CLASS					
Personnel Cost	475,676,200	596,657,700	610,151,800	589,019,100	600,528,700
Operating Expenses	380,277,000	489,023,700	503,540,500	475,188,100	487,493,500
Grants Loans Benefits	78,491,100	97,440,900	97,440,900	96,656,000	96,656,000
Debt Service	22,836,100	17,108,700	19,616,400	17,108,700	19,616,400
Capital Outlay	22,688,600	28,166,200	28,166,200	27,939,200	27,939,200
TOTAL EXPENDITURES	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800
EXPENDITURES BY FUND SOURCE					
General Fund	174,795,600	185,535,500	192,894,300	163,049,400	166,212,300
Restricted Funds	680,791,600	924,735,500	949,169,200	924,735,500	949,169,200
Federal Funds	124,381,800	118,126,200	116,852,300	118,126,200	116,852,300
TOTAL EXPENDITURES	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800
EXPENDITURES BY UNIT					
Instruction	231,823,900	291,968,066	299,477,833	289,653,500	295,806,600
Research	184,270,000	236,712,800	241,603,600	230,237,000	235,127,800
Public Service	148,080,800	186,206,200	190,136,500	185,020,200	188,950,500
Libraries	15,585,100	19,597,600	20,011,300	19,472,800	19,886,500
Academic Support	98,298,500	123,837,567	127,803,234	122,819,300	125,428,300
Student Services	20,999,900	26,573,267	28,487,333	26,238,400	26,795,800
Institutional Support	61,387,000	77,191,800	78,821,200	76,700,200	78,329,600
Operation and Maintenance of Plant	38,716,200	55,660,500	56,813,900	48,374,200	49,401,700
Scholarships and Fellowships	73,412,100	92,312,800	94,261,400	91,724,800	93,673,400
Mandatory Transfers	22,836,000	17,108,600	19,616,300	16,152,200	18,659,900
Auxilliary Enterprises	63,840,600	79,793,600	79,793,600	79,282,300	79,282,300
Hospitals	20,718,900	21,434,400	22,089,600	20,236,200	20,891,400
TOTAL EXPENDITURES	979,969,000	1,228,397,200	1,258,915,800	1,205,911,100	1,232,233,800

The University of Louisville (UofL) is an urban university with close historical and legal ties with Louisville-Jefferson County. The University was founded in 1798 as the Jefferson Seminary, later known as Louisville College, and in 1846 became the University of Louisville by legislative charter. The University became a member of Kentucky's public higher education system on July 1, 1970, and amended its charter to reflect its status as a state institution. Governance of the University is vested in the Board of Trustees, which was constituted a public body corporate, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises normally attached to the governing bodies of Kentucky public higher education institutions.

The University of Louisville's statutorily-mandated goal is to be a premier, nationally recognized metropolitan research university.

To advance this agenda, UofL's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a world that is increasingly intercultural, interdisciplinary and diverse. It offers a comprehensive array of baccalaureate, master's, and specialist programs, along with professional programs in dentistry, law, medicine, engineering, education, and social professions. Selected doctoral programs support the goals of national recognition as a metropolitan research university and meet the economic and community development needs of the region and state. The University of

Louisville offers collaborative and joint doctoral programs with other Kentucky postsecondary institutions to address state needs.

The University of Louisville places special emphasis on its Research Challenge Trust Fund programs in business (entrepreneurship), health and life sciences, engineering, education, humanities and the arts. It strives to increase the quality of undergraduate programs while increasing the size and national recognition of graduate programs. Distinctive educational experiences include service learning, international education, opportunities for discovery-based learning and undergraduate research.

The University of Louisville maintains selective to highly selective admissions with a commitment to recruiting a diverse undergraduate and graduate student body, especially students from its metropolitan area and those who do not enter or move through the university in traditional ways. It serves the needs of traditional, nontraditional, and transfer students seeking baccalaureate and advanced degrees. It also recruits students nationally and internationally to increase intellectual capital and diversity.

The University of Louisville serves as the metropolitan area's intellectual center and economic engine. It drives economic development by educating a workforce ready to take on the challenges of a new century. The University supports existing businesses, promotes business startups based on university inventions and coordinates other community economic development efforts. UofL is building a national reputation as a leader in issues affecting metropolitan regions and provides this expertise to other areas in the state, nation, and beyond through basic, applied and translational research. The University of Louisville's research mission prioritizes programs in human health and development, life sciences, information technology and communications, environmental and energy technologies, logistics and distribution, early childhood education, entrepreneurship, materials science and advanced manufacturing. The University of Louisville works with P-12 schools and adult learning centers to improve student achievement and postsecondary preparation. Additionally, research and creative activities in the humanities and the arts foster and support the rich cultural life of the Greater Louisville area.

Policy

The Executive Budget includes \$20,434,400 in fiscal year 2013 and \$21,089,600 in fiscal year 2014 from the General Fund for the Quality and Charity Care Trust Fund agreement.

**Postsecondary Education
Postsecondary Education Institutions
Western Kentucky University**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	77,377,300	81,879,200	84,419,200	72,425,200	72,425,200
Special Appropriation	-1,497,800				
Total General Fund	75,879,500	81,879,200	84,419,200	72,425,200	72,425,200
Restricted Funds					
Current Receipts	258,444,500	266,398,600	277,461,600	266,398,600	277,461,600
Total Restricted Funds	258,444,500	266,398,600	277,461,600	266,398,600	277,461,600
Federal Funds					
Current Receipts	50,723,000	52,736,000	54,839,000	52,736,000	54,839,000
Total Federal Funds	50,723,000	52,736,000	54,839,000	52,736,000	54,839,000
TOTAL SOURCE OF FUNDS	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800
EXPENDITURES BY CLASS					
Personnel Cost	177,267,300	184,741,300	192,353,400	181,560,500	188,036,800
Operating Expenses	110,053,800	115,483,700	120,029,200	110,516,600	113,680,300
Grants Loans Benefits	76,354,300	79,873,800	83,399,800	78,689,000	82,215,000
Debt Service	11,858,100	14,993,000	14,993,000	14,993,000	14,993,000
Capital Outlay	9,513,500	5,922,000	5,944,400	5,800,700	5,800,700
TOTAL EXPENDITURES	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800
EXPENDITURES BY FUND SOURCE					
General Fund	75,879,500	81,879,200	84,419,200	72,425,200	72,425,200
Restricted Funds	258,444,500	266,398,600	277,461,600	266,398,600	277,461,600
Federal Funds	50,723,000	52,736,000	54,839,000	52,736,000	54,839,000
TOTAL EXPENDITURES	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800
EXPENDITURES BY UNIT					
Instruction	110,617,500	115,204,800	120,751,700	112,472,200	117,394,300
Research	10,383,700	10,531,100	10,746,200	10,482,500	10,686,300
Public Service	16,054,600	16,411,500	16,891,500	16,314,400	16,771,700
Libraries	7,883,100	8,164,200	8,533,300	7,969,900	8,147,600
Academic Support	17,965,700	19,093,900	19,900,900	18,201,500	18,734,500
Student Services	35,045,500	35,770,200	36,805,100	35,381,700	36,303,000
Institutional Support	48,959,600	50,180,400	51,470,400	49,500,500	50,641,300
Operation and Maintenance of Plant	33,838,400	38,397,600	40,846,100	34,466,900	35,762,400
Scholarships and Fellowships	68,600,000	72,005,300	75,409,800	71,515,400	74,919,900
Mandatory Transfers	553,100				
Non-Mandatory Transfers	10,091,800	10,091,800	10,091,800	10,091,800	10,091,800
Auxilliary Enterprises	25,054,000	25,163,000	25,273,000	25,163,000	25,273,000
TOTAL EXPENDITURES	385,047,000	401,013,800	416,719,800	391,559,800	404,725,800

Western Kentucky University (WKU), located in Bowling Green, Kentucky, was established by the General Assembly in 1906 as a school for the training of teachers. On January 1, 1907, the Southern Kentucky Normal School was transferred to the state of Kentucky, and the president of that institution became president of the Western Kentucky State Normal School. The 1922 General Assembly changed the name of the institution to the Western Kentucky State Normal School and Teachers College and authorized the institution to confer degrees. In 1930 the name was changed to the Western Kentucky State Teachers College, then to the Western Kentucky State College in 1948, and finally to Western Kentucky University in 1966.

Western Kentucky University's goal, mandated by statute, is to have at least one nationally recognized program of distinction or one nationally recognized applied research program, as well as to work cooperatively with other postsecondary institutions to assure statewide access to baccalaureate and master's degrees of a quality at or above the national average.

To advance this agenda, WKU's programs have a strong liberal arts and sciences undergraduate core preparing students to live and work in a global society. It offers a comprehensive array of baccalaureate, masters and specialist programs and may offer programs beyond the master's degree to meet the needs of teachers, educational leaders and other certified personnel. Collaborative doctoral programs also may be offered through the University of Kentucky and the University of Louisville to meet

state needs, along with sub-associate or associate degree programs that meet local needs in consultation with KCTCS.

Western Kentucky University boasts a number of nationally recognized graduate programs in targeted areas of opportunity, including its Programs of Distinction in journalism and forensics and applied research and technology. Distinctive educational experiences geared to the specific needs and interests of students include service learning, international education and opportunities for discovery-based learning.

Western Kentucky University maintains moderately selective to selective admissions with a commitment to recruiting a diverse student body. It serves the needs of traditional, nontraditional and transfer students seeking baccalaureate and advanced degrees and recruits students nationally and internationally to increase intellectual capital and diversity.

Western Kentucky University's priorities for action are applied research and scholarly activities that support the primary function of instruction and supplement efforts to improve economic and community development, with an emphasis on cave and karst studies, applied physics, folk studies, Kentucky life, literature and history, the Civil War in the west, materials characterization and combustion, teacher effectiveness, entrepreneurship, rural health development, lifespan development, water quality and applied engineering. Western Kentucky University collaborates with entrepreneurs, business leaders, local and state officials and citizens to identify and respond to regional needs for research, commercialization and the workforce. It also provides or coordinates education services improve teacher quality and student performance in the region.

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

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	204,706,700	223,906,400	230,451,300	191,455,700	191,455,700
Special Appropriation	-3,962,500				
Total General Fund	200,744,200	223,906,400	230,451,300	191,455,700	191,455,700
Restricted Funds					
Current Receipts	426,041,400	460,702,600	481,494,700	460,702,600	481,522,300
Total Restricted Funds	426,041,400	460,702,600	481,494,700	460,702,600	481,522,300
Federal Funds					
Current Receipts	276,376,100	289,858,400	301,350,000	289,858,400	301,350,000
Total Federal Funds	276,376,100	289,858,400	301,350,000	289,858,400	301,350,000
TOTAL SOURCE OF FUNDS	903,161,700	974,467,400	1,013,296,000	942,016,700	974,328,000
EXPENDITURES BY CLASS					
Personnel Cost	446,710,300	486,435,100	492,185,700	465,840,400	466,734,100
Operating Expenses	150,639,100	164,345,600	178,225,000	156,926,100	169,551,700
Grants Loans Benefits	298,179,800	314,685,200	328,030,000	310,372,000	323,716,800
Capital Outlay	7,632,500	9,001,500	14,855,300	8,878,200	14,297,800
TOTAL EXPENDITURES	903,161,700	974,467,400	1,013,296,000	942,016,700	974,300,400
EXPENDITURES BY FUND SOURCE					
General Fund	200,744,200	223,906,400	230,451,300	191,455,700	191,455,700
Restricted Funds	426,041,400	460,702,600	481,494,700	460,702,600	481,494,700
Federal Funds	276,376,100	289,858,400	301,350,000	289,858,400	301,350,000
TOTAL EXPENDITURES	903,161,700	974,467,400	1,013,296,000	942,016,700	974,300,400
EXPENDITURES BY UNIT					
Instruction	276,181,700	295,605,000	308,399,800	286,194,400	296,663,000
Public Service	50,947,300	62,199,900	64,671,000	59,435,000	61,120,600
Libraries	10,578,900	10,914,700	11,112,200	10,591,200	10,740,300
Academic Support	39,431,800	42,128,700	43,951,800	40,578,700	41,996,000
Student Services	62,689,300	66,403,200	69,061,600	64,805,500	67,173,500
Institutional Support	71,976,500	75,334,200	77,165,000	71,791,800	73,036,600
Operation and Maintenance of Plant	93,340,700	116,065,500	125,862,900	104,095,100	111,789,900
Scholarships and Fellowships	298,015,500	305,816,200	313,071,700	304,525,000	311,780,500
TOTAL EXPENDITURES	903,161,700	974,467,400	1,013,296,000	942,016,700	974,300,400

The Kentucky Community and Technical College System (KCTCS), created by The Postsecondary Education Improvement Act of 1997, is composed of community and technical college districts plus several branch campuses and distance learning centers strategically located across the Commonwealth. KCTCS's statutorily-mandated mission is to assure access throughout the Commonwealth to a two-year course of general studies designed for transfer to a baccalaureate program, the training necessary to develop a workforce with the skills to meet the needs of new and existing industries, and remedial and continuing education to improve the employability of citizens.

To advance this agenda, KCTCS has a general two-year academic curriculum with transferable credits. It maintains associate, technical, and semi-professional programs leading to degrees, diplomas, and certificates. It enhances basic academic and literacy skills through adult and developmental education. KCTCS focuses on continuing education and workforce development customized for business and industry, as well as dual enrollment and credit for secondary students.

The Kentucky Community and Technical College System maintains open admissions with a commitment to recruiting a diverse student body. Its students are pursuing associate degrees, diplomas, and certificates and are seeking transfer credit toward baccalaureate degrees. Its students also include workers seeking technical training, students needing remedial coursework, adults gaining personal development through continuing education, and high school students earning dual credit and preparation for college.

Kentucky Community and Technical College System's priorities for action are applied research in workforce development, classroom instruction, and technology deployment.

The Kentucky Community and Technical College System serves the needs of students in 120 counties through its statewide physical presence and distance learning programs. It provides customized workforce training for employers to promote economic well-being and quality of life for communities throughout Kentucky. The Kentucky Community and Technical College System serves as the primary point of access for many Kentuckians seeking postsecondary education to improve their education level and quality of life.

Policy

The Governor's recommended budget includes \$41,944,800 in fiscal year 2013 and \$42,625,900 in fiscal year 2014 for the Firefighters Foundation Program Fund.

Public Protection

	Public Protection				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,181,900	9,108,400	9,538,200	6,688,000	6,814,300
State Salary and Compensation Allocation	263,000				
Mandated Expenditure Reductions	-281,600				
Total General Fund	7,163,300	9,108,400	9,538,200	6,688,000	6,814,300
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	16,581,400	15,706,500	15,706,500	14,867,200	14,657,300
Budget Reduction-General Fund Tobacco	-874,900				
Total Tobacco Settlement - Phase I	15,706,500	15,706,500	15,706,500	14,867,200	14,657,300
Restricted Funds					
Balance Forward	56,190,600	50,220,200	57,218,600	50,296,200	36,954,600
Current Receipts	77,459,000	78,655,600	78,624,400	78,655,600	78,624,400
Non-Revenue Receipts	20,436,000	19,879,300	19,841,300	20,278,300	21,396,600
Fund Transfers	-21,305,100			-25,000,000	-22,155,100
Total Restricted Funds	132,780,500	148,755,100	155,684,300	124,230,100	114,820,500
Federal Funds					
Current Receipts	4,767,100	4,100,900	4,051,600	4,100,900	4,051,600
Total Federal Funds	4,767,100	4,100,900	4,051,600	4,100,900	4,051,600
TOTAL SOURCE OF FUNDS	160,417,400	177,670,900	184,980,600	149,886,200	140,343,700
EXPENDITURES BY CLASS					
Personnel Cost	73,042,400	81,312,100	83,551,300	75,935,000	77,460,800
Operating Expenses	11,376,200	12,142,100	11,913,700	11,641,500	11,428,900
Grants Loans Benefits	25,012,900	25,506,900	25,457,300	25,006,900	24,957,300
Capital Outlay	447,700	1,491,200	1,168,900	348,200	660,900
TOTAL EXPENDITURES	109,879,200	120,452,300	122,091,200	112,931,600	114,507,900
EXPENDITURES BY FUND SOURCE					
General Fund	6,921,300	9,108,400	9,538,200	6,688,000	6,814,300
Tobacco Settlement - Phase I	15,706,500	15,706,500	15,706,500	14,867,200	14,657,300
Restricted Funds	82,484,300	91,536,500	92,794,900	87,275,500	88,984,700
Federal Funds	4,767,100	4,100,900	4,051,600	4,100,900	4,051,600
TOTAL EXPENDITURES	109,879,200	120,452,300	122,091,200	112,931,600	114,507,900
EXPENDITURES BY UNIT					
Secretary	4,994,200	5,914,400	6,093,900	5,497,900	5,606,100
Boxing and Wrestling Authority	135,800	155,700	159,300	148,200	150,700
Alcoholic Beverage Control	5,273,800	5,979,400	6,293,100	5,641,000	5,894,600
Charitable Gaming	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400
Board of Claims/Crime Victims' Compensation	2,612,700	3,192,600	3,069,300	2,261,700	2,125,800
Financial Institutions	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800
Horse Racing Commission	27,896,700	29,601,500	29,244,500	27,997,000	28,286,600
Housing, Buildings and Construction	17,694,700	20,593,400	21,329,100	18,699,500	19,273,700
Insurance	38,390,100	39,815,800	40,466,100	38,481,100	38,837,400
Tax Appeals	410,500	459,200	473,600	400,700	408,800
TOTAL EXPENDITURES	109,879,200	120,452,300	122,091,200	112,931,600	114,507,900

The Public Protection Cabinet is charged with the supervision and regulation of industries. The Cabinet has five departments and one office: Alcoholic Beverage Control, Financial Institutions, Housing, Buildings and Construction, Insurance, Charitable Gaming and Office of Occupations and Professions. The Cabinet also has four boards/commissions attached for administrative purposes only: Kentucky Horse Racing Commission, Boxing & Wrestling Authority, Board of Claims/Crime Victims Compensation Board and Board of Tax Appeals. The Office of the Secretary also includes the Office of Communications and Public Outreach and the Office of Legal Services.

	Public Protection Secretary				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	262,500	459,100	534,300	261,700	267,400
State Salary and Compensation Allocation	16,800				
Total General Fund	279,300	459,100	534,300	261,700	267,400
Restricted Funds					
Balance Forward	481,900	76,300	66,200	76,300	103,100
Current Receipts	1,011,400	1,301,700	1,301,700	1,301,700	1,301,700
Non-Revenue Receipts	3,599,200	4,143,500	4,247,800	3,961,300	4,035,200
Fund Transfers	-287,100				
Total Restricted Funds	4,805,400	5,521,500	5,615,700	5,339,300	5,440,000
TOTAL SOURCE OF FUNDS	5,084,700	5,980,600	6,150,000	5,601,000	5,707,400
EXPENDITURES BY CLASS					
Personnel Cost	4,479,500	5,384,800	5,568,900	4,995,100	5,093,300
Operating Expenses	514,700	529,600	525,000	502,800	512,800
TOTAL EXPENDITURES	4,994,200	5,914,400	6,093,900	5,497,900	5,606,100
EXPENDITURES BY FUND SOURCE					
General Fund	265,100	459,100	534,300	261,700	267,400
Restricted Funds	4,729,100	5,455,300	5,559,600	5,236,200	5,338,700
TOTAL EXPENDITURES	4,994,200	5,914,400	6,093,900	5,497,900	5,606,100
EXPENDITURES BY UNIT					
Office of the Secretary - Comm - Legal	3,873,700	4,453,000	4,587,400	4,223,000	4,302,600
Occupations and Professions	1,120,500	1,461,400	1,506,500	1,274,900	1,303,500
TOTAL EXPENDITURES	4,994,200	5,914,400	6,093,900	5,497,900	5,606,100

A Secretary appointed by the Governor heads the Cabinet. The Secretary is responsible for guiding Departmental agencies in policy and program implementation and is responsible for operating each agency in the most efficient and cost effective manner possible while maintaining a high quality of service to the general public as well as the businesses, trades, and professionals it licenses and regulates.

**Public Protection
Boxing and Wrestling Authority**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	226,600	316,500	390,800	316,500	398,300
Current Receipts	230,000	230,000	230,000	230,000	230,000
Fund Transfers	-4,300				
Total Restricted Funds	452,300	546,500	620,800	546,500	628,300
TOTAL SOURCE OF FUNDS	452,300	546,500	620,800	546,500	628,300
EXPENDITURES BY CLASS					
Personnel Cost	100,700	121,000	123,800	113,500	115,200
Operating Expenses	35,100	34,700	35,500	34,700	35,500
TOTAL EXPENDITURES	135,800	155,700	159,300	148,200	150,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	135,800	155,700	159,300	148,200	150,700
TOTAL EXPENDITURES	135,800	155,700	159,300	148,200	150,700
EXPENDITURES BY UNIT					
Boxing and Wrestling Authority	135,800	155,700	159,300	148,200	150,700
TOTAL EXPENDITURES	135,800	155,700	159,300	148,200	150,700

The Boxing and Wrestling Authority, pursuant to KRS Chapter 229, is the sole authority over professional boxing, wrestling and amateur and professional mixed martial arts bouts in Kentucky. The five-member board directs, manages and controls all professional boxing, sparring, exhibitions, wrestling matches, amateur and professional mixed martial arts bouts. Moreover, the authority has jurisdiction over all licenses to hold boxing, sparring, wrestling matches, exhibitions, amateur and professional mixed martial arts bouts for prizes or purses where an admission fee is received. The Authority administers all licenses to contestants, wrestlers or boxers, judges, managers, physicians, referees, timekeepers, and trainers and provides oversight of all persons who participate in the boxing, sparring, wrestling matches, exhibitions or mixed martial arts. The Authority is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

**Public Protection
Alcoholic Beverage Control**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	795,000	787,100	798,600	684,600	698,300
State Salary and Compensation Allocation	46,800				
Mandated Expenditure Reductions	-104,800				
Total General Fund	737,000	787,100	798,600	684,600	698,300
Restricted Funds					
Balance Forward	1,939,500	1,683,400	1,259,100	1,683,400	1,117,600
Current Receipts	5,446,500	5,446,500	5,446,500	5,446,500	5,446,500
Non-Revenue Receipts	-678,500	-678,500	-696,800	-555,900	-571,900
Fund Transfers	-434,500			-500,000	-155,100
Total Restricted Funds	6,273,000	6,451,400	6,008,800	6,074,000	5,837,100
TOTAL SOURCE OF FUNDS	7,010,000	7,238,500	6,807,400	6,758,600	6,535,400
EXPENDITURES BY CLASS					
Personnel Cost	4,506,400	5,130,100	5,332,000	4,791,700	4,933,500
Operating Expenses	767,400	849,300	961,100	849,300	961,100
TOTAL EXPENDITURES	5,273,800	5,979,400	6,293,100	5,641,000	5,894,600
EXPENDITURES BY FUND SOURCE					
General Fund	684,200	787,100	798,600	684,600	698,300
Restricted Funds	4,589,600	5,192,300	5,494,500	4,956,400	5,196,300
TOTAL EXPENDITURES	5,273,800	5,979,400	6,293,100	5,641,000	5,894,600
EXPENDITURES BY UNIT					
Administration, Enforcement and License	4,876,900	5,566,400	5,856,300	5,224,900	5,459,100
Tobacco Enforcement	396,900	413,000	436,800	416,100	435,500
TOTAL EXPENDITURES	5,273,800	5,979,400	6,293,100	5,641,000	5,894,600

The Department of Alcoholic Beverage Control (ABC), pursuant to KRS Chapters 241-244, enforces laws relating to the manufacture, sale, transportation, storage, and advertising of alcoholic beverages. The agency does not collect taxes.

The Commissioner of the Department serves as both the agency's administrative officer and the Chairman of the Alcoholic Beverage Control Board, which also includes the directors of the Malt Beverage and Distilled Spirits divisions. The Secretary of the Public Protection Cabinet, with the approval of the Governor, appoints all three board members.

In exercising its quasi-judicial authority, the ABC Board may suspend, revoke, or cancel for cause, after hearing, any license issued due to violation of alcoholic beverage laws. The ABC Board also conducts hearings for and appeals from an applicant whose license is refused by city or county administrators.

The Department has enforcement officers assigned throughout the state who conduct investigations, make regular inspections, and otherwise monitor compliance with ABC laws.

The Department also implements laws, pursuant to KRS 438.300 – 438.330, relating to the use, display, sell or distribution of tobacco products with an emphasis on persons under the age of 18.

Policy

The Executive Budget includes Restricted Funds of \$122,600 in fiscal year 2013 and \$124,900 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

**Public Protection
Charitable Gaming**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		190,100	183,200		
Total General Fund		190,100	183,200		
Restricted Funds					
Balance Forward	507,100	143,500		143,500	
Current Receipts	3,041,700	3,108,700	3,449,500	3,108,700	3,449,500
Non-Revenue Receipts	-299,400			24,300	24,900
Fund Transfers	-354,900				
Total Restricted Funds	2,894,500	3,252,200	3,449,500	3,276,500	3,474,400
TOTAL SOURCE OF FUNDS	2,894,500	3,442,300	3,632,700	3,276,500	3,474,400
EXPENDITURES BY CLASS					
Personnel Cost	2,306,400	2,985,300	3,109,500	2,823,300	2,945,200
Operating Expenses	444,600	457,000	523,200	453,200	529,200
TOTAL EXPENDITURES	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400
EXPENDITURES BY FUND SOURCE					
General Fund		190,100	183,200		
Restricted Funds	2,751,000	3,252,200	3,449,500	3,276,500	3,474,400
TOTAL EXPENDITURES	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400
EXPENDITURES BY UNIT					
Charitable Gaming	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400
TOTAL EXPENDITURES	2,751,000	3,442,300	3,632,700	3,276,500	3,474,400

The Department of Charitable Gaming, pursuant to KRS Chapter 238, is charged with the licensure and regulation of charitable organizations, facilities, distributors, and manufacturers involved with charitable gaming in the Commonwealth. The agency performs inspections, issues licenses, conducts audits and criminal investigations of charitable gaming establishments.

Policy

The Executive Budget includes Restricted Funds of \$24,300 in fiscal year 2013 and \$25,900 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

**Public Protection
Board of Claims/Crime Victims' Compensation**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	614,600	1,494,000	1,572,500	594,200	600,000
State Salary and Compensation Allocation	27,500				
Total General Fund	642,100	1,494,000	1,572,500	594,200	600,000
Restricted Funds					
Balance Forward	246,500	76,200		76,200	31,100
Current Receipts	1,141,600	1,058,700	982,400	1,058,700	982,400
Non-Revenue Receipts					-2,100
Fund Transfers	-23,500				
Total Restricted Funds	1,364,600	1,134,900	982,400	1,134,900	1,011,400
Federal Funds					
Current Receipts	705,300	563,700	514,400	563,700	514,400
Total Federal Funds	705,300	563,700	514,400	563,700	514,400
TOTAL SOURCE OF FUNDS	2,712,000	3,192,600	3,069,300	2,292,800	2,125,800
EXPENDITURES BY CLASS					
Personnel Cost	1,148,500	1,298,800	1,337,100	1,189,000	1,213,300
Operating Expenses	1,164,600	1,094,200	982,200	773,100	662,500
Grants Loans Benefits	299,600	799,600	750,000	299,600	250,000
TOTAL EXPENDITURES	2,612,700	3,192,600	3,069,300	2,261,700	2,125,800
EXPENDITURES BY FUND SOURCE					
General Fund	619,000	1,494,000	1,572,500	594,200	600,000
Restricted Funds	1,288,400	1,134,900	982,400	1,103,800	1,011,400
Federal Funds	705,300	563,700	514,400	563,700	514,400
TOTAL EXPENDITURES	2,612,700	3,192,600	3,069,300	2,261,700	2,125,800
EXPENDITURES BY UNIT					
Board of Claims	521,700	597,300	625,000	552,900	573,100
Crime Victims' Board	2,091,000	2,595,300	2,444,300	1,708,800	1,552,700
TOTAL EXPENDITURES	2,612,700	3,192,600	3,069,300	2,261,700	2,125,800

The Board of Claims, pursuant to KRS 44.086(2) and (3), is the only forum through which a citizen may sue the state for alleged negligence. Per 2006 Kentucky Acts Chapter 252, awards of less than \$5,000 are paid from funds of the state agency determined to be at fault. Awards over \$5,000 are paid from appropriations from the General Fund, and awards against the Transportation Cabinet are paid from the Road Fund. The maximum award on a single claim is \$200,000 and there is a cap of \$350,000 on multiple claims arising from the same incident.

The Crime Victims' Compensation Board, pursuant to KRS Chapter 346, is empowered to reimburse innocent crime victims up to \$25,000 for their medical expenses, lost wages that are not paid by any other source, and funeral expenses up to \$5,000. The amount of time that a claimant has to submit a claim to the Board is five years. The Crime Victims' Compensation Board is funded through an allocation of 3.4 percent of the state court cost fees.

The Board of Claims and the Crime Victims' Compensation Board are composed of the same five members appointed by the Governor. Both entities share staff services provided by the agency. The Board is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

**Public Protection
Financial Institutions**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	6,822,900	7,864,700	10,552,600	7,508,400	4,077,000
Current Receipts	15,129,000	15,140,000	15,139,000	15,140,000	15,139,000
Non-Revenue Receipts	-895,600	-1,154,100	-1,166,100	-1,043,400	-1,026,300
Fund Transfers	-3,828,200			-7,000,000	-7,000,000
Total Restricted Funds	17,228,100	21,850,600	24,525,500	14,605,000	11,189,700
TOTAL SOURCE OF FUNDS	17,228,100	21,850,600	24,525,500	14,605,000	11,189,700
EXPENDITURES BY CLASS					
Personnel Cost	8,102,700	9,373,400	9,676,800	8,603,400	8,797,000
Operating Expenses	1,548,700	1,844,600	1,640,800	1,844,600	1,640,800
Grants Loans Benefits	12,000	12,000	12,000	12,000	12,000
Capital Outlay	56,300	68,000		68,000	
TOTAL EXPENDITURES	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800
TOTAL EXPENDITURES	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800
EXPENDITURES BY UNIT					
Administrative Services	1,603,600	1,939,300	1,919,900	1,847,500	1,809,500
Securities	1,997,600	2,155,700	2,141,600	2,081,900	2,051,700
Depository Institutions	3,936,200	4,659,300	4,690,500	4,183,200	4,165,400
Non-Depository Institutions	2,182,300	2,543,700	2,577,600	2,415,400	2,423,200
TOTAL EXPENDITURES	9,719,700	11,298,000	11,329,600	10,528,000	10,449,800

The Department of Financial Institutions, pursuant to KRS Chapter 286, licenses and regulates banks, bank holding companies, trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, sale of check licensees, securities issuers, broker-dealers, agents, and investment advisors. A Commissioner appointed by the Governor heads the Department.

The Commissioner's Office is responsible for the overall management of the agency. Two branches report directly to the Commissioner's office. The Technology Branch maintains the computer network, the web sites, and system upgrade planning. The Administrative Services Branch is charged with the administration of the fiscal functions including budgeting, purchasing, inventory control, training coordination, and facilities management. The Public Information Officer is also a part of the Commissioner's office and is responsible for all communications with the media and handling the department's public relations efforts through coordination of educational seminars, brochures, and newsletters.

The Division of Securities carries out the registration of securities issuances in the state. The Division registers broker-dealers, their agents, investment advisers, and investment adviser representatives, and conducts on-site examinations of these regulated entities. The Division investigates allegations of securities fraud or other illegal conduct entities involved in the securities industry that is operating within Kentucky.

The Division of Depository Institutions licenses/charters, examines and regulates depository financial institutions within the Bank Branch and Credit Union Branch. The Bank Branch is responsible for the examination and supervision of commercial banks, bank holding companies, and independent trust companies. The Credit Union Branch is responsible for examination and supervision of all state chartered credit unions.

The Division of Non-Depository Institutions includes both the Compliance Branch and Consumer Protection Branch. The Compliance branch is responsible for the examination and supervision of consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and money transmitters. The Consumer Protection Branch is responsible for the investigation of complaints and provides outreach and education to protect consumers from financial frauds.

**Public Protection
Horse Racing Commission**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,969,000	2,883,300	2,883,300	2,609,800	2,660,000
Mandated Expenditure Reductions	-176,800				
Total General Fund	2,792,200	2,883,300	2,883,300	2,609,800	2,660,000
Restricted Funds					
Balance Forward	29,109,700	25,829,700	21,106,700	25,829,700	18,967,100
Current Receipts	3,679,700	3,728,700	3,728,700	3,728,700	3,728,700
Non-Revenue Receipts	18,413,400	18,266,500	18,186,500	17,295,900	17,731,100
Fund Transfers	-242,100			-2,500,000	
Total Restricted Funds	50,960,700	47,824,900	43,021,900	44,354,300	40,426,900
TOTAL SOURCE OF FUNDS	53,752,900	50,708,200	45,905,200	46,964,100	43,086,900
EXPENDITURES BY CLASS					
Personnel Cost	4,217,200	4,790,100	4,943,100	4,206,200	4,490,800
Operating Expenses	755,400	870,300	865,300	872,700	867,700
Grants Loans Benefits	22,849,100	22,843,100	22,843,100	22,843,100	22,843,100
Capital Outlay	75,000	1,098,000	593,000	75,000	85,000
TOTAL EXPENDITURES	27,896,700	29,601,500	29,244,500	27,997,000	28,286,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,765,700	2,883,300	2,883,300	2,609,800	2,660,000
Restricted Funds	25,131,000	26,718,200	26,361,200	25,387,200	25,626,600
TOTAL EXPENDITURES	27,896,700	29,601,500	29,244,500	27,997,000	28,286,600
EXPENDITURES BY UNIT					
Administration and Regulation of Racing	3,717,400	5,346,900	4,928,900	3,759,900	3,992,100
Equine Drug Research Fund	784,400	825,000	875,000	825,000	875,000
Thoroughbred Development Fund	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Standardbred Development Fund	220,000	220,000	220,000	220,000	220,000
Standardbred Horsemen Fees	400,000	400,000	400,000	400,000	400,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund	20,000	20,000	20,000	20,000	20,000
County Fair Purse Fund	127,500	127,500	127,500	127,500	127,500
Thoroughbred Owners and Breeders	131,000	125,000	125,000	125,000	125,000
Backside Improvement Commission	500,000	500,000	500,000	500,000	500,000
Ky Thoroughbred Breeder Incentive Fund	13,997,400	14,038,100	14,049,100	14,020,600	14,028,000
Ky Standardbred Breeder Incentive Fund	2,480,000	2,480,000	2,480,000	2,480,000	2,480,000
Ky Horse Breeders Incentive Fund	1,019,000	1,019,000	1,019,000	1,019,000	1,019,000
TOTAL EXPENDITURES	27,896,700	29,601,500	29,244,500	27,997,000	28,286,600

The Kentucky Horse Racing Commission, pursuant to KRS 230.225, is responsible for the regulation of thoroughbred and harness horse racing and the fostering of thoroughbred and harness horse breeding within the Commonwealth. The Commission prescribes the rules, regulations, and conditions under which all thoroughbred, harness horse, quarter horse, Appaloosa, and Arabian racing and wagering may be conducted in the Commonwealth.

The Commission's charge is to:

- Recommend tax incentives and other options to promote the strength and growth of the thoroughbred industry and to preserve the economic viability of Kentucky's horse farms;
- Design and implement programs that strengthen the ties between Kentucky's horse industry and the state's universities, with the goal of increasing the horse industry's impact on the state's economy;
- Developing and supporting programs which ensure that Kentucky remains a national leader in equine research;
- Develop and implement programs designed to ensure the safety and well being of jockeys, drivers and horses; and

- Develop programs and procedures which will aggressively fulfill its oversight on such matters as race day medications and other medication issues.

The Commission is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

The Administration and Regulation of Racing program performs the administrative and oversight functions of the Commission. The Division of Veterinary Services oversees the state veterinarians and support staff. The Division of Racing & Security supervises drug testing and interdiction at racetracks. The Division of Licensing is responsible for licensing all individuals who participate in thoroughbred and harness racing. The Division of Breeders' Incentive including the Kentucky Thoroughbred, Standardbred, and Horse Breeders' Incentive Funds provide rewards to breeders of horses bred and foaled in Kentucky. Incentive funds are derived from sales taxes paid on stud fees.

The Equine Drug Research Council, KRS 230.265, advises the Commission on research programs. One-tenth of one percent of the thoroughbred pari-mutuel handle supports the Council. Funds are used to support drug research and testing, equine medical research, equine health research or any regulatory or administrative activity of the Commission that is related to such research.

The Thoroughbred Development Fund, KRS 230.400, was created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth. The program is funded by three-fourths of one percent of the total pari-mutuel handle.

The Standardbred Development Fund, KRS 230.770, supports efforts to encourage breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky. It receives one percent of the pari-mutuel handle from the harness horse racing tracks

The County Fair Purse Fund, KRS 230.398, receives funding from pari-mutuel harness racing tickets not redeemed and four percent of the commissions on wagers at simulcast facilities; and redistributes the funds in the form of purse supplements for harness racing events to county fairs.

The Backside Improvement Fund, KRS 230.218, is charged with promoting, enhancing, and improving the backsides of eligible thoroughbred racing associations with an average pari-mutuel handle of \$1,200,000 or less per racing day. Associations conducting thoroughbred racing, with an average pari-mutuel handle of \$1,200,000 or less per live racing day, are required to pay one-half of one percent of on-track wagers to the Backside Improvement Fund.

The Thoroughbred Owners and Breeders Fund, KRS 230.380, receives six percent of the commissions on wagers at simulcast facilities to fund capital improvements and promote off-track betting. It also supports marketing and promotion of the Kentucky thoroughbred industry.

The Kentucky Quarter Horse, Appaloosa and Arabian Development Fund was established during the 2010 General Assembly to promote races and provide purses for races for horses bred and foaled in the Commonwealth. The Kentucky Horse Racing Commission is responsible for distributing the funds to persons, corporations or associations operating licensed tracks within Kentucky conducting Quarter Horse, Appaloosa or Arabian horse racing.

Policy

The Executive Budget includes Restricted Funds of \$8,100 in fiscal year 2013 and \$8,300 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

Public Protection
Housing, Buildings and Construction

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,160,600	2,835,600	3,092,700	2,137,000	2,179,800
State Salary and Compensation Allocation	124,000				
Total General Fund	2,284,600	2,835,600	3,092,700	2,137,000	2,179,800
Restricted Funds					
Balance Forward	3,601,300	4,567,500	3,708,700	4,567,500	4,901,000
Current Receipts	16,769,500	16,983,700	17,089,300	16,983,700	17,089,300
Non-Revenue Receipts	-59,800	-84,700	-87,200	-87,700	-90,900
Fund Transfers	-750,200				
Total Restricted Funds	19,560,800	21,466,500	20,710,800	21,463,500	21,899,400
Federal Funds					
Current Receipts	524,600				
Total Federal Funds	524,600				
TOTAL SOURCE OF FUNDS	22,370,000	24,302,100	23,803,500	23,600,500	24,079,200
EXPENDITURES BY CLASS					
Personnel Cost	13,687,100	16,182,500	16,743,900	14,555,900	14,845,300
Operating Expenses	3,785,400	4,205,700	4,099,300	4,058,400	3,942,500
Capital Outlay	222,200	205,200	485,900	85,200	485,900
TOTAL EXPENDITURES	17,694,700	20,593,400	21,329,100	18,699,500	19,273,700
EXPENDITURES BY FUND SOURCE					
General Fund	2,176,800	2,835,600	3,092,700	2,137,000	2,179,800
Restricted Funds	14,993,300	17,757,800	18,236,400	16,562,500	17,093,900
Federal Funds	524,600				
TOTAL EXPENDITURES	17,694,700	20,593,400	21,329,100	18,699,500	19,273,700
EXPENDITURES BY UNIT					
General Administration and Management	1,039,300	1,188,100	1,277,600	1,134,400	1,212,900
Fire Prevention	1,218,200	1,338,800	1,365,500	1,230,900	1,257,000
Boiler Inspections	757,000	818,100	838,100	787,900	801,000
Hazardous Materials Inspections	690,200	730,400	748,500	701,500	712,500
Manufactured Housing Inspections	581,900	862,700	978,700	825,400	939,100
General Inspections	1,503,700	1,699,200	1,748,700	1,465,600	1,495,000
Electrical Licensing	694,800	1,259,900	1,236,200	824,900	910,000
Electrical Inspections	583,300	915,800	896,000	889,700	864,300
Sprinkler/Alarm Inspections	73,200	80,100	82,200	77,100	78,500
Elevator Inspections	981,500	1,121,200	1,347,900	1,047,300	1,262,300
Plumbing	4,918,100	5,531,200	5,686,100	5,043,200	5,043,200
Safe Cigarette Program	6,000	6,000	6,000	6,000	6,000
HVAC	2,373,000	2,307,500	2,444,000	2,060,100	2,173,800
Building Codes Enforcement	2,274,500	2,734,400	2,673,600	2,605,500	2,518,100
TOTAL EXPENDITURES	17,694,700	20,593,400	21,329,100	18,699,500	19,273,700

The Department of Housing, Buildings and Construction, pursuant to KRS Chapter 198B, regulates all construction of buildings through enforcement of building and fire codes, including: elevators, boilers, manufactured housing, hazardous materials, HVAC and electrical, sprinkler and plumbing installation. The agency enforces a uniform building code for the Commonwealth with a building inspection program that is designed to prevent fire- and life-safety hazards.

The Division of Fire Prevention enforces the Kentucky Standards of Safety (815 KAR 10:060) in addition to state and federal laws and regulations by performing property inspections, reviewing plans and issuing permits for the underground storage tanks, and educating the public about fire safety. Effective March 16, 2011, the State Fire Marshal's Office entered a memorandum of agreement for Sprinkler Inspection Program for all state-owned properties. A Fireworks Program was expanded in fiscal year 2011, under KRS 227.715, effective May 9, 2011.

The Division of Plumbing, a fee-supported program, enforces the Kentucky State Plumbing code (KRS 318.130; 815 KAR Chapter 20). Duties of the Division include: installation inspections of all plumbing systems throughout the state; approval of plumbing plans for all public buildings; testing of applicants for licensure; issuing renewal licenses to master and journeyman plumbers, and assisting the State Plumbing Code Committee in its review of plumbing code administrative regulations. The Plumbing Code Committee, among other duties, reviews and recommends new materials and techniques to be included in the approved parts and materials lists of the Kentucky State Plumbing Code. The Division may pursue sanctions and penalties against both licensed and unlicensed individuals performing plumbing.

The Division of Heating, Ventilation, and Air Conditioning (HVAC) is responsible for annual licensing and oversight of the of heating, ventilation, and air conditioning contractors, journeymen, and apprentices. The HVAC Board promulgates administrative regulations relating to all aspects of the HVAC industry, conducts examinations, maintains all licensure information, registers apprentices and may pursue sanctions against licensees and criminal penalties against unlicensed persons engaging in activities requiring an HVAC license. The Board approves continuing education providers, programs and scheduling for HVAC masters and journeymen. The HVAC began the Statewide Permitting and Inspection Program under the provisions of KRS 198B.6678 on January 1, 2011. This program is mandated to make the inspections within a specified timeframe as set out in KRS 198B.6672 for both residential and commercial HVAC installations.

The Division of Building Codes Enforcement provides overall coordination and enforcement of the Kentucky Building Code (815 KAR 7:120) and the Kentucky Residential Code (815 KAR 7:125). The division includes the following sections: plan review and field inspection; electrical licensing; electrical inspections; and manufactured housing. Among the duties of this division are inspection, plan review, licensing, investigation, and technical consulting services to the construction industry. The Division is funded primarily from plan review fees.

	Public Protection Insurance				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Tobacco Settlement - Phase I					
Tobacco Settlement - Phase I	16,581,400	15,706,500	15,706,500	14,867,200	14,657,300
Budget Reduction-General Fund Tobacco	-874,900				
Total Tobacco Settlement - Phase I	15,706,500	15,706,500	15,706,500	14,867,200	14,657,300
Restricted Funds					
Balance Forward	13,255,100	9,662,400	20,134,500	10,094,700	7,359,400
Current Receipts	31,009,600	31,657,600	31,257,300	31,657,600	31,257,300
Non-Revenue Receipts	356,700	-613,400	-642,900	683,800	1,296,600
Fund Transfers	-15,380,300			-15,000,000	-15,000,000
Total Restricted Funds	29,241,100	40,706,600	50,748,900	27,436,100	24,913,300
Federal Funds					
Current Receipts	3,537,200	3,537,200	3,537,200	3,537,200	3,537,200
Total Federal Funds	3,537,200	3,537,200	3,537,200	3,537,200	3,537,200
TOTAL SOURCE OF FUNDS	48,484,800	59,950,300	69,992,600	45,840,500	43,107,800
EXPENDITURES BY CLASS					
Personnel Cost	34,131,300	35,635,200	36,291,600	34,300,500	34,662,900
Operating Expenses	2,312,400	2,208,400	2,232,300	2,208,400	2,232,300
Grants Loans Benefits	1,852,200	1,852,200	1,852,200	1,852,200	1,852,200
Capital Outlay	94,200	120,000	90,000	120,000	90,000
TOTAL EXPENDITURES	38,390,100	39,815,800	40,466,100	38,481,100	38,837,400
EXPENDITURES BY FUND SOURCE					
Tobacco Settlement - Phase I	15,706,500	15,706,500	15,706,500	14,867,200	14,657,300
Restricted Funds	19,146,400	20,572,100	21,222,400	20,076,700	20,642,900
Federal Funds	3,537,200	3,537,200	3,537,200	3,537,200	3,537,200
TOTAL EXPENDITURES	38,390,100	39,815,800	40,466,100	38,481,100	38,837,400
EXPENDITURES BY UNIT					
Executive Director and Administration	3,369,700	3,663,800	3,776,800	3,530,900	3,626,100
Small Business Insurance Subsidy	24,100	1,300	2,000	1,300	2,000
Property and Casualty	899,700	1,065,700	1,123,900	1,016,600	1,068,900
Financial Standards and Examination	2,989,000	3,517,500	3,594,800	3,469,300	3,542,600
Agent Licensing	1,450,100	1,579,500	1,630,700	1,526,000	1,565,700
Consumer Protection	2,941,000	3,022,700	3,133,400	2,954,500	3,057,800
Insurance Fraud Investigation	1,471,500	1,678,100	1,792,400	1,644,300	1,745,600
Health and Life	3,281,900	3,364,500	3,458,200	3,273,400	3,348,100
Mine Subsidence Program	255,200	184,000	190,400	177,800	183,200
Kentucky Access Program	21,707,900	21,738,700	21,763,500	20,887,000	20,697,400
TOTAL EXPENDITURES	38,390,100	39,815,800	40,466,100	38,481,100	38,837,400

The Department of Insurance, pursuant to KRS Chapter 304, has the authority to license, supervise, and regulate insurance companies doing business in Kentucky.

The Commissioner is responsible for the overall policy, planning, direction, and management of all divisions within the Department. It is the responsibility of the commissioner to oversee the manner in which the business of insurance is conducted in Kentucky. The Commissioner is charged with protecting the public interest, promoting viable markets, and assuring fair treatment of insurance consumers. An ombudsman provides additional assistance to consumers.

The Property and Casualty Division regulates coverage and marketing practices of property and casualty insurers. Through its annual review of property and casualty insurance rate and form filings, the Division ensures that companies comply with the standards set forth in the Kentucky Insurance Code. The Division is also responsible for reporting medical malpractice claims, recording of no-fault rejections (tort liability), and verifying such rejection. It is responsible for the regulation of surplus lines insurance.

The Health and Life Division regulates insurance companies selling health, life and disability products. The Division approves policies, certificates, provider networks, quality improvement programs, and rate filings. The Division reviews promotional

literature and activities for the protection of the public. The Division handles inquiries about Medicare and long-term care insurance. The Division is responsible for conducting research on strategies related to financial services modernization.

The Financial Standards and Examination Division protects consumers by ensuring the financial solvency of insurers authorized to do business in Kentucky. The Division is responsible for conducting financial examinations, financial analyses, and providing administrative oversight of the insurance industry.

The Insurance Fraud Investigation Division is the Department's enforcement unit empowered to conduct criminal investigations of suspected fraudulent insurance acts. Insurance-related fraud may be committed by applicants for insurance, policyholders, third party claimants, agents, and providers of services who are paid by insurance.

The Agent Licensing Division makes certain that only knowledgeable and qualified insurance representatives sell insurance products to Kentucky consumers. The Division administers examinations, monitors continuing education courses, and licenses agents.

The Consumer Protection Division is the main link between the Department and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. The Market Conduct unit of Consumer Protection observes and analyzes the business practices of insurers.

Kentucky Access, Kentucky's high-risk health insurance pool, was created by the 2000 General Assembly. It is a statewide health plan that offers health insurance to Kentuckians who have sufficient disposable income to afford health insurance premiums, but cannot obtain individual health insurance in the private market. The Department of Insurance has the statutory responsibility to operate and administer the Kentucky Access program. The responsibility is met through a contractual relationship between the Department and a third party administrator. The program is funded from three revenue sources: premiums paid by policyholders, assessments of all health insurance carriers in the state, and an appropriation of the state's Master Settlement Agreement proceeds (Phase I Tobacco funds) from the Kentucky Health Care Improvement Fund.

Policy

The ICARE program, originally established in Part XXIII of the 2006 Kentucky Acts Chapter 252, provides small businesses with a Health Insurance Subsidy. Eligible businesses can have no fewer than two but no more than 25 employees. Participating businesses will continue to receive an immediate, fixed, monthly reimbursement of \$40-\$60 that will decline by \$10-15 each year of participation for each employee eligible through June 15, 2010.

The Executive Budget includes Restricted Funds of \$46,500 in fiscal year 2013 and \$47,300 in fiscal year 2014 to provide a \$3,100 training incentive stipend for investigators. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund.

	Public Protection Tax Appeals				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	380,200	459,200	473,600	400,700	408,800
State Salary and Compensation Allocation	47,900				
Total General Fund	428,100	459,200	473,600	400,700	408,800
TOTAL SOURCE OF FUNDS	428,100	459,200	473,600	400,700	408,800
EXPENDITURES BY CLASS					
Personnel Cost	362,600	410,900	424,600	356,400	364,300
Operating Expenses	47,900	48,300	49,000	44,300	44,500
TOTAL EXPENDITURES	410,500	459,200	473,600	400,700	408,800
EXPENDITURES BY FUND SOURCE					
General Fund	410,500	459,200	473,600	400,700	408,800
TOTAL EXPENDITURES	410,500	459,200	473,600	400,700	408,800
EXPENDITURES BY UNIT					
Tax Appeals	410,500	459,200	473,600	400,700	408,800
TOTAL EXPENDITURES	410,500	459,200	473,600	400,700	408,800

The Board of Tax Appeals, pursuant to KRS Chapter 131, is an administrative review agency with exclusive jurisdiction to hear and resolve appeals arising from final rulings, orders, and determinations of any agency of state or county government relating to revenue and taxation.

The Board consists of three members appointed by the Governor for staggered four-year terms. One member is designated by the Governor as chair. The Board is an independent agency that is attached to the Public Protection Cabinet for administrative purposes only.

Tourism, Arts and Heritage

Tourism, Arts and Heritage

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,718,700	88,756,600	99,665,100	49,135,800	50,511,700
State Salary and Compensation Allocation	1,167,400				
Current Year Appropriation	9,000,000				
Mandated Expenditure Reductions	-860,900				
Total General Fund	58,025,200	88,756,600	99,665,100	49,135,800	50,511,700
Restricted Funds					
Balance Forward	66,175,900	59,267,900	56,013,800	63,505,500	64,079,900
Current Receipts	155,088,200	161,953,300	167,202,600	161,829,700	166,501,800
Non-Revenue Receipts	-8,730,000	-14,905,000	-14,733,000	-14,727,200	-14,552,000
Fund Transfers	-2,356,600				
Total Restricted Funds	210,177,500	206,316,200	208,483,400	210,608,000	216,029,700
Federal Funds					
Balance Forward	6,148,800	6,148,800	6,148,800	6,148,800	7,240,600
Current Receipts	20,641,000	19,114,300	19,114,300	19,115,600	19,116,900
Total Federal Funds	26,789,800	25,263,100	25,263,100	25,264,400	26,357,500
Road Fund					
Regular Appropriation	350,000	700,000	700,000	677,400	703,200
Total Road Fund	350,000	700,000	700,000	677,400	703,200
TOTAL SOURCE OF FUNDS	295,342,500	321,035,900	334,111,600	285,685,600	293,602,100
EXPENDITURES BY CLASS					
Personnel Cost	132,731,400	153,036,900	157,533,300	137,682,300	140,170,700
Operating Expenses	73,351,900	71,532,500	72,897,800	60,329,900	61,896,400
Grants Loans Benefits	11,307,600	12,018,700	12,388,900	10,365,100	10,293,700
Debt Service	4,422,300	21,166,300	29,038,500	4,822,200	5,565,400
Capital Outlay	3,044,700	1,118,900	1,329,600	1,165,600	1,376,300
TOTAL EXPENDITURES	224,857,900	258,873,300	273,188,100	214,365,100	219,302,500
EXPENDITURES BY FUND SOURCE					
General Fund	57,194,900	88,756,600	99,665,100	49,135,800	50,511,700
Restricted Funds	146,672,000	150,302,400	153,708,700	146,528,100	150,790,200
Federal Funds	20,641,000	19,114,300	19,114,300	18,023,800	17,297,400
Road Fund	350,000	700,000	700,000	677,400	703,200
TOTAL EXPENDITURES	224,857,900	258,873,300	273,188,100	214,365,100	219,302,500
EXPENDITURES BY UNIT					
Secretary	12,710,000	14,957,100	16,768,200	12,841,300	12,915,200
Artisans Center	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600
Travel	3,183,400	5,981,800	6,114,500	3,091,300	3,058,000
Parks	79,284,600	96,809,500	103,602,500	80,229,300	81,172,600
Horse Park Commission	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800
State Fair Board	50,751,500	59,272,600	59,911,600	46,210,200	47,895,600
Fish and Wildlife Resources	50,372,200	49,530,600	52,530,600	45,613,500	47,703,300
Historical Society	6,442,400	7,576,200	7,476,600	6,158,700	6,195,700
Arts Council	3,826,200	4,110,200	4,205,400	3,683,300	3,709,100
Heritage Council	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200
Kentucky Center for the Arts	876,000	2,218,300	2,845,500	802,400	802,400
TOTAL EXPENDITURES	224,857,900	258,873,300	273,188,100	214,365,100	219,302,500

The Tourism, Arts and Heritage Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

The Tourism, Arts and Heritage Cabinet is comprised of the following agencies:

- Kentucky State Fair Board
- Kentucky Heritage Council
- Kentucky Arts Council
- Kentucky Historical Society
- Kentucky Center for the Arts
- Governor's School for the Arts
- Department of Fish and Wildlife Resources
- Kentucky Horse Park
- Kentucky Department of Parks
- Kentucky Artisan Center at Berea
- Department of Travel and Tourism
- Office of the Secretary
- Capital Plaza Operations
- Creative Services
- The Kentucky Humanities Council

**Tourism, Arts and Heritage
Secretary**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,734,100	4,619,500	6,405,400	2,528,100	2,582,400
State Salary and Compensation Allocation	144,800				
Mandated Expenditure Reductions	-180,500				
Total General Fund	2,698,400	4,619,500	6,405,400	2,528,100	2,582,400
Restricted Funds					
Balance Forward	6,188,400	5,762,100	5,349,200	5,762,100	5,373,600
Current Receipts	1,311,000	1,329,700	1,361,900	1,329,700	1,361,900
Non-Revenue Receipts	8,770,000	8,595,000	8,767,000	8,595,000	8,767,000
Fund Transfers	-386,800				
Total Restricted Funds	15,882,600	15,686,800	15,478,100	15,686,800	15,502,500
TOTAL SOURCE OF FUNDS	18,581,000	20,306,300	21,883,500	18,214,900	18,084,900
EXPENDITURES BY CLASS					
Personnel Cost	6,615,300	7,766,300	7,903,700	6,683,700	6,749,000
Operating Expenses	1,464,200	1,861,800	1,775,000	1,328,600	1,337,200
Grants Loans Benefits	4,620,500	5,319,000	5,319,000	4,819,000	4,819,000
Debt Service			1,760,500		
Capital Outlay	10,000	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES	12,710,000	14,957,100	16,768,200	12,841,300	12,915,200
EXPENDITURES BY FUND SOURCE					
General Fund	2,589,500	4,619,500	6,405,400	2,528,100	2,582,400
Restricted Funds	10,120,500	10,337,600	10,362,800	10,313,200	10,332,800
TOTAL EXPENDITURES	12,710,000	14,957,100	16,768,200	12,841,300	12,915,200
EXPENDITURES BY UNIT					
Executive Policy and Management	2,085,200	3,752,800	5,611,100	2,163,400	2,207,400
Capital Plaza Operations	962,600	1,018,700	1,050,900	994,300	1,020,900
Creative Services	735,100	1,009,700	937,300	615,800	626,100
Sports Authority	117,000	137,000	130,000	28,900	21,900
Tourism Meeting & Convention Marketing	8,359,000	9,038,900	9,038,900	9,038,900	9,038,900
Coal Severance Tourism	451,100				
TOTAL EXPENDITURES	12,710,000	14,957,100	16,768,200	12,841,300	12,915,200

The Office of the Secretary's appropriation unit comprises of:

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

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

Frankfort Convention Center - The Frankfort Convention Center serves as both a small and large meeting facility, containing a 10,000 square foot arena with fixed seating space of 5,365. The small meeting facility space contains 1,575 square feet for governmental or business conference functions.

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

Sports Authority - The Kentucky Sports Authority, established pursuant to KRS 148.590, has a fourteen member board with the primary responsibility to recruit, promote, assist, place, and develop sporting events, facilities, and programs throughout the Commonwealth, with the final goal of developing the economy, commerce, job opportunities, and revenue streams.

Tourism, Meeting, and Convention Marketing Fund – This fund is established by KRS 142.406 with revenues from a one percent

transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth.

Coal Severance Fund - Marketing and development activities in coal producing counties are provided for through the Coal Severance Fund, which receives coal severance funds from the Multi-county fund. Allocations to coal counties are intended to supplement local tourism budgets that are deficient in tourism infrastructure. The Kentucky Recreational Trails Authority and the Adventure Tourism Program are funded through the Coal Severance funds. The purposes of the Recreational Trail Authority and the Adventure Tourism Program are to enhance the Kentucky economy through expanded tourism opportunities for motorized and non-motorized off-road trail activities, and other outdoor activities, which are opportunities available throughout the Commonwealth, including in the coal producing counties.

**Tourism, Arts and Heritage
Artisans Center**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	297,800	511,500	444,300		
State Salary and Compensation Allocation	9,200				
Mandated Expenditure Reductions	-10,500				
Total General Fund	296,500	511,500	444,300		
Restricted Funds					
Balance Forward	56,800				
Current Receipts	1,583,400	1,583,400	1,683,400	1,583,400	1,583,400
Fund Transfers	-104,300				
Total Restricted Funds	1,535,900	1,583,400	1,683,400	1,583,400	1,583,400
Road Fund					
Regular Appropriation	350,000	700,000	700,000	677,400	703,200
Total Road Fund	350,000	700,000	700,000	677,400	703,200
TOTAL SOURCE OF FUNDS	2,182,400	2,794,900	2,827,700	2,260,800	2,286,600
EXPENDITURES BY CLASS					
Personnel Cost	1,111,000	1,597,600	1,545,300	1,191,000	1,201,900
Operating Expenses	1,062,800	1,197,300	1,282,400	1,069,800	1,084,700
TOTAL EXPENDITURES	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600
EXPENDITURES BY FUND SOURCE					
General Fund	287,900	511,500	444,300		
Restricted Funds	1,535,900	1,583,400	1,683,400	1,583,400	1,583,400
Road Fund	350,000	700,000	700,000	677,400	703,200
TOTAL EXPENDITURES	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600
EXPENDITURES BY UNIT					
Berea Artisans Center	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600
TOTAL EXPENDITURES	2,173,800	2,794,900	2,827,700	2,260,800	2,286,600

The Kentucky Artisan Center at Berea is established to promote Kentucky arts and craft products and serve as a unique gateway for travelers, offering quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 650 vendors in 100 counties statewide. Hospitality, café food service, KY travel information assistance, and rest stop services are also provided by the Center for over 265,000 visitors annually. The Center currently serves as the only mid-state rest area on I-75.

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

Policy

The Executive Budget includes Road Fund resources in the amount of \$677,400 in fiscal year 2013 and \$703,200 in fiscal year 2014 of the 2012-2014 biennium to support operations as a Travel Center.

**Tourism, Arts and Heritage
Travel**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,259,700	5,888,300	6,113,300	2,997,800	3,056,800
State Salary and Compensation Allocation	168,500				
Mandated Expenditure Reductions	-222,500				
Total General Fund	3,205,700	5,888,300	6,113,300	2,997,800	3,056,800
Restricted Funds					
Balance Forward	191,100	92,300		92,300	
Current Receipts	1,200	1,200	1,200	1,200	1,200
Fund Transfers	-3,500				
Total Restricted Funds	188,800	93,500	1,200	93,500	1,200
TOTAL SOURCE OF FUNDS	3,394,500	5,981,800	6,114,500	3,091,300	3,058,000
EXPENDITURES BY CLASS					
Personnel Cost	2,719,100	3,520,700	3,676,600	2,630,200	2,620,100
Operating Expenses	464,300	2,461,100	2,437,900	461,100	437,900
TOTAL EXPENDITURES	3,183,400	5,981,800	6,114,500	3,091,300	3,058,000
EXPENDITURES BY FUND SOURCE					
General Fund	3,086,900	5,888,300	6,113,300	2,997,800	3,056,800
Restricted Funds	96,500	93,500	1,200	93,500	1,200
TOTAL EXPENDITURES	3,183,400	5,981,800	6,114,500	3,091,300	3,058,000
EXPENDITURES BY UNIT					
Executive Policy and Management	804,900	916,100	956,900	655,800	667,600
Tourism Services	496,200	702,500	742,700	509,200	519,300
Marketing and Advertising	1,418,800	3,768,300	3,781,400	1,450,100	1,384,900
Communications and Promotions	463,500	594,900	633,500	476,200	486,200
TOTAL EXPENDITURES	3,183,400	5,981,800	6,114,500	3,091,300	3,058,000

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

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

Tourism Services - The Division of Tourism Services provides technical and design support to the overall marketing and promotions activities of the department. These activities provide graphic design support for development of both print and website promotions as well as technical support for website maintenance. Additionally, the division disseminates tourism information to tourists and potential visitors via a telephone system and fulfills visitor information through direct mail. Tourism Services provides assistance to travel planners calling the toll-free phone line requesting information as well as fulfilling requests for the Official Visitors Guide.

Marketing and Administration - The Division of Marketing and Administration is responsible for motivating travel to and within Kentucky. The Division maintains a database of all of the tourism related attractions, destinations and events throughout the state. These tourism assets are promoted through advertising via broadcast, print, and online media. Additionally, the Division participates in trade shows, events and conferences to showcase the state. The Division also collaborates with industry partners within the state and throughout the region to leverage marketing efforts.

The Tourism Marketing Incentive Program is a collaborative effort to utilize the one percent transient room tax funds, dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, efficiently and effectively.

The Division of Marketing and Administration staffs eight Welcome Centers throughout the state. The travel hosts at the Centers, located in Florence, Franklin, Grayson, Hopkinsville, Paducah, Simpsonville, Shepherdsville and Williamsburg offer helpful travel information and a positive image of Kentucky to tourists seeking assistance when they visit the state.

Communications and Promotions - The Division of Communications and Promotions works to complement the activities of the Department's advertising programs by engaging media and employing other strategies that publicize Kentucky's attractions and events as tourism destinations. These efforts primarily focus on generating earned broadcast and print media to support the

marketing efforts of the department. This Division serves as the liaison with media sources, maintaining constant contact through e-newsletters, and a web-based media resource site. Assistance is provided to individual media representatives and travel writers in a variety of ways including, but not limited to, creating story ideas, making travel arrangements, providing photographs, video and fact verification. Regular press releases are prepared for the Department of Travel and Tourism and the Department of Parks to keep the public abreast of attractions and events in Kentucky. The goal of the division is to provide comprehensive support for projects and promotions developed through the department on behalf of the tourism industry in Kentucky.

**Tourism, Arts and Heritage
Parks**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,330,100	43,912,300	52,400,400	28,101,400	29,132,000
State Salary and Compensation Allocation	511,200				
Mandated Expenditure Reductions	-68,600				
Total General Fund	29,772,700	43,912,300	52,400,400	28,101,400	29,132,000
Restricted Funds					
Balance Forward	35,000	1,246,400	1,003,000	1,246,400	1,950,100
Current Receipts	52,553,800	52,553,800	52,553,800	52,553,800	52,553,800
Non-Revenue Receipts	100,000	100,000	100,000	277,800	281,000
Fund Transfers	-1,557,700				
Total Restricted Funds	51,131,100	53,900,200	53,656,800	54,078,000	54,784,900
TOTAL SOURCE OF FUNDS	80,903,800	97,812,500	106,057,200	82,179,400	83,916,900
EXPENDITURES BY CLASS					
Personnel Cost	50,162,600	60,051,800	61,611,200	53,381,900	54,195,600
Operating Expenses	28,877,600	32,168,300	32,168,400	26,420,000	25,914,600
Debt Service		4,418,100	9,651,600	183,000	818,000
Capital Outlay	244,400	171,300	171,300	244,400	244,400
TOTAL EXPENDITURES	79,284,600	96,809,500	103,602,500	80,229,300	81,172,600
EXPENDITURES BY FUND SOURCE					
General Fund	29,399,900	43,912,300	52,400,400	28,101,400	29,132,000
Restricted Funds	49,884,700	52,897,200	51,202,100	52,127,900	52,040,600
TOTAL EXPENDITURES	79,284,600	96,809,500	103,602,500	80,229,300	81,172,600
EXPENDITURES BY UNIT					
General Administration and Support	11,064,200	18,500,200	24,072,100	9,567,000	9,865,800
Resort Parks	50,553,200	57,874,100	58,769,200	52,438,900	52,905,700
Recreation Parks and Historic Sites	15,825,300	18,450,700	18,747,500	16,332,700	16,499,500
Cafeterias	1,681,400	1,824,000	1,853,200	1,730,200	1,741,100
Breaks Interstate Park	160,500	160,500	160,500	160,500	160,500
TOTAL EXPENDITURES	79,284,600	96,809,500	103,602,500	80,229,300	81,172,600

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

The Vision for Kentucky State Parks is to provide quality recreation and hospitality experiences for people of all ages that enhance their appreciation for adventure, fun, education, and beauty through responsible stewardship of our Commonwealth's natural, historic and cultural resources, and with a professional staff committed to excellent service for our guests.

The Mission of Kentucky State Parks is to provide a sustainable system of parks that delivers quality programs, amenities, and services which create memorable experiences and a sense of place, contributes to the economic growth of the Commonwealth, and preserves the historic and natural integrity and traditions of our parks for existing and future generations.

The activities of the Department include the operation and maintenance of 17 resort parks, 22 recreational parks, 11 historic sites, three cafeterias in Frankfort, and other miscellaneous facilities, including one interstate park. The Park System provides overnight lodging to 425,000 guests, food service for 1,175,000 meals for dining patrons, camping for 470,000 guests, golf for 210,000 players, along with other park amenities and activities.

**Tourism, Arts and Heritage
Parks
General Administration and Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,929,300	16,696,200	22,596,700	7,753,500	8,388,500
Mandated Expenditure Reductions	-68,600				
Other	1,396,300	1,624,000	1,295,400	1,624,000	1,295,400
Total General Fund	11,257,000	18,320,200	23,892,100	9,377,500	9,683,900
Restricted Funds					
Balance Forward	31,800	31,800	31,800	31,800	22,300
Current Receipts	80,000	80,000	80,000	80,000	80,000
Non-Revenue Receipts	100,000	100,000	100,000	100,000	100,000
Total Restricted Funds	211,800	211,800	211,800	211,800	202,300
TOTAL SOURCE OF FUNDS	11,468,800	18,532,000	24,103,900	9,589,300	9,886,200
EXPENDITURES BY CLASS					
Personnel Cost	8,966,500	11,656,800	11,995,100	9,743,900	9,908,100
Operating Expenses	1,997,700	2,398,400	2,398,500	-459,900	-960,300
Debt Service		4,345,000	9,578,500	183,000	818,000
Capital Outlay	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	11,064,200	18,500,200	24,072,100	9,567,000	9,865,800
EXPENDITURES BY FUND SOURCE					
General Fund	10,884,200	18,320,200	23,892,100	9,377,500	9,683,900
Restricted Funds	180,000	180,000	180,000	189,500	181,900
TOTAL EXPENDITURES	11,064,200	18,500,200	24,072,100	9,567,000	9,865,800

The General Administration and Support program provides an organizational and administrative system to maintain and operate the 51 park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with program operations support and central maintenance and minor construction support, are included in this program.

Policy

The Executive Budget provides General Fund of \$183,000 in fiscal year 2013 and \$818,000 in fiscal year 2014 for debt service on \$3 million in new bonds for Splash Park Development, \$2,000,000 in new bonds to Upgrade the Wastewater System at Fort Boonesborough and \$3,000,000 in new bonds for a Maintenance Pool.

Tourism, Arts and Heritage

Parks

Resort Parks

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,223,800	15,961,500	17,884,500	11,170,900	11,566,500
State Salary and Compensation Allocation	511,200				
Other	-1,127,200	-1,127,200	-1,127,200	-1,127,200	-1,127,200
Total General Fund	9,607,800	14,834,300	16,757,300	10,043,700	10,439,300
Restricted Funds					
Balance Forward		657,300	367,500	657,300	1,189,900
Current Receipts	42,750,000	42,750,000	42,750,000	42,750,000	42,750,000
Non-Revenue Receipts				177,800	181,000
Fund Transfers	-1,147,300				
Total Restricted Funds	41,602,700	43,407,300	43,117,500	43,585,100	44,120,900
TOTAL SOURCE OF FUNDS	51,210,500	58,241,600	59,874,800	53,628,800	54,560,200
EXPENDITURES BY CLASS					
Personnel Cost	30,044,200	35,265,100	36,160,200	31,929,900	32,396,700
Operating Expenses	20,464,000	22,564,000	22,564,000	20,464,000	20,464,000
Debt Service		45,000	45,000		
Capital Outlay	45,000			45,000	45,000
TOTAL EXPENDITURES	50,553,200	57,874,100	58,769,200	52,438,900	52,905,700
EXPENDITURES BY FUND SOURCE					
General Fund	9,607,800	14,834,300	16,757,300	10,043,700	10,439,300
Restricted Funds	40,945,400	43,039,800	42,011,900	42,395,200	42,466,400
TOTAL EXPENDITURES	50,553,200	57,874,100	58,769,200	52,438,900	52,905,700

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

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

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

Policy

The Executive Budget includes Restricted Funds of \$177,800 in fiscal year 2013 and \$181,000 in fiscal year 2014 for a \$3,100 training incentive stipend for Park Rangers. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

**Tourism, Arts and Heritage
Parks
Recreation Parks and Historic Sites**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,734,900	10,731,000	11,336,000	8,734,900	8,734,900
Other	-269,100	-496,800	-168,200	-496,800	-168,200
Total General Fund	8,465,800	10,234,200	11,167,800	8,238,100	8,566,700
Restricted Funds					
Balance Forward	200	543,000	603,400	543,000	725,300
Current Receipts	8,276,900	8,276,900	8,276,900	8,276,900	8,276,900
Fund Transfers	-374,600				
Total Restricted Funds	7,902,500	8,819,900	8,880,300	8,819,900	9,002,200
TOTAL SOURCE OF FUNDS	16,368,300	19,054,100	20,048,100	17,058,000	17,568,900
EXPENDITURES BY CLASS					
Personnel Cost	10,181,500	12,016,900	12,313,700	10,688,900	10,855,700
Operating Expenses	5,544,400	6,334,400	6,334,400	5,544,400	5,544,400
Debt Service		28,100	28,100		
Capital Outlay	99,400	71,300	71,300	99,400	99,400
TOTAL EXPENDITURES	15,825,300	18,450,700	18,747,500	16,332,700	16,499,500
EXPENDITURES BY FUND SOURCE					
General Fund	8,465,800	10,234,200	11,167,800	8,238,100	8,566,700
Restricted Funds	7,359,500	8,216,500	7,579,700	8,094,600	7,932,800
TOTAL EXPENDITURES	15,825,300	18,450,700	18,747,500	16,332,700	16,499,500

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

Recreation Park Facilities

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

Historic Sites

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

Tourism, Arts and Heritage

**Parks
Cafeterias**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	281,600	363,100	422,700	281,600	281,600
Total General Fund	281,600	363,100	422,700	281,600	281,600
Restricted Funds					
Balance Forward	3,000	14,300	300	14,300	12,600
Current Receipts	1,446,900	1,446,900	1,446,900	1,446,900	1,446,900
Fund Transfers	-35,800				
Total Restricted Funds	1,414,100	1,461,200	1,447,200	1,461,200	1,459,500
TOTAL SOURCE OF FUNDS	1,695,700	1,824,300	1,869,900	1,742,800	1,741,100
EXPENDITURES BY CLASS					
Personnel Cost	809,900	952,500	981,700	858,700	874,600
Operating Expenses	871,500	871,500	871,500	871,500	866,500
TOTAL EXPENDITURES	1,681,400	1,824,000	1,853,200	1,730,200	1,741,100
EXPENDITURES BY FUND SOURCE					
General Fund	281,600	363,100	422,700	281,600	281,600
Restricted Funds	1,399,800	1,460,900	1,430,500	1,448,600	1,459,500
TOTAL EXPENDITURES	1,681,400	1,824,000	1,853,200	1,730,200	1,741,100

The Cafeteria program provides food service in the Capitol Annex, Transportation Building, and the Health and Family Services Building for members of the General Assembly, state employees, and visitors to the state offices in Frankfort. The cafeterias also provide catering service for special local events.

**Tourism, Arts and Heritage
Parks
Breaks Interstate Park**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	160,500	160,500	160,500	160,500	160,500
Total General Fund	160,500	160,500	160,500	160,500	160,500
TOTAL SOURCE OF FUNDS	160,500	160,500	160,500	160,500	160,500
EXPENDITURES BY CLASS					
Personnel Cost	160,500	160,500	160,500	160,500	160,500
TOTAL EXPENDITURES	160,500	160,500	160,500	160,500	160,500
EXPENDITURES BY FUND SOURCE					
General Fund	160,500	160,500	160,500	160,500	160,500
TOTAL EXPENDITURES	160,500	160,500	160,500	160,500	160,500

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

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

**Tourism, Arts and Heritage
Horse Park Commission**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,344,600	5,557,500	6,637,900	3,989,800	4,008,500
State Salary and Compensation Allocation	7,400				
Current Year Appropriation	3,500,000				
Total General Fund	5,852,000	5,557,500	6,637,900	3,989,800	4,008,500
Restricted Funds					
Balance Forward		191,400	382,800	191,400	385,800
Current Receipts	7,800,000	7,950,000	8,080,000	7,950,000	8,080,000
Total Restricted Funds	7,800,000	8,141,400	8,462,800	8,141,400	8,465,800
TOTAL SOURCE OF FUNDS	13,652,000	13,698,900	15,100,700	12,131,200	12,474,300
EXPENDITURES BY CLASS					
Personnel Cost	5,979,000	6,867,900	7,079,400	6,293,500	6,393,200
Operating Expenses	7,319,800	5,721,300	6,081,200	5,390,400	5,394,100
Debt Service		639,000	1,278,000		
Capital Outlay	161,800	87,900	87,900	61,500	61,500
TOTAL EXPENDITURES	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,852,000	5,557,500	6,637,900	3,989,800	4,008,500
Restricted Funds	7,608,600	7,758,600	7,888,600	7,755,600	7,840,300
TOTAL EXPENDITURES	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800
EXPENDITURES BY UNIT					
Kentucky Horse Park	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800
TOTAL EXPENDITURES	13,460,600	13,316,100	14,526,500	11,745,400	11,848,800

The Kentucky Horse Park (KRS 148.260) is comprised of 1,224 acres on which are situated over 110 structures, 34 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

Equine Theme Park-The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, horseback riding, horse drawn tours, and other activities. The expansion of the new indoor arena and outdoor stadium was completed in 2009.

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

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

National Horse Center-Another area of remarkable growth has been the National Horse Center (NHC), a collection of the nation's and the state's leading equestrian organizations. The NHC now includes 33 distinct organizations contained in 11 office buildings. The NHC has solidified the key role of the Horse Park in making Kentucky the "Horse Capital of the World."

The Alltech World Equestrian Games were held September 25, 2010 through October 10, 2010 at the Kentucky Horse Park. It is estimated the Games had a total economic impact of \$201.5 million.

Policy

The Executive Budget includes General Fund resources in the amount of \$3,500,000 in fiscal year 2012, \$1,617,700 in fiscal year

2013, and \$1,617,700 in fiscal year 2014 to cover the ongoing shortfall and the shortfall from prior fiscal years created by the increase in utility rates and the increase of 264,469 additional square feet of facilities.

The Executive Budget includes Restricted Funds of \$32,500 in fiscal year 2013 and \$34,500 in fiscal year 2014 for a \$3,100 training incentive stipend for Mounted Patrol Officers. These funds are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF).

**Tourism, Arts and Heritage
State Fair Board**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		14,512,700	13,150,300	1,603,000	1,706,000
Current Year Appropriation	5,500,000				
Total General Fund	5,500,000	14,512,700	13,150,300	1,603,000	1,706,000
Restricted Funds					
Balance Forward	829,500			4,237,600	4,266,700
Current Receipts	48,659,600	44,759,900	46,761,300	44,636,300	46,160,500
Total Restricted Funds	49,489,100	44,759,900	46,761,300	48,873,900	50,427,200
TOTAL SOURCE OF FUNDS	54,989,100	59,272,600	59,911,600	50,476,900	52,133,200
EXPENDITURES BY CLASS					
Personnel Cost	25,136,900	27,520,400	28,152,200	26,366,100	27,052,200
Operating Expenses	18,812,000	13,423,700	13,425,700	12,824,600	13,715,700
Grants Loans Benefits	1,573,100	1,573,100	1,573,100	1,573,100	1,573,100
Debt Service	4,422,300	15,948,200	15,953,400	4,639,200	4,747,400
Capital Outlay	807,200	807,200	807,200	807,200	807,200
TOTAL EXPENDITURES	50,751,500	59,272,600	59,911,600	46,210,200	47,895,600
EXPENDITURES BY FUND SOURCE					
General Fund	5,500,000	14,512,700	13,150,300	1,603,000	1,706,000
Restricted Funds	45,251,500	44,759,900	46,761,300	44,607,200	46,189,600
TOTAL EXPENDITURES	50,751,500	59,272,600	59,911,600	46,210,200	47,895,600
EXPENDITURES BY UNIT					
Kentucky Fair and Exposition Center	38,684,500	35,095,600	35,571,700	33,712,500	35,398,700
Kentucky International Convention Center	5,154,000	5,446,600	5,521,900	5,302,900	5,269,800
Debt Service	4,422,300	15,948,200	15,953,400	4,536,200	4,541,400
Louisville Arena	2,490,700	2,782,200	2,864,600	2,658,600	2,685,700
TOTAL EXPENDITURES	50,751,500	59,272,600	59,911,600	46,210,200	47,895,600

The Kentucky State Fair Board authorized in KRS 247 is composed of 15 members: the Governor, the Commissioner of Agriculture, the Dean of the College of Agriculture at the University of Kentucky, and 12 members appointed by the Governor. The Board manages and administers the funds, buildings, grounds, and equipment of both the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville as well as managing the Louisville Downtown Arena. A president is appointed by the Board to manage these centers and Fair Board properties.

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

The Kentucky Exposition Center is a completely air-conditioned complex that includes 1.2 million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South and North Wing Exposition facilities and Conference Centers, a smaller exposition pavilion, a 600-seat amphitheater, a 5,000-seat Livestock and Horse Show Arena, and a 37,000-seat stadium. Also serving the Kentucky Exposition Center are the adjacent Crowne Plaza, Hilton Gardens Inn, Cracker Barrel restaurant, Thorton's gas station and Executive Bowl, all of which are long-term lessees of the State Fair Board.

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

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

The Center is served by the Hyatt and Cowger Parking Garages, which provide 1,300 enclosed parking spaces, and by the Hyatt

Regency Hotel, which is a long-term lessee of the Board. The Cowger Garage also includes commercial space which is leased on a long-term basis.

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

Restricted Funds in the amount of \$ 4.2 million each fiscal year are included for State Property and Building Commission Projects 81 and 86 debt service payments. Projects 81 and 86 provided funding for construction of South Wing C and the North Wing, respectively.

Louisville Arena - The Louisville Arena opened in October 2010. This multi-purpose arena seats 22,000 people and is the home of the University of Louisville men's and women's basketball teams. The Kentucky State Fair Board has entered into an operations management agreement with the Louisville Arena Authority to manage day to day operations of the Arena and employ staff to carry out the management and operations of this facility.

Policy

The Executive Budget includes General Fund resources in the amount of \$5,500,000 in fiscal year 2012, \$1,500,000 in fiscal year 2013, and \$1,500,000 in fiscal year 2014 to cover the cumulative and ongoing revenue shortfall due to the loss of major events to the KFC YUM Center, the loss of University of Louisville Basketball and the loss of Kentucky Kingdom.

The Executive Budget provides General Fund of \$103,000 in fiscal year 2013 and \$206,000 in fiscal year 2014 for debt service on new bonds for Parking Garage Maintenance.

**Tourism, Arts and Heritage
Fish and Wildlife Resources**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	58,043,900	51,443,900	48,843,900	51,443,900	51,669,200
Current Receipts	42,551,600	52,951,600	55,951,600	52,951,600	55,951,600
Non-Revenue Receipts	-17,600,000	-23,600,000	-23,600,000	-23,600,000	-23,600,000
Fund Transfers	-258,500				
Total Restricted Funds	82,737,000	80,795,500	81,195,500	80,795,500	84,020,800
Federal Funds					
Balance Forward	5,806,600	5,806,600	5,806,600	5,806,600	6,898,400
Current Receipts	19,079,100	17,579,000	17,579,000	17,579,000	17,579,000
Total Federal Funds	24,885,700	23,385,600	23,385,600	23,385,600	24,477,400
TOTAL SOURCE OF FUNDS	107,622,700	104,181,100	104,581,100	104,181,100	108,498,200
EXPENDITURES BY CLASS					
Personnel Cost	35,054,500	37,917,200	39,530,000	34,606,800	35,307,400
Operating Expenses	11,027,200	9,881,000	11,057,500	9,274,300	10,452,800
Grants Loans Benefits	2,469,200	1,689,900	1,689,900	1,689,900	1,689,900
Capital Outlay	1,821,300	42,500	253,200	42,500	253,200
TOTAL EXPENDITURES	50,372,200	49,530,600	52,530,600	45,613,500	47,703,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	31,293,100	31,951,600	34,951,600	29,126,300	31,943,800
Federal Funds	19,079,100	17,579,000	17,579,000	16,487,200	15,759,500
TOTAL EXPENDITURES	50,372,200	49,530,600	52,530,600	45,613,500	47,703,300
EXPENDITURES BY UNIT					
Administration and Support	5,853,600	6,061,500	6,400,100	5,772,700	6,058,100
Wildlife Management	16,129,800	13,762,800	14,837,900	12,956,000	13,926,100
Fisheries Management	9,330,400	10,330,400	10,955,700	9,690,800	10,238,800
Information and Education	6,273,500	6,735,000	6,931,700	6,261,600	6,401,300
Law Enforcement	12,784,900	12,640,900	13,405,200	10,932,400	11,079,000
TOTAL EXPENDITURES	50,372,200	49,530,600	52,530,600	45,613,500	47,703,300

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

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

The Department owns approximately 130,000 acres of land in Kentucky which are used to further its program activities. The acreage includes the State Game Farm, approximately 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 700,000 plus acres of land and water are under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

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

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

Fisheries Management - The Fisheries Management program manages Kentucky fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists

manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices. The Environmental Section of the Fisheries Division manages the Kentucky Wetland Stream Mitigation Fund (referred to as the fees in-lieu of program) authorized by KRS 150.255 and by agreement with the U.S. Army Corps of Engineers. Corps 404 permits require mitigation when projects fill stream or wetland habitat. Funds are derived when 404 permit applicants can elect to pay a fee to satisfy mitigation requirements. These fees are used for identifying and restoring degraded streams with eroding banks and impacted habitat to stable conditions or restoring wetlands that have been drained.

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

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

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

Policy

The Executive Budget includes Restricted Funds of \$547,100 in fiscal year 2013 and \$556,900, in fiscal year 2014 for a \$3,100 training incentive stipend for Conservation Officers. These funds are provided from the Fish and Game Fund.

**Tourism, Arts and Heritage
Historical Society**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,038,600	7,041,600	6,977,600	5,624,100	5,696,700
State Salary and Compensation Allocation	232,600				
Mandated Expenditure Reductions	-213,700				
Total General Fund	6,057,500	7,041,600	6,977,600	5,624,100	5,696,700
Restricted Funds					
Balance Forward	135,400	118,000	68,700	118,000	68,700
Current Receipts	500,600	444,100	434,100	444,100	434,100
Fund Transfers	-34,600				
Total Restricted Funds	601,400	562,100	502,800	562,100	502,800
Federal Funds					
Current Receipts	45,200	41,200	41,200	41,200	41,200
Total Federal Funds	45,200	41,200	41,200	41,200	41,200
TOTAL SOURCE OF FUNDS	6,704,100	7,644,900	7,521,600	6,227,400	6,240,700
EXPENDITURES BY CLASS					
Personnel Cost	3,353,300	4,227,800	4,362,900	3,557,200	3,617,800
Operating Expenses	3,051,800	3,315,100	3,080,400	2,568,200	2,544,600
Grants Loans Benefits	37,300	33,300	33,300	33,300	33,300
TOTAL EXPENDITURES	6,442,400	7,576,200	7,476,600	6,158,700	6,195,700
EXPENDITURES BY FUND SOURCE					
General Fund	5,913,800	7,041,600	6,977,600	5,624,100	5,696,700
Restricted Funds	483,400	493,400	457,800	493,400	457,800
Federal Funds	45,200	41,200	41,200	41,200	41,200
TOTAL EXPENDITURES	6,442,400	7,576,200	7,476,600	6,158,700	6,195,700
EXPENDITURES BY UNIT					
Oral History and Educational Outreach	101,700	99,700	99,700	99,700	99,700
Research and Publications	146,400	167,100	167,100	167,100	167,100
Museums	75,300	236,500	110,400	110,400	110,400
Administration	6,119,000	7,072,900	7,099,400	5,781,500	5,818,500
TOTAL EXPENDITURES	6,442,400	7,576,200	7,476,600	6,158,700	6,195,700

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

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

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following functional teams: development, director's office, finance and human resources, and communications (which includes visitor services.)

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society's two journals—*The Register of the Kentucky Historical Society* and *Kentucky Ancestors*—and assists with the publication of the quarterly newsletter, *The Chronicle*. The team also administers the historical marker program and the research fellows program. The museum collections and exhibitions team is responsible for the operation of the Historical Society's three museum facilities—the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. Since 1999, these facilities have hosted more than 1,000,000 visitors. The team is also responsible for the 200,000+ artifact collection. The design studio is responsible for museum exhibition design and production, along with the design and production of other KHS interpretive and promotional tools.

The Museum Division is responsible for special collections and reference services. The Museum division operates the Martin F. Schmidt Research Library housed in the History Center, which effectively serves genealogists and other researchers. It also cares for an array of manuscripts, maps, 200,000-plus photographs, 8,000 oral history recordings, and rare books.

The Oral History and Educational Outreach Division includes the following units: interpretive education, teacher/student outreach, community services and the folklife program. Community Services consists of the local history program and the Cemetery Preservation program. The folklife program's mission is to document the living cultural traditions of Kentuckians and to encourage their perpetuation through education and presentation. Interpretive Education includes school tours, museum theatre, and other educational activities for adults and children. Since 1999, the KHS "history campus" has hosted more than 1,000,000 visitors. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Much of the KHS professional development for teachers is presented through Teaching American History grants awarded by the U.S. Department of Education.

**Tourism, Arts and Heritage
Arts Council**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,045,100	3,198,800	3,294,000	2,771,900	2,797,700
State Salary and Compensation Allocation	58,200				
Mandated Expenditure Reductions	-106,500				
Total General Fund	2,996,800	3,198,800	3,294,000	2,771,900	2,797,700
Restricted Funds					
Balance Forward	289,800	262,900	238,300	262,900	238,300
Current Receipts	127,000	127,000	127,000	127,000	127,000
Fund Transfers	-5,300				
Total Restricted Funds	411,500	389,900	365,300	389,900	365,300
Federal Funds					
Balance Forward	342,200	342,200	342,200	342,200	342,200
Current Receipts	734,800	759,800	759,800	759,800	759,800
Total Federal Funds	1,077,000	1,102,000	1,102,000	1,102,000	1,102,000
TOTAL SOURCE OF FUNDS	4,485,300	4,690,700	4,761,300	4,263,800	4,265,000
EXPENDITURES BY CLASS					
Personnel Cost	1,185,400	1,449,900	1,496,800	1,263,900	1,289,800
Operating Expenses	734,200	693,600	741,900	693,600	741,900
Grants Loans Benefits	1,906,600	1,966,700	1,966,700	1,725,800	1,677,400
TOTAL EXPENDITURES	3,826,200	4,110,200	4,205,400	3,683,300	3,709,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,942,800	3,198,800	3,294,000	2,771,900	2,797,700
Restricted Funds	148,600	151,600	151,600	151,600	151,600
Federal Funds	734,800	759,800	759,800	759,800	759,800
TOTAL EXPENDITURES	3,826,200	4,110,200	4,205,400	3,683,300	3,709,100
EXPENDITURES BY UNIT					
Arts Council	1,559,000	1,779,900	1,875,100	1,667,300	1,693,100
Support Grants	1,946,600	2,006,700	2,006,700	1,692,400	1,692,400
Programs and Education	7,000	7,000	7,000	7,000	7,000
Arts Marketing	313,600	316,600	316,600	316,600	316,600
TOTAL EXPENDITURES	3,826,200	4,110,200	4,205,400	3,683,300	3,709,100

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

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

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

**Tourism, Arts and Heritage
Heritage Council**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	761,000	1,296,100	1,396,400	717,300	729,200
State Salary and Compensation Allocation	35,500				
Mandated Expenditure Reductions	-26,900				
Total General Fund	769,600	1,296,100	1,396,400	717,300	729,200
Restricted Funds					
Balance Forward	406,000	150,900	127,900	150,900	127,500
Current Receipts		252,600	248,300	252,600	248,300
Fund Transfers	-5,900				
Total Restricted Funds	400,100	403,500	376,200	403,500	375,800
Federal Funds					
Current Receipts	781,900	734,300	734,300	735,600	736,900
Total Federal Funds	781,900	734,300	734,300	735,600	736,900
TOTAL SOURCE OF FUNDS	1,951,600	2,433,900	2,506,900	1,856,400	1,841,900
EXPENDITURES BY CLASS					
Personnel Cost	1,364,500	1,978,500	2,036,400	1,569,200	1,604,900
Operating Expenses	176,200	231,100	269,200	63,300	36,900
Grants Loans Benefits	236,500	96,400	73,400	96,400	73,400
TOTAL EXPENDITURES	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200
EXPENDITURES BY FUND SOURCE					
General Fund	746,100	1,296,100	1,396,400	717,300	729,200
Restricted Funds	249,200	275,600	248,300	276,000	249,100
Federal Funds	781,900	734,300	734,300	735,600	736,900
TOTAL EXPENDITURES	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200
EXPENDITURES BY UNIT					
Kentucky Heritage Council	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200
TOTAL EXPENDITURES	1,777,200	2,306,000	2,379,000	1,728,900	1,715,200

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program with structure in three areas; The Site Protection Program, The Site Identification and Evaluation Program and The Site Development Program.

The Council administers national historic preservation activities in Kentucky, monitors projects and distributes grants involving federal funds, offers programs and services involving all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

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

Attached to the Heritage Council for administration and programmatic services are the African American Heritage Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.3801.

**Tourism, Arts and Heritage
Kentucky Center for the Arts**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	907,700	2,218,300	2,845,500	802,400	802,400
Mandated Expenditure Reductions	-31,700				
Total General Fund	876,000	2,218,300	2,845,500	802,400	802,400
TOTAL SOURCE OF FUNDS	876,000	2,218,300	2,845,500	802,400	802,400
EXPENDITURES BY CLASS					
Personnel Cost	49,800	138,800	138,800	138,800	138,800
Operating Expenses	361,800	578,200	578,200	236,000	236,000
Grants Loans Benefits	464,400	1,340,300	1,733,500	427,600	427,600
Debt Service		161,000	395,000		
TOTAL EXPENDITURES	876,000	2,218,300	2,845,500	802,400	802,400
EXPENDITURES BY FUND SOURCE					
General Fund	876,000	2,218,300	2,845,500	802,400	802,400
TOTAL EXPENDITURES	876,000	2,218,300	2,845,500	802,400	802,400
EXPENDITURES BY UNIT					
Kentucky Center for the Arts	411,600	878,000	1,112,000	374,800	374,800
Governor's School for the Arts	464,400	1,340,300	1,733,500	427,600	427,600
TOTAL EXPENDITURES	876,000	2,218,300	2,845,500	802,400	802,400

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

The Kentucky Center houses three theaters: the 2,406-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, and spaces for social and business events.

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

The Governor's School for the Arts (GSA) is a model program, recognized nationally by the President's Committee on the Arts and Humanities and the National Endowment of the Arts. GSA was established in 1987 to address the needs of an underserved Kentucky population: Kentucky's artistically gifted and talented young people. Whereas opportunities for advanced academic work has been widely available to Kentucky's academically gifted students, opportunities to pursue advanced work in the arts have been considerably more limited, particularly for geographically and/or economically marginalized students. GSA not only plays a vital role in preparing students for their pursuit of careers in the arts, but also prepares them for all facets of professional life requiring leadership, critical thinking, exceptional communication skills and understanding of the multi-cultural world. GSA is a model program, recognized nationally by the President's Committee on the Arts & Humanities and the National Endowment for the Arts.

Transportation

	Transportation				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,528,800	7,281,500	7,299,700	4,256,700	4,762,700
Continuing Approp.-General Fund	305,600				
Mandated Expenditure Reductions	-157,900				
Total General Fund	4,676,500	7,281,500	7,299,700	4,256,700	4,762,700
Restricted Funds					
Balance Forward	326,516,700	219,636,800	127,756,100	225,653,000	129,952,700
Current Receipts	112,991,600	113,639,900	114,891,600	113,639,900	114,916,100
Non-Revenue Receipts	585,866,900	130,925,000	104,925,000	130,925,000	104,925,000
Fund Transfers	-11,227,800	-1,464,700	-1,464,800	-18,964,700	-12,664,800
Total Restricted Funds	1,014,147,400	462,737,000	346,107,900	451,253,200	337,129,000
Federal Funds					
Balance Forward	553,400				
Current Receipts	632,060,600	605,332,200	606,670,700	605,332,200	606,670,700
ARRA Receipts	94,109,200				
Total Federal Funds	726,723,200	605,332,200	606,670,700	605,332,200	606,670,700
Road Fund					
Regular Appropriation	1,259,954,500	1,476,252,600	1,567,329,300	1,440,059,500	1,460,153,100
Surplus Expenditure Plan	67,517,600				
Other	34,065,400				
Total Road Fund	1,361,537,500	1,476,252,600	1,567,329,300	1,440,059,500	1,460,153,100
TOTAL SOURCE OF FUNDS	3,107,084,600	2,551,603,300	2,527,407,600	2,500,901,600	2,408,715,500
EXPENDITURES BY CLASS					
Personnel Cost	424,095,500	375,837,800	387,566,800	337,616,600	345,321,400
Operating Expenses	306,393,500	373,621,300	369,627,000	344,352,000	349,492,300
Grants Loans Benefits	286,997,000	261,774,000	280,265,700	254,602,900	267,895,400
Debt Service	233,484,200	214,328,800	234,505,700	243,267,600	293,565,200
Capital Outlay	17,163,900	4,350,800	4,474,600	1,206,900	1,304,100
Construction	1,612,240,400	1,193,934,500	1,236,562,000	1,186,297,300	1,131,941,700
TOTAL EXPENDITURES	2,880,374,500	2,423,847,200	2,513,001,800	2,367,343,300	2,389,520,100
EXPENDITURES BY FUND SOURCE					
General Fund	4,676,500	7,281,500	7,299,700	4,256,700	4,762,700
Restricted Funds	788,494,400	334,980,900	331,702,100	321,300,500	321,539,200
Federal Funds	726,723,200	605,332,200	606,670,700	605,332,200	606,670,700
Road Fund	1,360,480,400	1,476,252,600	1,567,329,300	1,436,453,900	1,456,547,500
TOTAL EXPENDITURES	2,880,374,500	2,423,847,200	2,513,001,800	2,367,343,300	2,389,520,100
EXPENDITURES BY UNIT					
General Administration and Support	68,202,000	74,555,400	75,534,900	66,950,400	69,260,100
Aviation	9,335,800	13,932,300	13,773,300	9,008,000	9,597,500
Debt Service	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
Highways	2,237,998,900	1,712,286,000	1,749,260,800	1,683,301,500	1,656,271,000
Public Transportation	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700
Revenue Sharing	352,235,300	381,582,100	415,992,100	380,661,800	405,482,300
Vehicle Regulation	41,243,800	47,708,200	44,263,600	39,171,300	40,344,000
TOTAL EXPENDITURES	2,880,374,500	2,423,847,200	2,513,001,800	2,367,343,300	2,389,520,100

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

The Cabinet receives funding from the state Road Fund, proceeds from highway bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources include agency receipts, non-highway federal aid, the state

General Fund, and a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage tax, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Aviation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service.

Organizationally, the agency is divided into four departments: Aviation, Vehicle Regulation, Rural and Municipal Aid, and Highways. Each department is headed by a commissioner directly responsible to the Secretary. Other organizational units include the Office of Support Services, the Office of Transportation Delivery, the Office of Audits, the Office of Human Resource Management, the Office of Information Technology, the Office of Legal Services, the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, and the Office of Inspector General. These units report to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery and Preservation, the Office of Highway Safety, and Highway District Offices One through Twelve. The Office of Local Programs and the Office of Rural and Secondary Roads report to the Commissioner of Rural and Municipal Aid.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. The 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

Policy

The 2009 General Assembly amended KRS Chapter 48 to require the General Assembly to pass a separate bill for the Transportation Cabinet budget. In addition, the General Assembly is required to pass the Biennial Highway Construction Plan as a separate bill and the last four years of the six-year road plan as a joint resolution.

**Transportation
General Administration and Support**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	69,200	69,200	69,200	69,200	69,200
Current Receipts	20,000	19,700	19,700	19,700	19,700
Fund Transfers	-700				
Total Restricted Funds	88,500	88,900	88,900	88,900	88,900
Road Fund					
Regular Appropriation	69,188,100	74,535,700	75,515,200	66,930,700	69,240,400
Total Road Fund	69,188,100	74,535,700	75,515,200	66,930,700	69,240,400
TOTAL SOURCE OF FUNDS	69,276,600	74,624,600	75,604,100	67,019,600	69,329,300
EXPENDITURES BY CLASS					
Personnel Cost	27,560,900	32,908,200	34,154,300	28,949,300	29,618,900
Operating Expenses	32,581,800	33,592,300	33,270,100	31,094,700	31,680,100
Debt Service	7,220,000	7,210,700	7,191,300	6,112,200	7,066,900
Capital Outlay	788,000	819,200	859,200	769,200	834,200
Construction	51,300	25,000	60,000	25,000	60,000
TOTAL EXPENDITURES	68,202,000	74,555,400	75,534,900	66,950,400	69,260,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	19,300	19,700	19,700	19,700	19,700
Road Fund	68,182,700	74,535,700	75,515,200	66,930,700	69,240,400
TOTAL EXPENDITURES	68,202,000	74,555,400	75,534,900	66,950,400	69,260,100
EXPENDITURES BY UNIT					
Office of the Secretary	158,100	184,200	212,100	134,900	163,700
Office of Public Affairs	614,600	750,200	773,900	614,600	630,200
Inspector General	772,100	950,300	975,400	722,100	736,600
Budget & Fiscal Management	3,319,600	3,878,900	3,992,100	3,188,200	3,260,200
Legal Services	8,666,600	9,311,200	9,416,700	8,863,200	8,928,300
Office of Human Resource Management	3,580,000	4,967,900	5,077,000	3,431,500	3,514,800
Office of Support Services	19,845,600	21,219,300	21,370,000	18,743,000	19,890,900
Technology	26,750,700	27,619,400	27,889,700	27,053,100	27,804,100
Office of Civil Rights & Small Business Development	731,100	1,197,300	1,227,800	512,600	528,100
Office of Audits	3,763,600	4,476,700	4,600,200	3,687,200	3,803,200
TOTAL EXPENDITURES	68,202,000	74,555,400	75,534,900	66,950,400	69,260,100

The General Administration and Support appropriation unit provides management and administrative services and ensures efficient day-to-day operations. This unit includes the Office of Secretary and nine other offices.

The Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Human Resource Management, the Office of Support Services, the Office of Audits, and the Office of Information Technology provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary with the managerial tools necessary to operate the Cabinet.

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as main the policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

Policy

The Executive Budget includes Road Fund in the amount of \$656,100 in fiscal year 2014 to support the operation and maintenance of the new Kentucky Automated Vehicle Information System.

	Transportation Aviation				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,429,500	1,447,700		
Total General Fund		1,429,500	1,447,700		
Restricted Funds					
Balance Forward	8,192,400	108,200	82,300	8,339,700	1,681,400
Current Receipts	11,722,900	11,723,200	11,723,600	11,723,200	11,748,100
Fund Transfers	-6,894,000	-1,464,700	-1,464,800	-13,464,700	-8,464,800
Total Restricted Funds	13,021,300	10,366,700	10,341,100	6,598,200	4,964,700
Federal Funds					
Balance Forward	19,000				
Current Receipts	1,802,000	1,221,700	1,011,700	1,221,700	1,011,700
Total Federal Funds	1,821,000	1,221,700	1,011,700	1,221,700	1,011,700
Road Fund					
Regular Appropriation	2,865,900	996,700	996,800	2,869,500	3,684,100
Total Road Fund	2,865,900	996,700	996,800	2,869,500	3,684,100
TOTAL SOURCE OF FUNDS	17,708,200	14,014,600	13,797,300	10,689,400	9,660,500
EXPENDITURES BY CLASS					
Personnel Cost	2,585,400	2,917,600	3,041,600	2,422,300	2,508,300
Operating Expenses	1,363,400	1,787,200	1,757,600	1,449,000	1,419,400
Grants Loans Benefits	3,380,800	8,020,100	7,766,600	2,899,300	2,689,300
Debt Service	1,844,500	996,700	996,800	2,046,200	2,817,800
Capital Outlay				50,000	
Construction	161,700	210,700	210,700	141,200	162,700
TOTAL EXPENDITURES	9,335,800	13,932,300	13,773,300	9,008,000	9,597,500
EXPENDITURES BY FUND SOURCE					
General Fund		1,429,500	1,447,700		
Restricted Funds	4,681,600	10,284,400	10,317,100	4,916,800	4,901,700
Federal Funds	1,821,000	1,221,700	1,011,700	1,221,700	1,011,700
Road Fund	2,833,200	996,700	996,800	2,869,500	3,684,100
TOTAL EXPENDITURES	9,335,800	13,932,300	13,773,300	9,008,000	9,597,500
EXPENDITURES BY UNIT					
Commonwealth Aviation	4,873,300	9,828,100	9,618,400	4,466,600	4,235,900
Capital City Airport	2,618,000	3,107,500	3,158,100	2,495,200	2,543,800
Aviation Administration	1,844,500	996,700	996,800	2,046,200	2,817,800
TOTAL EXPENDITURES	9,335,800	13,932,300	13,773,300	9,008,000	9,597,500

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory program for administrative purposes. The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 59 public use airports, including updating and distributing the state aeronautical charts and airport directories.

The Capital City Airport is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to 81 aircraft, including the fleet owned and operated by state government and the National Guard located in Frankfort.

Policy

The Executive Budget suspends the provisions of KRS 183.525(5) during the 2012-2014 biennium so that funds accruing to the Kentucky Aviation Economic Development Fund may be used to support the administrative and operating costs of the

Commonwealth Aviation Division.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$468,000 in fiscal year 2013 and \$468,000 in fiscal year 2014 from the Kentucky Aviation Economic Development Fund to the General Fund to support General Fund supported aviation bonds authorized by the 2005 General Assembly.

The Executive Budget suspends the provisions of KRS 183.525 and transfers \$996,700 in fiscal year 2013 and \$996,800 in fiscal year 2014 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2008 General Assembly.

The Executive Budget provides Road Fund in the amount of \$253,000 in fiscal year 2013 and \$759,000 in fiscal year 2014 for debt service on \$10 million in new bonds for Aviation Development projects.

	Transportation Debt Service				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	116,904,800	154,808,300	175,025,100	154,729,300	174,867,100
Total Road Fund	116,904,800	154,808,300	175,025,100	154,729,300	174,867,100
TOTAL SOURCE OF FUNDS	116,904,800	154,808,300	175,025,100	154,729,300	174,867,100
EXPENDITURES BY CLASS					
Debt Service	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
TOTAL EXPENDITURES	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
EXPENDITURES BY FUND SOURCE					
Road Fund	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
TOTAL EXPENDITURES	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
EXPENDITURES BY UNIT					
Economic Development Lease Rental	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500
TOTAL EXPENDITURES	116,904,800	154,808,300	175,025,100	151,123,700	171,261,500

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

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System.

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds are now retired.

The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The final lease rental payment for the Resource Recovery Road bonds was made in fiscal year 2008-2009.

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The 2009 General Assembly authorized bonds in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan. Most recently, the 2010 Special Session of the General Assembly authorized \$112 million in BRAC bonds to complete the projects in Fort Knox and \$400 million in bonds for projects included in the Biennial Highway Construction Plan.

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

Policy

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the Road Fund. The amount of the Road Fund lapse is \$3,065,600 in each fiscal year.

	Transportation Highways				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				253,000	759,000
Total General Fund				253,000	759,000
Restricted Funds					
Balance Forward	304,982,600	212,330,700	123,398,900	212,330,700	123,775,100
Current Receipts	84,128,600	84,563,900	85,814,300	84,563,900	85,814,300
Non-Revenue Receipts	586,000,000	131,000,000	105,000,000	131,000,000	105,000,000
Fund Transfers	-513,500				
Total Restricted Funds	974,597,700	427,894,600	314,213,200	427,894,600	314,589,400
Federal Funds					
Balance Forward	534,400				
Current Receipts	577,888,100	568,697,600	570,069,000	568,697,600	570,069,000
ARRA Receipts	94,109,200				
Total Federal Funds	672,531,700	568,697,600	570,069,000	568,697,600	570,069,000
Road Fund					
Regular Appropriation	735,682,600	839,092,700	874,229,600	810,231,400	780,952,500
Surplus Expenditure Plan	67,517,600				
Total Road Fund	803,200,200	839,092,700	874,229,600	810,231,400	780,952,500
TOTAL SOURCE OF FUNDS	2,450,329,600	1,835,684,900	1,758,511,800	1,807,076,600	1,666,369,900
EXPENDITURES BY CLASS					
Personnel Cost	373,692,000	316,343,600	326,057,100	284,778,100	291,320,200
Operating Expenses	250,708,900	315,105,500	314,996,900	293,386,300	297,596,900
Grants Loans Benefits	34,520,300	6,741,200	6,775,500	6,812,500	6,762,400
Debt Service	104,369,500	48,169,200	48,147,000	79,940,100	107,470,500
Capital Outlay	16,375,900	387,700	469,900	387,700	469,900
Construction	1,458,332,300	1,025,538,800	1,052,814,400	1,017,996,800	952,651,100
TOTAL EXPENDITURES	2,237,998,900	1,712,286,000	1,749,260,800	1,683,301,500	1,656,271,000
EXPENDITURES BY FUND SOURCE					
General Fund				253,000	759,000
Restricted Funds	762,267,000	304,495,700	304,962,200	304,119,500	304,490,500
Federal Funds	672,531,700	568,697,600	570,069,000	568,697,600	570,069,000
Road Fund	803,200,200	839,092,700	874,229,600	810,231,400	780,952,500
TOTAL EXPENDITURES	2,237,998,900	1,712,286,000	1,749,260,800	1,683,301,500	1,656,271,000
EXPENDITURES BY UNIT					
Research	5,396,000	4,817,400	4,817,400	4,817,400	4,817,400
Construction	1,781,650,300	1,194,221,200	1,214,696,500	1,206,543,800	1,168,288,200
Maintenance	326,905,400	383,439,300	395,890,100	351,262,400	358,820,200
Engineering Administration	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
Planning	15,789,100	15,900,600	16,338,900	15,516,800	16,271,000
Highway Operations	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
Equipment Services	58,892,900	56,869,000	57,320,500	56,869,000	57,320,500
Highway Safety	10,496,000	10,750,700	11,017,900	9,987,900	10,106,600
TOTAL EXPENDITURES	2,237,998,900	1,712,286,000	1,749,260,800	1,683,301,500	1,656,271,000

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are eight programs in the Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, Highway Safety and Equipment Services. The Construction program is divided into three subprograms: Bond Funded Construction, State Funded Construction, and Federal Funded Construction.

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

unit.

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, and unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of 762 miles, carries 27 percent of all travel.

	Transportation Highways Research				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Federal Funds					
Balance Forward	244,000				
Current Receipts	3,718,000	3,383,400	3,383,400	3,383,400	3,383,400
Total Federal Funds	3,962,000	3,383,400	3,383,400	3,383,400	3,383,400
Road Fund					
Regular Appropriation	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
Total Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL SOURCE OF FUNDS	5,396,000	4,817,400	4,817,400	4,817,400	4,817,400
EXPENDITURES BY CLASS					
Personnel Cost	4,862,000	4,527,400	4,527,400	4,527,400	4,527,400
Operating Expenses	534,000	290,000	290,000	290,000	290,000
TOTAL EXPENDITURES	5,396,000	4,817,400	4,817,400	4,817,400	4,817,400
EXPENDITURES BY FUND SOURCE					
Federal Funds	3,962,000	3,383,400	3,383,400	3,383,400	3,383,400
Road Fund	1,434,000	1,434,000	1,434,000	1,434,000	1,434,000
TOTAL EXPENDITURES	5,396,000	4,817,400	4,817,400	4,817,400	4,817,400

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

The Research program funds the Kentucky Transportation Center at one-tenth of one percent of the motor fuels tax collections, not to exceed \$190,000 per year from the State Road Fund pursuant to KRS 177.320(4). An additional \$100,000 per year from the Revenue Sharing appropriation unit is transferred to the Kentucky Transportation Center.

	Transportation Highways Construction				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				253,000	759,000
Total General Fund				253,000	759,000
Restricted Funds					
Balance Forward	296,233,800	207,537,900	118,606,100	207,537,900	118,982,300
Current Receipts	24,983,300	24,000,000	24,798,900	24,000,000	24,798,900
Non-Revenue Receipts	586,000,000	131,000,000	105,000,000	131,000,000	105,000,000
Total Restricted Funds	907,217,100	362,537,900	248,405,000	362,537,900	248,781,200
Federal Funds					
Balance Forward	290,400				
Current Receipts	555,927,200	547,761,600	548,652,900	547,761,600	548,652,900
ARRA Receipts	94,109,200				
Total Federal Funds	650,326,800	547,761,600	548,652,900	547,761,600	548,652,900
Road Fund					
Regular Appropriation	364,126,700	402,527,800	422,096,800	414,973,600	375,401,200
Surplus Expenditure Plan	67,517,600				
Total Road Fund	431,644,300	402,527,800	422,096,800	414,973,600	375,401,200
TOTAL SOURCE OF FUNDS	1,989,188,200	1,312,827,300	1,219,154,700	1,325,526,100	1,173,594,300
EXPENDITURES BY CLASS					
Personnel Cost	167,748,700	76,008,800	78,138,800	72,898,200	74,222,800
Operating Expenses	57,930,200	62,843,300	53,972,500	55,524,100	53,972,500
Grants Loans Benefits	34,520,300	3,500,000	3,500,000	3,500,000	3,500,000
Debt Service	104,369,500	48,169,200	48,147,000	79,940,100	107,470,500
Capital Outlay	15,888,400				
Construction	1,401,193,200	1,003,699,900	1,030,938,200	994,681,400	929,122,400
TOTAL EXPENDITURES	1,781,650,300	1,194,221,200	1,214,696,500	1,206,543,800	1,168,288,200
EXPENDITURES BY FUND SOURCE					
General Fund				253,000	759,000
Restricted Funds	699,679,200	243,931,800	243,946,800	243,555,600	243,475,100
Federal Funds	650,326,800	547,761,600	548,652,900	547,761,600	548,652,900
Road Fund	431,644,300	402,527,800	422,096,800	414,973,600	375,401,200
TOTAL EXPENDITURES	1,781,650,300	1,194,221,200	1,214,696,500	1,206,543,800	1,168,288,200
EXPENDITURES BY UNIT					
Bond Funded Construction	675,264,800	219,931,800	219,946,800	219,555,600	219,475,100
State Funded Construction	395,317,400	366,153,000	385,641,000	378,872,000	339,780,700
Federal Funded Construction	711,068,100	608,136,400	609,108,700	608,116,200	609,032,400
TOTAL EXPENDITURES	1,781,650,300	1,194,221,200	1,214,696,500	1,206,543,800	1,168,288,200

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into three sub-programs: Bond Funded Construction, State Funded Construction, and Federal Funded Construction. KRS 45.750(3) exempts road projects, including associated equipment and land acquisition purchases, from the capital construction statutes outlined in KRS Chapter 45.760 - 45.810.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Currently no tolls exist on Kentucky parkways. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority received authorization to sell bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005, 2006, 2008, 2009, and 2010 for projects identified as part of the Economic Development Road System. The Authority received authorization in 2008 and 2010 to issue bonds to support road projects specifically related to the Base Re-alignment and Closure (BRAC) activities in and

around Fort Knox. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State-Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system. The Highway Construction Contingency account, authorized in KRS 45.247, is also included in the State-Funded Construction program.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. From fiscal year 2005 to fiscal year 2008, \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds were appropriated to support interstate projects along I-64, I-75, and I-65. In addition, GARVEE bonds totaling \$336 million were authorized in 2008 and 2010 for the Louisville Bridges project which is estimated to cost over \$2.6 billion. The 2010 Special Session of the General Assembly authorized \$330 million in GARVEE bonds for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project. For display purposes, the GARVEE bonds are now located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

The American Recovery and Reinvestment Act of 2009 provided \$421.1 million in additional federal funds for use on federal-aid eligible highways. Unlike traditional federal highway funds, which the Commonwealth matches with toll credits, these funds required no state match and were programmed to support "shovel-ready" projects. Of the total award amount, \$380.4 million flowed through the Transportation Cabinet, with the balance flowing directly to four local Metropolitan Planning Organizations: Northern Kentucky, Henderson, Lexington and Louisville. The funds available to the Cabinet were split between transportation enhancement projects (\$12.6 million) and infrastructure investment projects (\$367.8 million). These additional funds were made available in the spring of 2009 and must be spent by September 30, 2015.

House Bill 4 during the 2009 Special Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority to facilitate the construction, financing, operation, and oversight of mega-projects. According to the Federal Highway Administration, mega-projects are projects that have a total cost of \$500 million or more. The Authority has the power to finance mega-projects through the use of tolls, funds from any GARVEE, funds appropriated by the state or federal government, and any other funds pledged for their purpose.

Policy

The Executive Budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program, authorized by the Appropriations Act since the 2000-2002 biennium. The Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that expenditures remain within enacted appropriations.

The Executive Budget provides General Fund of \$253,000 in fiscal year 2013 and \$759,000 in fiscal year 2014 for debt service on \$10 million in new bonds for Wetland Restoration projects.

	Transportation Highways Maintenance				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts	3,692,900	3,692,900	3,692,900	3,692,900	3,692,900
Total Restricted Funds	3,692,900	3,692,900	3,692,900	3,692,900	3,692,900
Road Fund					
Regular Appropriation	323,212,500	379,746,400	392,197,200	347,569,500	355,127,300
Total Road Fund	323,212,500	379,746,400	392,197,200	347,569,500	355,127,300
TOTAL SOURCE OF FUNDS	326,905,400	383,439,300	395,890,100	351,262,400	358,820,200
EXPENDITURES BY CLASS					
Personnel Cost	137,033,600	159,157,900	164,318,700	141,381,000	144,648,800
Operating Expenses	158,685,800	224,130,800	231,383,500	209,730,800	213,983,500
Construction	31,186,000	150,600	187,900	150,600	187,900
TOTAL EXPENDITURES	326,905,400	383,439,300	395,890,100	351,262,400	358,820,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,692,900	3,692,900	3,692,900	3,692,900	3,692,900
Road Fund	323,212,500	379,746,400	392,197,200	347,569,500	355,127,300
TOTAL EXPENDITURES	326,905,400	383,439,300	395,890,100	351,262,400	358,820,200

Kentucky has invested approximately \$19 billion in its highway infrastructure which is comprised of right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of Project Delivery and Preservation administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are explained in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

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

The Roadway Preservation program maintains 14,783 miles of state primary highways and 12,799 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on 27,582 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities.

The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system. Kentucky has 6,142 bridges of which 27 are Ohio River crossings and 74 are in-state bridges over major lakes and rivers.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck rest haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

Policy

The Executive Budget recognizes the importance of maintaining the Commonwealth's current roadway infrastructure and has provided additional Road Fund support totaling \$52 million over the biennium to support the ongoing efforts of the Cabinet to keep the motoring public moving safely and efficiently over the roads of Kentucky.

**Transportation
Highways
Engineering Administration**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
Total Road Fund	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
TOTAL SOURCE OF FUNDS	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
EXPENDITURES BY CLASS					
Personnel Cost	10,459,600	15,863,200	16,425,800	10,903,200	11,171,600
Operating Expenses	2,298,600	1,821,700	2,144,300	1,821,700	2,144,300
Capital Outlay	487,500	387,700	469,900	387,700	469,900
TOTAL EXPENDITURES	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
EXPENDITURES BY FUND SOURCE					
Road Fund	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800
TOTAL EXPENDITURES	13,245,700	18,072,600	19,040,000	13,112,600	13,785,800

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

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

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

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

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal-aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

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

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Road Plan.

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

The Division of Professional Services is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

	Transportation Highways Planning				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Federal Funds					
Current Receipts	12,276,400	12,082,900	12,498,000	12,082,900	12,498,000
Total Federal Funds	12,276,400	12,082,900	12,498,000	12,082,900	12,498,000
Road Fund					
Regular Appropriation	3,512,700	3,817,700	3,840,900	3,433,900	3,773,000
Total Road Fund	3,512,700	3,817,700	3,840,900	3,433,900	3,773,000
TOTAL SOURCE OF FUNDS	15,789,100	15,900,600	16,338,900	15,516,800	16,271,000
EXPENDITURES BY CLASS					
Personnel Cost	14,142,300	14,243,600	14,675,200	13,859,800	14,607,300
Operating Expenses	1,646,800	1,657,000	1,663,700	1,657,000	1,663,700
TOTAL EXPENDITURES	15,789,100	15,900,600	16,338,900	15,516,800	16,271,000
EXPENDITURES BY FUND SOURCE					
Federal Funds	12,276,400	12,082,900	12,498,000	12,082,900	12,498,000
Road Fund	3,512,700	3,817,700	3,840,900	3,433,900	3,773,000
TOTAL EXPENDITURES	15,789,100	15,900,600	16,338,900	15,516,800	16,271,000

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

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

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

**Transportation
Highways
Highway Operations**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
Total Road Fund	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
TOTAL SOURCE OF FUNDS	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
EXPENDITURES BY CLASS					
Personnel Cost	24,167,700	28,535,200	29,372,900	25,511,600	26,094,700
Operating Expenses	1,455,800	-320,000	766,600	-320,000	766,600
TOTAL EXPENDITURES	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
EXPENDITURES BY FUND SOURCE					
Road Fund	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300
TOTAL EXPENDITURES	25,623,500	28,215,200	30,139,500	25,191,600	26,861,300

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways oversees the Department, which includes the State Highway Engineer's Office, three offices which include 14 divisions, and 12 district offices across the state. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

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

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

**Transportation
Highways
Equipment Services**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	8,736,100	4,780,100	4,780,100	4,780,100	4,780,100
Current Receipts	55,450,400	56,869,000	57,320,500	56,869,000	57,320,500
Fund Transfers	-513,500				
Total Restricted Funds	63,673,000	61,649,100	62,100,600	61,649,100	62,100,600
TOTAL SOURCE OF FUNDS	63,673,000	61,649,100	62,100,600	61,649,100	62,100,600
EXPENDITURES BY CLASS					
Personnel Cost	11,291,900	13,069,300	13,520,100	11,592,800	11,867,600
Operating Expenses	21,647,900	22,111,400	22,112,100	22,111,400	22,112,100
Construction	25,953,100	21,688,300	21,688,300	23,164,800	23,340,800
TOTAL EXPENDITURES	58,892,900	56,869,000	57,320,500	56,869,000	57,320,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	58,892,900	56,869,000	57,320,500	56,869,000	57,320,500
TOTAL EXPENDITURES	58,892,900	56,869,000	57,320,500	56,869,000	57,320,500

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 14 repair garages located throughout the state.

	Transportation Highways Highway Safety				
	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	12,700	12,700	12,700	12,700	12,700
Current Receipts	2,000	2,000	2,000	2,000	2,000
Total Restricted Funds	14,700	14,700	14,700	14,700	14,700
Federal Funds					
Current Receipts	5,966,500	5,469,700	5,534,700	5,469,700	5,534,700
Total Federal Funds	5,966,500	5,469,700	5,534,700	5,469,700	5,534,700
Road Fund					
Regular Appropriation	4,527,500	5,279,000	5,481,200	4,516,200	4,569,900
Total Road Fund	4,527,500	5,279,000	5,481,200	4,516,200	4,569,900
TOTAL SOURCE OF FUNDS	10,508,700	10,763,400	11,030,600	10,000,600	10,119,300
EXPENDITURES BY CLASS					
Personnel Cost	3,986,200	4,938,200	5,078,200	4,104,100	4,180,000
Operating Expenses	6,509,800	2,571,300	2,664,200	2,571,300	2,664,200
Grants Loans Benefits		3,241,200	3,275,500	3,312,500	3,262,400
TOTAL EXPENDITURES	10,496,000	10,750,700	11,017,900	9,987,900	10,106,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	2,000	2,000	2,000	2,000	2,000
Federal Funds	5,966,500	5,469,700	5,534,700	5,469,700	5,534,700
Road Fund	4,527,500	5,279,000	5,481,200	4,516,200	4,569,900
TOTAL EXPENDITURES	10,496,000	10,750,700	11,017,900	9,987,900	10,106,600

The Office of Transportation Safety is headed by an Executive Director who reports directly to the State Highway Engineer. The Office includes the Division of Incident Management and the Division of Highway Safety Programs. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes.

The Division of Incident Management manages the Transportation Operations Center and coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents.

The Division of Highway Safety Programs is charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems.

**Transportation
Public Transportation**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,528,800	5,852,000	5,852,000	4,003,700	4,003,700
Continuing Approp.-General Fund	305,600				
Mandated Expenditure Reductions	-157,900				
Total General Fund	4,676,500	5,852,000	5,852,000	4,003,700	4,003,700
Restricted Funds					
Current Receipts	440,000	440,000	440,000	440,000	440,000
Fund Transfers	-33,100				
Total Restricted Funds	406,900	440,000	440,000	440,000	440,000
Federal Funds					
Current Receipts	49,370,500	32,682,900	32,860,000	32,682,900	32,860,000
Total Federal Funds	49,370,500	32,682,900	32,860,000	32,682,900	32,860,000
TOTAL SOURCE OF FUNDS	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700
EXPENDITURES BY CLASS					
Personnel Cost	1,508,000	1,684,600	1,731,100	1,567,900	1,598,700
Operating Expenses	97,700	119,700	96,800	119,700	96,800
Grants Loans Benefits	52,848,200	37,170,600	37,324,100	35,439,000	35,608,200
TOTAL EXPENDITURES	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700
EXPENDITURES BY FUND SOURCE					
General Fund	4,676,500	5,852,000	5,852,000	4,003,700	4,003,700
Restricted Funds	406,900	440,000	440,000	440,000	440,000
Federal Funds	49,370,500	32,682,900	32,860,000	32,682,900	32,860,000
TOTAL EXPENDITURES	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700
EXPENDITURES BY UNIT					
Public Transportation	53,680,800	38,151,400	38,328,500	36,351,200	36,528,300
Multi-Modal Transportation	366,200	383,500	383,500	335,400	335,400
Human Services Delivery	406,900	440,000	440,000	440,000	440,000
TOTAL EXPENDITURES	54,453,900	38,974,900	39,152,000	37,126,600	37,303,700

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the following federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund and local matching funds, allow public transit authorities to acquire buses and vans.

The American Recovery and Reinvestment Act of 2009 provided \$51.5 million in additional federal funds for the Section 5307 Urban Transit and Section 5311 Rural Transit programs. Unlike traditional federal transit funds, these funds required no state match. Of that amount, \$21.4 million flowed through the Transportation Cabinet, with the balance flowing directly to local transit agencies. These additional funds were made available in the spring of 2009 and have been fully expended by the Cabinet.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership between the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities.

Policy

The Executive Budget provides for the use of Toll Credits to be used by the Office of Transportation Delivery and public transit authorities as the match for federal funds.

**Transportation
Revenue Sharing**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,765,000				
Total Restricted Funds	5,765,000				
Road Fund					
Regular Appropriation	312,423,900	381,582,100	415,992,100	380,661,800	405,482,300
Other	34,065,400				
Total Road Fund	346,489,300	381,582,100	415,992,100	380,661,800	405,482,300
TOTAL SOURCE OF FUNDS	352,254,300	381,582,100	415,992,100	380,661,800	405,482,300
EXPENDITURES BY CLASS					
Personnel Cost	2,312,700	2,970,100	3,071,100	2,477,800	2,534,300
Operating Expenses	4,079,800	4,709,900	5,144,600	4,697,600	5,144,600
Grants Loans Benefits	192,147,700	205,742,100	224,299,500	205,352,100	218,735,500
Construction	153,695,100	168,160,000	183,476,900	168,134,300	179,067,900
TOTAL EXPENDITURES	352,235,300	381,582,100	415,992,100	380,661,800	405,482,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	5,765,000				
Road Fund	346,470,300	381,582,100	415,992,100	380,661,800	405,482,300
TOTAL EXPENDITURES	352,235,300	381,582,100	415,992,100	380,661,800	405,482,300
EXPENDITURES BY UNIT					
County Road Aid	132,733,500	144,175,200	157,236,800	143,900,700	153,320,600
Rural Secondary	158,833,900	174,901,100	190,746,400	174,568,100	185,995,600
Municipal Aid	59,053,000	60,663,900	66,159,700	60,548,400	64,511,900
Energy Recovery	903,000	903,000	903,000	903,000	903,000
Rural and Municipal Aid	711,900	938,900	946,200	741,600	751,200
TOTAL EXPENDITURES	352,235,300	381,582,100	415,992,100	380,661,800	405,482,300

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410 - 179.440; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365 – 177.366; the Energy Recovery Road program, authorized by KRS 177.977-177.978; and other Special Programs.

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

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

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

The Special Programs budget unit includes the Commissioner's Office, the Office of Local Programs, the Kentucky Bicycle and Bikeway Commission, and the Bicycle and Pedestrian Program.

Policy

Pursuant to KRS 183.220(3), effective July 1, 2005, one cent (\$0.01) and effective July 1, 2006, two and one-tenth cents (\$0.021), of the tax collected under the motor fuel tax are excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program), KRS 177.320(2) (the County Road Aid program), and KRS 177.365 (the Municipal Road Aid program).

KRS 138.210, amended by the 2009 General Assembly, provided that the average wholesale price, upon which the motor fuels tax rate is calculated, shall not drop below one dollar and seventy-eight and six-tenths cents (\$1.786).

On December 21, 2011, the Consensus Forecasting Group established the Motor Fuels revenue estimate for the fiscal biennium 2012-2014. The Motor Fuels revenue estimate is \$850,400,000 for fiscal year 2013 and \$901,900,000 for fiscal year 2014.

**Transportation
Vehicle Regulation**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	7,507,500	7,128,700	4,205,700	4,913,400	4,427,000
Current Receipts	16,680,100	16,893,100	16,894,000	16,893,100	16,894,000
Non-Revenue Receipts	-133,100	-75,000	-75,000	-75,000	-75,000
Fund Transfers	-3,786,500			-5,500,000	-4,200,000
Total Restricted Funds	20,268,000	23,946,800	21,024,700	16,231,500	17,046,000
Federal Funds					
Current Receipts	3,000,000	2,730,000	2,730,000	2,730,000	2,730,000
Total Federal Funds	3,000,000	2,730,000	2,730,000	2,730,000	2,730,000
Road Fund					
Regular Appropriation	22,889,200	25,237,100	25,570,500	24,636,800	25,926,700
Total Road Fund	22,889,200	25,237,100	25,570,500	24,636,800	25,926,700
TOTAL SOURCE OF FUNDS	46,157,200	51,913,900	49,325,200	43,598,300	45,702,700
EXPENDITURES BY CLASS					
Personnel Cost	16,436,500	19,013,700	19,511,600	17,421,200	17,741,000
Operating Expenses	17,561,900	18,306,700	14,361,000	13,604,700	13,554,500
Grants Loans Benefits	4,100,000	4,100,000	4,100,000	4,100,000	4,100,000
Debt Service	3,145,400	3,143,900	3,145,500	4,045,400	4,948,500
Capital Outlay		3,143,900	3,145,500		
TOTAL EXPENDITURES	41,243,800	47,708,200	44,263,600	39,171,300	40,344,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	15,354,600	19,741,100	15,963,100	11,804,500	11,687,300
Federal Funds	3,000,000	2,730,000	2,730,000	2,730,000	2,730,000
Road Fund	22,889,200	25,237,100	25,570,500	24,636,800	25,926,700
TOTAL EXPENDITURES	41,243,800	47,708,200	44,263,600	39,171,300	40,344,000
EXPENDITURES BY UNIT					
Commissioner	1,257,600	1,543,200	1,536,300	1,382,400	1,358,700
Drivers Licensing	14,440,600	15,107,000	15,258,400	14,554,900	15,732,700
Motor Carriers	3,099,200	3,618,200	3,725,400	3,317,300	3,382,900
Motor Vehicle Licensing	21,462,000	26,436,700	22,740,400	18,998,600	18,960,100
Motor Vehicle Commission	984,400	1,003,100	1,003,100	918,100	909,600
TOTAL EXPENDITURES	41,243,800	47,708,200	44,263,600	39,171,300	40,344,000

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, and Motor Vehicle Licensing. The Motor Vehicle Commission is also attached to the Department for administrative purposes.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver's license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices. KRS 186.240(3) requires the Cabinet to issue a new reflectorized license plate on a schedule to be determined by the Cabinet. A fifty-cent (\$.50) fee for each reflectorized plate issued is retained in a Restricted Fund to pay for the new plates. In 2007, KRS 186.040 was amended to add an additional \$3 to the registration fee which shall be distributed as follows: \$1 for AVIS replacement activities, \$1 for county clerk hardware and software improvement, and \$1 for a county clerk revenue supplement for collection and administration of Road Fund taxes.

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

Policy

The Department's new motor vehicle registration system, KAVIS, will become operational in fiscal year 2014. Funds to support the ongoing operation and maintenance of the new system are included in the General Administration appropriation unit.

The Executive Budget provides Road Fund of \$901,500 in fiscal year 2013 and \$1,803,000 in fiscal year 2014 for debt service on \$12.5 million in new bonds for the Kentucky Driver License Information System project.

This page intentionally left blank

Statewide

**Statewide
Budget Reserve Trust Fund**

	Revised FY 2012	Requested FY2013	Requested FY2014	Recommended FY 2013	Recommended FY 2014
SOURCE OF FUNDS					
General Fund					
Surplus Expenditure Plan	121,722,500				
Continuing Approp.-General Fund				121,722,500	71,722,500
Total General Fund	121,722,500			121,722,500	71,722,500
TOTAL SOURCE OF FUNDS	121,722,500			121,722,500	71,722,500

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from direct appropriations, excess receipts, and unexpended appropriations, up to five percent of actual General Fund revenue receipts. These funds are appropriated and available in the event that actual General Fund revenue receipts during the biennium are not sufficient to meet the General Fund appropriation levels authorized in the budget. These funds are also available as a resource for Necessary Governmental Expenses when there is no General Fund surplus.

Policy

The current balance of the Budget Reserve Trust Fund is \$121,722,500. The entire balance resulted from a deposit from the fiscal year 2011 General Fund Surplus that was not needed to fund Necessary Government Expenses in fiscal year 2012. The Executive Budget, to address a difficult fiscal condition, proposes to use \$50,000,000 in fiscal year 2013 and \$51,709,100 in fiscal year 2014 to prevent further reductions in priority areas such as education, public safety, human services, and economic development.

The Executive Budget proposes to direct funds to the Budget Reserve Trust Fund through the General Fund Surplus Expenditure Plan.