

COMMONWEALTH OF KENTUCKY

2012 – 2014 Executive Budget

Volume I

Steven L. Beshear,
Governor

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State Budget Director

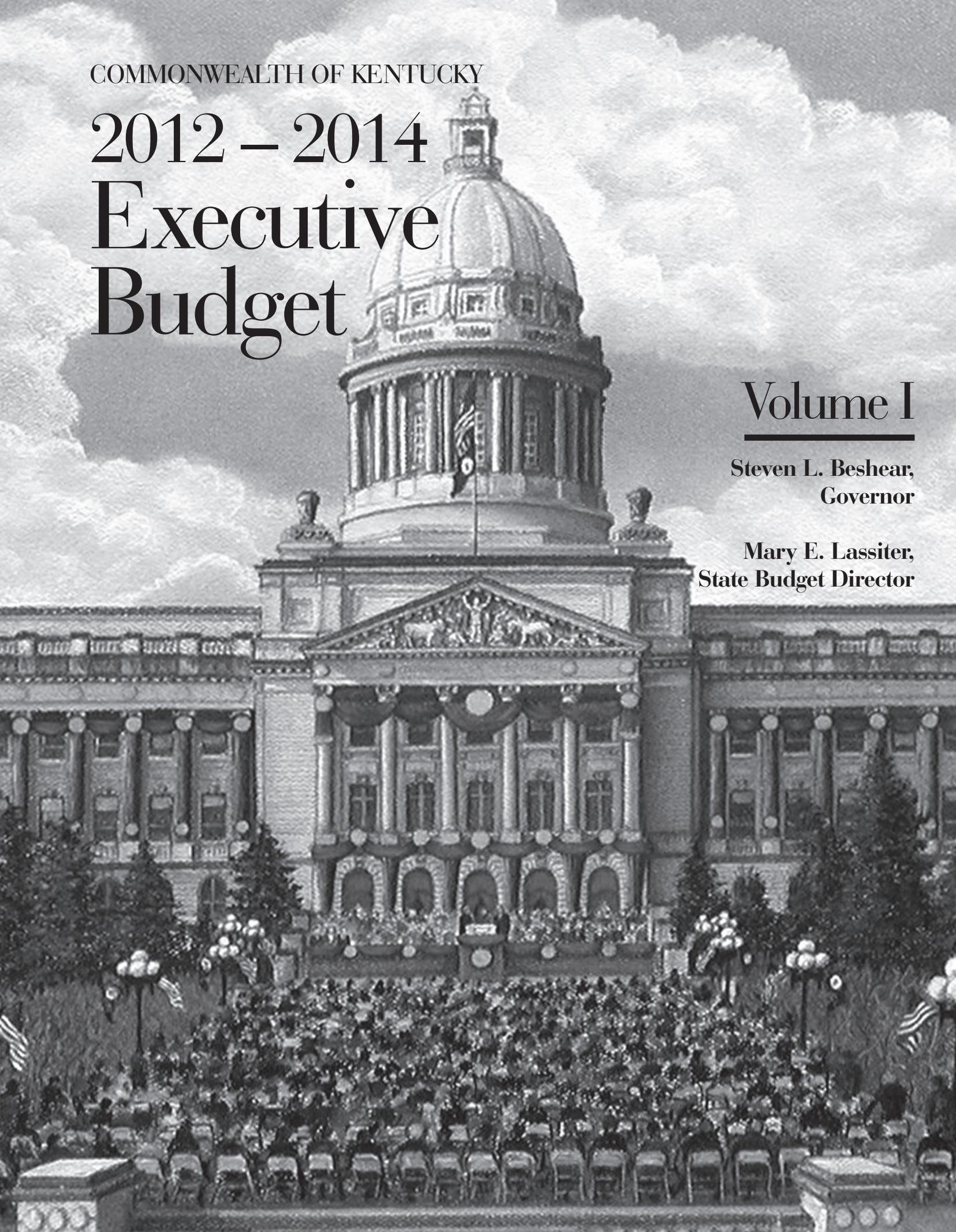


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Executive Branch

	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.

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