

TEAM KENTUCKY



2021-2022 Governor's Budget

Andy Beshear

GOVERNOR

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STATE BUDGET DIRECTOR



Volume I

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The 2021-2022 Governor's Budget is the financial plan for Kentucky State Government as proposed by the Governor for consideration by the 2021 General Assembly. It is published by the Office of State Budget Director, Governor's Office for Policy and Management in accordance with KRS Chapter 48.

The 2021-2022 Governor's Budget is presented in two volumes:

- **Volume I:** Budget in Brief - Budget Summary Data
 Operating Budget - State Agency Program Budget Detail

- **Volume II:** Capital Projects

These documents provide the detail to support the budget in legislative form as presented in the various budget bills.

A Better Kentucky Budget

GOVERNOR BESHEAR'S 2021-2022 BUDGET RECOMMENDATION EXECUTIVE SUMMARY

Relief for Our People, Bold Investment In Our Future

Governor Andy Beshear's 2021-2022 Executive Budget is "A Better Kentucky" budget. The Governor's budget recommendation focuses on delivering immediate relief to Kentucky families and businesses harmed by the pandemic, investing in our people, and making bold and strategic investments to shape Kentucky's position in a post-COVID economy.

The budget proposal leverages over \$600 million in one-time funds with the operating and capital budget investments to achieve these goals. To meet the urgency of helping our small businesses and non-profits and to begin the repayment of the federal loan made to Kentucky's unemployment insurance fund, the Governor's budget seeks to advance a special appropriations bill to provide \$340 million in assistance that needs to be enacted early in the session. This package provides \$220 million in aid to small business (the largest state relief package in generations), \$20 million in aid to small non-profit organizations, and \$100.9 million to repay interest and principal on the federal loan to Kentucky's unemployment insurance trust fund. The Governor will also use \$152 million in CARES Act to further repay the federal loan, for a total of \$252.9 million.

The Better Kentucky Budget invests in our people, our workforce, and our families. It invests in our hard-working public servants, providing teachers and classified workers a \$1,000 raise and state employees a 1% raise. It invests in our children, increasing the SEEK formula and funding textbooks and technology. It invests in our workforce with more dollars to higher education, and by creating the Better Kentucky Promise, a program that aims to provide the necessary last dollars that should allow nearly 6,300 Kentuckians to complete Associates Degrees or secure certificates. The Better Kentucky Budget invests in our families by fully funding Medicaid, adding 76 new social workers for child protective services, and providing pension relief to our critical quasi-government agencies like Child Advocacy Centers and Domestic Violence Shelters. It invests in our retirement systems, fully funding the state's retirement plans.

The Better Kentucky Budget further makes bold investments in our future using \$272 million of one-time funds to improve infrastructure and create thousands of jobs, all while exercising fiscal responsibility. These investments include:

- \$50 million to expand broadband to Kentucky communities that are unserved or underserved to provide access to internet connectivity
- \$100 million for the renovation or replacement of some of our worst conditioned school facilities
- \$22 million to leverage private investment in emerging industries to create good-paying jobs
- \$100 million in the state's Rainy Day fund-bringing its balance up to the highest levels ever.

Finally, Congress just passed welcome assistance to Kentuckians that have been hard-hit by the pandemic's effects, including extended unemployment benefits, eviction and utility bill relief, funding for child care centers, an updated Paycheck Protection program, special funding for shuttered venue operators, and others. The Governor adds to that assistance by providing from the CARES Act money \$400 in supplemental unemployment insurance payment to individuals whose benefits were less than \$176 per week, and \$1,000 to individuals that filed for unemployment insurance by October 31, but have not yet received their benefits and have verified identification with claims that have no indication of fraud. Vital funding to states is provided for COVID-19 testing, contact tracing, surveillance, containment, mitigation and vaccine distribution to enable Kentucky to maintain and advance efforts to suppress COVID-19.

The Values in Governor Beshear's 2021-2022 Budget Recommendation

- Public Education
- Health Care
- Children and Families
- Good-Paying Jobs
- Infrastructure
- Public Employees and Pensions

A Responsible Budget

Governor Beshear's 2021-2022 budget is a responsible budget. The Governor's budget:

- Is balanced and transparent
- Adheres to the revenue estimates of the Consensus Forecasting Group
- Invests and provides relief to our people at the most critical time
- Does not depend on increasing taxes
- Adds to the Budget Reserve Trust Fund, Kentucky's rainy day fund
- Builds a rational and affordable capital improvement plan that focuses on maintaining our postsecondary education and state government physical assets
- Stays significantly below the Commonwealth's debt service to revenue policy cap of 6%. With the new debt proposed, that ratio is 5.23%, one of the lowest ratios since the adoption of the 6% debt policy

No Spending Cuts

There are no General Fund spending cuts in Governor Beshear's budget. This is the first time since the 2006-2008 biennium there has been two consecutive years with no budget cuts. Over \$2.3 billion in General Fund budget and spending cuts have taken place since fiscal year 2008.

PRIORITIZING PUBLIC EDUCATION

K-12 EDUCATION

\$1,000 Teacher Salary Increase

A \$1,000 salary increase for teachers is provided in fiscal year 2022. This will be a salary supplement to teachers who are full-time employees in a school district or a state school and who provide daily instruction to students. Additional General Fund of \$48.8 million in fiscal year 2022 is provided. These funds will be administered by the Department of Education and will be reimbursed directly to school districts and will not flow through the SEEK formula to ensure that all school districts receive the full amount for their teachers. The average Kentucky teacher salary in 2019 was \$53,923. A \$1,000 increase reflects a 1.9 percent average increase.

\$1,000 Classified Employee Salary Increase

A \$1,000 salary increase for classified employees is provided in fiscal year 2022. Additional General Fund of \$60.6 million in fiscal year 2022 is provided.

Increases the SEEK base per pupil amount by 1%

To begin the process of reinvesting in our public education system, a one percent increase in the SEEK program's base per pupil amount is included in the Governor's budget recommendation, reflecting increased funding of \$31.9 million in fiscal year 2022. This will raise the base per pupil amount up by \$40 to \$4,040. This is a starting point with hopes to be followed in subsequent budgets with greater investment.

Teachers' Retirement and Medical Benefits

The Governor's budget recommendation includes full pension funding for the Teachers' Retirement System for just the second time. It also includes full funding in both years of the biennium for the medical benefits, including the full amount of the Commonwealth's portion of the "shared responsibility plan". This budget will begin the second decade of fully funding the medical benefits for retired teachers. Additional General Fund amounts of \$62.1 million in fiscal year 2021 and \$73.2 million are provided.

Textbooks

Funding for textbooks was eliminated in the 2018-2020 budget. The Governor's budget includes \$11 million in fiscal year 2022 to restore a large portion of the amounts included in past budgets.

Preschool and Early Learning Funding for Disadvantaged Areas

An additional \$5 million is included to support preschool programs in disadvantaged areas. This funding is intended to create more opportunities for children in the most need to obtain the benefits of preschool programs.

Teacher Loan Forgiveness/Teacher Scholarships

The Executive Budget restores a teacher loan forgiveness program by adding \$2.1 million from lottery revenues. The need-based teacher scholarship program which was eliminated in the last biennial budget will be revitalized with an additional \$1 million each year from lottery revenues.

School-Based Mental Health Services

The Governor's budget continues the fiscal year 2021 funding for additional, full-time school-based mental health services provider staff.

School Facilities

In addition to a \$100 million cash infusion in school facilities, the Executive Budget includes the necessary debt service to follow through and increase the \$58 million in offers of assistance that were authorized in the 2018-20 budget. Additionally, the budget proposes that the School Facilities Construction Commission be authorized to make \$100 million in offers of assistance to school districts, an increase from the \$58 million in the fiscal year 2021 budget and a return to an amount that school districts have counted on for many years.

Support for Kentucky School for the Blind and School for the Deaf

The budget includes an additional \$1.5 million for operating support of these two statewide schools.

POSTSECONDARY EDUCATION

Better Kentucky Promise Scholarship

In fiscal year 2022, the Governor's budget combines the Work Ready Scholarship with a new program – the Better Kentucky Promise Scholarship, which fills the gap between tuition and federal and other state aid for all new Associate degree and certificate-seeking students. The scholarship is available to new Associate degree and certificate seeking students at public universities and private, non-profit Kentucky institutions, and is capped at the Kentucky Community and Technical College System tuition rate. The new program will provide aid for approximately 6,300 recipients, providing valuable training for Kentuckians, especially those who may have experienced disruption due to the COVID-19 pandemic. A better-educated and better-trained workforce is key to Kentucky's growth and prosperity.

Increases Funding for Postsecondary Education Institutions & Performance Funding

The Governor's budget includes an additional \$17,307,000 from the General Fund in fiscal year 2022 for postsecondary institutions, which represents a 2% increase in General Fund investment in postsecondary institutions. The first 1% is included as a direct appropriation to each institution's base budget, and the second 1% is appropriated to the Postsecondary Education Performance Fund.

Higher Education Resurgence Fund

The Governor's budget recommendation includes \$50 million in General Fund supported bond funds in fiscal year 2022 for the Resurgence Fund to be allocated to each postsecondary institution. These are capital funds that will be applied to a significant inventory of deferred maintenance and asset preservation needs. Each institution will match each dollar of General Fund supported Bond Funds with \$0.50 of its own resources, creating \$75 million in total funding.

Other Student Financial Aid

The Executive Budget devotes the estimated lottery revenues to student financial aid programs. Currently, the need-based aid programs will support approximately 7,300 additional College

Access Award recipients and 1,500 Kentucky Tuition Grant recipients. This aid flows through the College Access Program (CAP) and is supplemented for students attending private institutions by the Kentucky Tuition Grant (KTG) program, as well as the KEES merit-based program. The Governor's budget includes additional funding for need-based aid, providing \$6,458,500 in additional General Fund in fiscal year 2022 to support an additional 2,400 CAP and 600 KTG recipients. Funding for the dual credit scholarship program, when combined with the dual credit portion of the Work Ready Scholarship program, is expected to support over 46,000 high school students by the end of fiscal year 2022.

University Mandated Programs

The Governor's budget recommendation includes additional funding for two mandated programs. An additional \$1,180,100 is provided in each fiscal year to enable Kentucky State University to match the federal land grant award. Morehead State University's budget will receive an additional \$329,000 in fiscal year 2022 for the Craft Academy to add more students, which is supported by a private donation.

University Agency Bonds

The Governor's budget includes almost \$337 million in Agency bond authority for the universities. This reflects 5 pools of matching funds for the \$50 million of General Fund bonds for the Resurgence Fund and one line-item authorization for the lump-sum payment necessary for Northern Kentucky University to voluntarily cease participation in the Kentucky Employees Retirement System. The debt service for Agency bond debt comes from each institution's tuition and fee revenue.

Pension Funding Relief for Regional Universities and the Kentucky Community and Technical College System

The Governor's budget supports the transition of the Kentucky Employees Retirement System non-hazardous plan funding policy to the fixed allocation, or prorated amount of the actuarially accrued liability for each employer. The recommended budget adds \$19.9 million in fiscal year 2022 from the General Fund to assist the regional universities and the Kentucky Community and Technical College System with funding the additional costs to the institutions. The additional funding will cover 90% of the increased cost.

Optometry and Veterinary School Contract Spaces

The budget ensures that Kentucky's reserved spaces in out-of-state veterinary and optometry professional degree programs are intact with sufficient additional funding for their increased prices.

PROTECTING AND EXPANDING HEALTH CARE

Fully Funds Medicaid and Medicaid Expansion

The Governor's budget fully funds the Medicaid program, including Medicaid Expansion based on an updated forecast. The impacts of actions to reduce the infection rate of COVID-19 has resulted in many more Kentuckians accessing health insurance through the Medicaid program. The budget accommodates a 14% increase in fiscal year 2021 enrollment over fiscal year 2020,

with a lessening of total enrollment in fiscal year 2022. Due to the coronavirus public health emergency, the federal government provides states with a 6.2% enhancement to the federal medical assistance percentage (FMAP) which is assumed to be effective through June 30, 2021.

Medicaid Waiver – Michelle P. and Supports for Community Living Slot Increases

The Governor’s budget recommendation includes General Fund of \$3.5 million in fiscal year 2022 for 250 additional slots in the Michelle P. waiver program and 50 additional slots in the Supports for Community Living waiver program.

Local Health Departments – Additional Resources – First-Line of Defense

The Commonwealth’s local health departments receive just a nominal \$12 million from the General Fund for their base operations. Both the critical role the health departments play in maintaining Kentucky’s public health and a historic underinvestment has now become apparent in their efforts to address the pandemic. The Governor’s budget doubles the General Fund support by adding another \$12 million in fiscal year 2022 to improve their epidemiology and clinical capacity, positioning them to better support their vital mission.

Local Health Departments and Community Mental Health Centers-Pension Relief

Thirteen regional Community Mental Health Centers and 60 Local and District Health Departments participate in the Kentucky retirement system pension plans. These health providers together are facing an increase of about \$60 million to meet the fiscal year 2022 85.03% employer contribution rate. The Governor’s budget supports the transition of the Kentucky Employees Retirement System non-hazardous plan funding policy to the fixed allocation, or prorated amount of the actuarially accrued liability for each employer. The Governor’s budget adds \$33.5 million each year for the Health Departments and \$18.8 million each year for the Community Mental Health Centers from the General Fund to fund 100% of the additional cost of employer contributions for these critical health providers.

PROTECTING CHILDREN AND FAMILIES

New Social Workers to Fight Abuse and Neglect

Additional funding of \$7 million is provided to add 76 children’s protective services social workers in fiscal year 2022 with \$1 million focused on workforce retention to maintain a well-trained, skilled, healthy and knowledgeable workforce. The additional 76 staff will raise the current complement of social workers from 1,325 to 1,401, a 6% increase. This badly needed increase in resources will address the severity of the current caseloads and improve it; from the average level of 17 current cases per social worker. In many locations, the caseloads are much higher.

Preserving Child Support Enforcement

The budget maintains the additional \$6.5 million funded in fiscal year 2021 to preserve the federal funding awarded to Kentucky for child support enforcement. The County Attorneys primarily carry out this important service. The reduction in certain agency revenues as created the need to fill a gap, preventing a \$13 million loss from unmatched federal dollars over the biennium.

Child Advocacy Centers, Domestic Violence Centers, Rape Crisis Centers – Pension Relief

The budget supports the transition of the Kentucky Employees Retirement System non-hazardous plan funding policy to the fixed allocation, or prorated amount of the actuarially accrued liability for each employer. As a result, the employer contributions required of these centers will decrease from the current contribution rate of 49.47%.

INVESTING IN OUR PUBLIC EMPLOYEES

Salary Increase for State Employees

The Governor's budget recommendation includes a 1% salary increase in fiscal year 2022 for state employees. State employees have received no across-the-board salary increase in eight of the last ten years. Adjusted for inflation, a state employee making \$30,000 in 2010 has lost nearly 20% in purchasing power. The General Fund cost is about \$11 million in fiscal year 2022.

Pensions for Public Employees and Quasi-Governmental Agencies

The Executive Budget includes full funding for the actuarially determined pension contribution for all state employees. The budget supports the transition of the Kentucky Employees Retirement System non-hazardous plan funding policy to the fixed allocation, or prorated amount of the actuarially accrued liability for each employer.

The Governor's budget recommendation also provides pension relief for the quasi-government entities that are providing health care, substance use and mental health treatment and public safety services to the citizens of Kentucky, by providing \$72 million in fiscal year 2022 to local health departments, community mental health centers, regional universities and KCTCS.

ENHANCING PUBLIC SAFETY AND VICTIM SERVICES

Improved Compensation for Law Enforcement and Firefighters

Local and state law enforcement officers and local firefighters will receive a \$600 stipend increase from the Kentucky Law Enforcement and Firefighters Foundation Program funds, bringing the stipend up to \$4,600. Over 8,000 law enforcement officers and over 3,800 firefighters will receive this increase.

Kentucky State Police – Salary Increase and Recruitment

The Governor's budget recommendation includes \$5.1 million in fiscal year 2022 to provide salary increases to troopers and other sworn personnel in the Kentucky State Police through their statutory salary schedule and an additional \$500,000 General Fund in fiscal year 2022 for trooper recruitment efforts.

Kentucky State Police – Rapid DNA and State Police Laboratory

The Governor's budget continues the additional \$3 million added in fiscal year 2021 to support rapid DNA laboratory analysis which will speed up investigatory efforts as well as decrease the time needed for DNA testing.

Supporting State Prosecutors

The budget provides \$3 million in fiscal year 2022 for more staffing for the Commonwealth's Attorneys and \$840,000 in fiscal year 2022 to support the operating expenses of the County Attorneys. The budget also adds \$401,000 to for the Commonwealth's Attorneys and \$525,000 for the County Attorneys in fiscal year 2022 to fund the inflationary salary increase for these elected officials.

Corrections

The General Fund budget for jail and community beds in the Corrections budget decreases by about \$40 million over the enacted fiscal year 2021 due to a decline in the forecasted inmate population. The updated forecast results in over 5,200 fewer inmates in fiscal year 2021 and more than 4,600 fewer inmates in fiscal year 2022 than the forecast from a year ago.

Planning Funds for the Replacement of the Kentucky State Reformatory

Due to the significant physical deterioration of the 84-year old Kentucky State Reformatory, and the inability to recruit and retain correctional staff in a competitive local labor market, the Governor's budget includes planning funds to design an expansion of the Little Sandy Correctional Complex and to design the relocation of the statewide medical facility currently housed at the Reformatory. Upon the future completion of these two projects, the Kentucky State Reformatory will be closed. The multi-year design and construction timeline will enable the Department to transition Reformatory employees to other positions.

Kentucky Education Television – Public Safety Emergency Warning and Alert Capacity
Capital bond funds in the amount of \$1,000,000 is provided to provide KET with the capability to provide critical localized weather alerts improving safety and preparedness around the state.

PARTNERING WITH LOCAL GOVERNMENTS

Returning Coal Severance Tax Revenues to Counties

The Governor's budget continues the fiscal year 2021 treatment of returning coal severance tax revenues to the counties, after reserving amounts needed for debt service on past capital projects that benefitted Kentucky's coal counties and the administration of those programs.

Public Transportation Funding for Local Governments

Due to the loss of state matching funds from a source called toll credits, the Governor's budget includes \$8.4 million from the General Fund to ensure sufficient that Kentucky's local governments are able to obtain federal public transit grants, with most federal programs providing 80% in federal dollars. The public transit grants are used to purchase public transit vehicles/buses, bus cameras, other capital equipment, and build/renovate transit facilities. The elderly, low income, and persons with disabilities are populations that would be most affected by a loss of federal funding.

Equal Pay Audits

The Department of Local Government will administer a grant program that provides resources for local governments to voluntarily conduct equal pay for equal work pay audits of their own human resources processes; \$1,000,000 in each year of the biennium.

CREATING AND ATTRACTING JOBS

Economic Development Capacity

An additional \$30 million in Bond funds is provided for the Cabinet's three investment programs to recapitalize the financial resources they use to expand jobs at existing businesses and bring in good-paying jobs into the Commonwealth.

Emerging Industries Fund

The Emerging Industries Fund is designed to provide flexible resources targeted to Kentucky's future economy and developing technologies in AgriTech, aerospace, AI, data analytics, cybersecurity, food and beverage development, healthcare, life sciences, financial services, software, energy, logistics and advanced manufacturing. This fund will complement the existing efforts of the Cabinet for Economic Development to grow the entrepreneurial ecosystem. By incentivizing these sectors, Kentucky can grow Kentucky's economy, position current businesses to succeed as these technologies change the marketplace, and also ensure that Kentucky is prepared to be a leader in the future economy based on developing technologies.

Bluegrass Station Project

The budget includes early-stage funding of almost \$1.8 million for preliminary work on the Bluegrass Station Industrial Airport and Airpark project in Fayette/Bourbon counties. This is a project that has the potential for significant economic development and job creation opportunities, as well as the prospect of leveraging the mission of Bluegrass Station. These funds will support the request for information and qualification process, and initiate related project activities that will inform key elements of a potential request for proposal once that is authorized by a future General Assembly.

Urban Venture Fund

The Governor's budget includes over \$2 million in fiscal year 2022 to support a venture funds directed to distressed urban areas to provide support for small business and entrepreneurs that suffer from lack of credit, lack of access to capital and have been subject to wrongful insurance practices.

Louisville Waterfront

The Executive Budget includes \$400,000 for the Louisville Waterfront Development Corporation.

INVESTING IN INFRASTRUCTURE

Broadband Expansion

The budget includes a first-time \$50 million public investment in expanding broadband to provide affordable internet connectivity to unserved and underserved areas of the state where the marketplace has determined to not be cost-effective.

Water and Sewer Infrastructure

The capital budget includes \$7.7 million in state bond funds to match \$38.7 million in federal dollars to repair, replace and improve local drinking water and wastewater infrastructure.

Flood Control

The Governor's budget includes \$6 million in bond funds in fiscal year 2022 to assist local governments in meeting match for federal funding for both design and construction for flood damage reduction projects.

Roads and Bridges

The Governor's revised budget includes \$78.9 million more for the Biennial Highway Construction Plan in fiscal year 2021 than the current budget resulting from a higher Road Fund revenue estimate and from utilizing the flexibility of CARES Act money. In fiscal year 2022, there is \$38 million more in the Biennial Highway Construction Plan than in the Governor's February, 2020 budget recommendation. As a result, more projects from the Plan will be able to be funded or phases of projects in the Plan advanced earlier.

MODERNIZING AND IMPROVING UNEMPLOYMENT INSURANCE SYSTEM

Unemployment Insurance – Restore Staffing and Public Services Capacity

The Governor's budget recommendation includes General Fund of \$1.1 million in fiscal year 2021 and \$8.4 million in fiscal year 2022 to provide funding to restore 90 employees that were cut in previous years. This staff will provide in-person services to unemployed persons with their unemployment claims at the twelve career centers throughout the Commonwealth. Additional employees would also be cross-trained to provide employment-related services to employers and job seekers including employment counseling and job search assistance.

Unemployment Insurance System Replacement

The capital budget includes \$47.5 million for the replacement of the existing Unemployment System that been in operation since the 1970's. Project budget is funded with restricted funds of \$30 million, reallocation of \$10 million in existing bond funds, and \$7.5 million in new bonds.

Repayment of Interest and Principal-Federal Unemployment Insurance Advances (Loan)

Combined with at least \$152 million from CARES Act funding with \$100.9 million in the Governor's budget, a total of \$252.9 million is provided for the payment of interest and principal for advances under Title XII of the Social Security Act during calendar year 2021. With this funding contributing employers will not have to pay the statutory surcharge that would be used to pay interest on advances for calendar year 2021.

INVESTING IN VETERANS

Fully Excluding Military Pensions from State Income Tax

The Governor's budget includes the full exclusion of military pensions from the Kentucky income tax, recognizing the service that our men and women have provided to our country and the Commonwealth, and making them welcome to live, work and retire here.

Bowling Green Veterans Center

The budget includes the debt service to finance the \$32.5 million Veterans center in Bowling Green project.

MAXIMIZING EXISTING RESOURCES

Revenue Collection Enhancement

The Governor's budget includes additional funding for the Department of Revenue to improve the collection of due and owing tax payments. An additional \$4.6 million in fiscal year 2022 is included to support the cost of hiring additional staff. Also, as the Department is phasing in the production of its new integrated tax system, new operating costs to support the system are required, \$6.0 million. Through these combined efforts, additional General Fund revenues are estimated to be collected: \$17.1 million in fiscal year 2022.

HELPING KENTUCKY'S TOURISM RECOVER

Parks, State Fair Board and Kentucky Horse Park – Recovery

The budget includes an additional \$33.8 million in the current fiscal year to address the revenue shortfalls of these three important tourism enterprises that resulted from the impact of COVID-19. This funding is necessary to put them on a sound fiscal footing for the post-COVID economy.

DOING WHAT IS RIGHT

Commission on Women

The Executive Budget reinstates funding for the Commission on Women in fiscal year 2022, so that it can perform its statutory requirements to promote, encourage and provide advisory assistance in the establishment of local volunteer community improvement programs for, and of interest to women.

Commission on Human Rights

The Governor's budget restores the base cut of \$100,300 in the enacted fiscal year 2021 budget and provides an additional \$200,000 in General Fund to support the Commission on Human Rights.

Office of Minority Empowerment

The Governor's budget reinstates the Office of Minority Empowerment, whose capacity to carry out their responsibilities were diminished in recent years and provides \$185,000 General Fund in fiscal year 2022.

ENHANCING FISCAL RESPONSIBILITY**Budget Reserve Trust Fund**

An unexpected General Fund surplus at the end of fiscal year 2020 resulted in the largest deposit from a surplus ever made to Kentucky's "Rainy Day Fund", in the amount of \$162.5 million. This brought the balance of the Fund to \$465.7 million, which is four percent of the revised fiscal year 2021 revenue estimate. That ratio is also the highest amount in the Fund's history.

To further build, protect and preserve the Budget Reserve Trust Fund, the Governor's budget recommendation provides \$100 million in direct appropriations in fiscal year 2022. This will bring the balance to \$565.7 million, 4.7 percent of fiscal year 2022 estimated revenues. To preserve the Budget Reserve Trust Fund, the Governor's budget recommends \$22.5 million in appropriations for the Judgments account. This action will prevent further reductions to the balance of the Budget Reserve Trust Fund.

Planning for Liabilities

The budget includes \$22.5 million for liabilities that are incurred by the Commonwealth. These funds are necessary for both existing settlement agreements and upcoming judgments against the Commonwealth and future legal settlements. Rather than depend upon a budget surplus or draining the Budget Reserve Trust Fund, this budget provides direct funding for these expenses which also includes Guardian Ad Litem required reimbursements, security for courthouses across the Commonwealth, and actions required at the Maxey Flats nuclear waste disposal site.

**2021-2022 GOVERNOR'S BUDGET
GENERAL FUND SUMMARY**

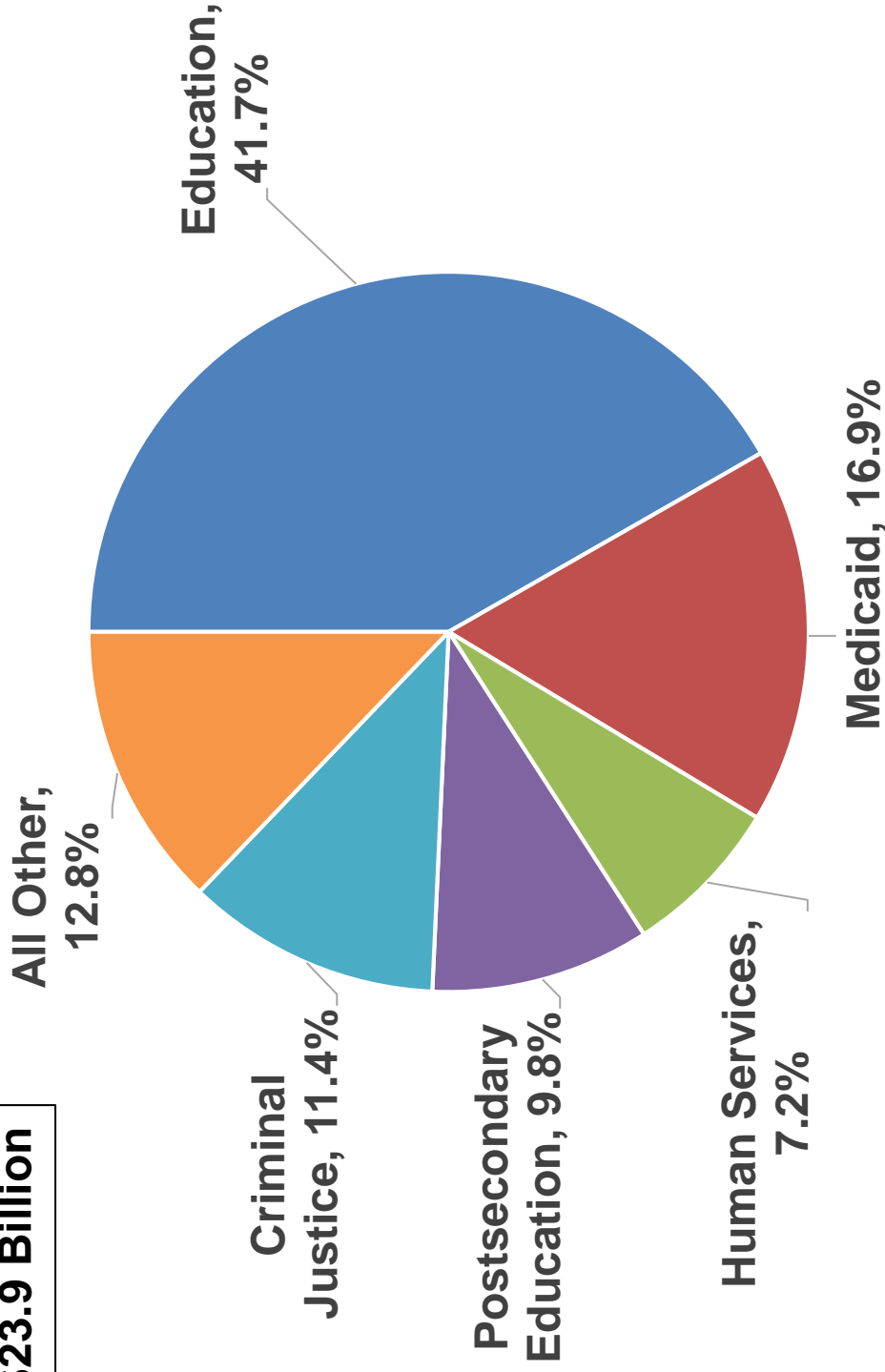
	Revised FY 2021	Recommended FY 2022
RESOURCES		
Beginning Balance	62,490,900	165,812,200
Official Revenue Estimate	11,729,000,000	11,996,300,000
Revenue Proposal		(9,000,000)
Other Resources		33,100,000
Fund Transfers	171,440,900	82,608,300
RESOURCES	<u>11,962,931,800</u>	<u>12,268,820,500</u>
Continued Appropriations Reserve		
Budget Reserve Trust Fund	465,653,700	465,653,700
Legislative Branch	13,971,500	13,971,500
Continued Appropriations Reserve	<u>479,625,200</u>	<u>479,625,200</u>
TOTAL RESOURCES	<u>12,442,557,000</u>	<u>12,748,445,700</u>
APPROPRIATIONS		
Executive Branch		
Appropriations-Operating	11,304,944,000	11,565,801,300
Capital-Cash		172,000,000
Necessary Government Expenses	10,000,000	
Special Appropriations	340,859,700	
Supplemental Appropriations	51,938,900	
Coronavirus Relief Fund	(275,186,700)	
Appropriation Revisions	(84,874,200)	
Lapses	(14,965,200)	(17,127,800)
Total Executive Branch	<u>11,332,716,500</u>	<u>11,720,673,500</u>
Judicial Branch		
Appropriations	392,416,700	375,738,100
Total Judicial Branch	<u>392,416,700</u>	<u>375,738,100</u>
Legislative Branch		
Appropriations	71,986,400	72,408,900
Total Legislative Branch	<u>71,986,400</u>	<u>72,408,900</u>
TOTAL APPROPRIATIONS	<u>11,797,119,600</u>	<u>12,168,820,500</u>
BALANCE	645,437,400	579,625,200
Continued Appropriations Reserve		
Budget Reserve Trust Fund		
Continued Appropriations Reserve		
Budget Reserve Trust Fund	465,653,700	465,653,700
Appropriations to Budget Reserve Trust Fund		100,000,000
Subtotal-Budget Reserve Trust Fund	<u>465,653,700</u>	<u>565,653,700</u>
Legislative Branch	13,971,500	13,971,500
Continued Appropriations Reserve	<u>479,625,200</u>	<u>579,625,200</u>
ENDING BALANCE	<u>165,812,200</u>	<u>0</u>

**2021-2022 GOVERNOR'S BUDGET
ROAD FUND SUMMARY**

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
RESOURCES		
Beginning Balance	37,323,600	
Official Revenue Estimate	1,577,700,000	1,609,200,000
Road Fund Surplus Expenditure Plan	139,800	
Fund Transfers	1,831,100	837,400
TOTAL RESOURCES	<u>1,616,994,500</u>	<u>1,610,037,400</u>
APPROPRIATIONS		
Appropriations	1,556,160,200	1,613,219,600
Current Year Appropriations	78,865,300	
Surplus Appropriations	139,800	
Dedicated Revenue Adjustments	(14,739,800)	
Build America Bonds-Debt Service Lapse	(3,431,000)	(3,182,200)
TOTAL APPROPRIATIONS	<u>1,616,994,500</u>	<u>1,610,037,400</u>
ENDING BALANCE	<u><u>0</u></u>	<u><u>0</u></u>

2021 - 2022 Governor's Budget Distribution of General Fund Appropriations

Total = \$23.9 Billion



Excludes Tobacco Settlement - Phase I Funds

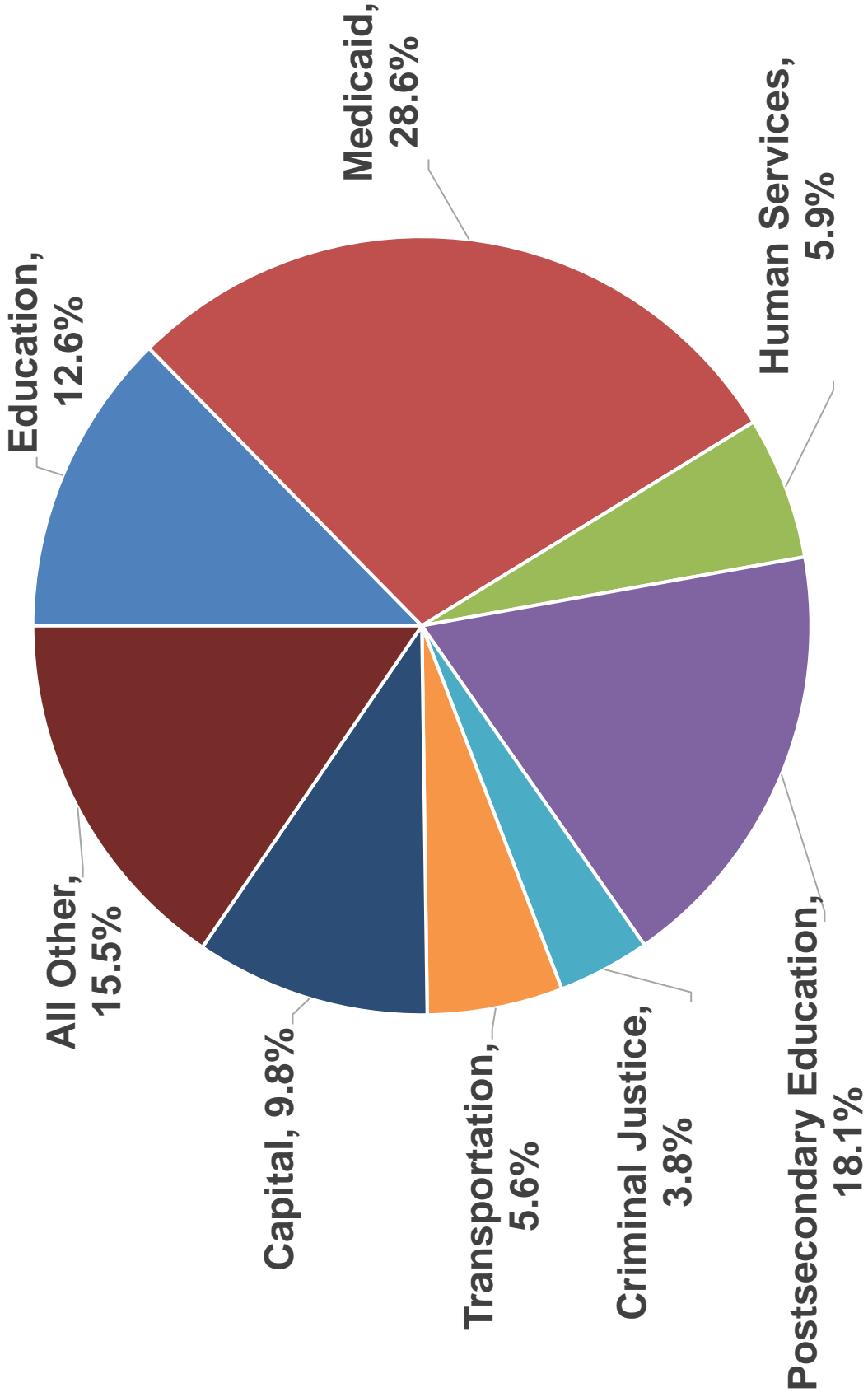
* Education includes the Department of Education Teachers' Retirement System, School Facilities Construction Commission and the Education Professiona Standards Board

**Human Services include the Health and Family Services Cabinet (net of Medicaid)

***Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch

2021 - 2022 Governor's Budget Distribution of All Funds Appropriations

Total = \$96.3 Billion



Excludes Tobacco Settlement - Phase I Funds

* Education includes the Department of Education Teachers' Retirement System, School Facilities Construction Commission and the Education Professiona Standards Board

**Human Services include the Health and Family Services Cabinet (net of Medicaid)

***Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch

General Fund Detailed Consensus Revenue Estimate

	<u>Actual</u> <u>2020</u>	<u>Estimated</u> <u>2021</u>	<u>Estimated</u> <u>2022</u>
<u>Sales and Gross Receipts Taxes</u>			
Sales & Use	\$4,070,905,629	\$4,232,800,000	\$4,346,000,000
Cigarette	354,965,469	345,200,000	335,700,000
Insurance Tax Companies Other Than Life	122,476,366	123,742,800	123,275,669
Telecommunications Taxes	68,074,621	74,622,829	77,161,514
Beer Wholesale	61,686,347	64,500,000	66,000,000
Distilled Spirits Wholesale	53,860,774	57,870,877	61,500,000
Insurance Tax Foreign Companies	39,784,164	40,384,401	42,261,349
Other Tobacco Products and Snuff	22,133,743	30,000,000	36,300,000
Pari-Mutuel	15,771,742	18,738,010	20,700,000
Wine Wholesale	17,837,410	18,022,214	18,300,000
Distilled Spirits Consumption	15,928,560	16,073,960	16,450,000
Insurance Tax Fire Prevention Fund	6,543,435	6,734,920	6,811,989
Beer Consumption	6,147,066	5,900,000	5,750,000
Wine Consumption	3,261,354	3,321,000	3,368,500
Race Track Admission	143,685	165,000	185,000
Distilled Spirits Case Sales	180,755	182,056	184,000
Cigarette Floor Stock Tax	51,120	8,000	4,000
TOTAL SALES AND GROSS RECEIPTS TAXES	\$4,859,752,240	\$5,038,266,068	\$5,159,952,020
<u>License and Privilege Taxes</u>			
Bank Franchise Tax	\$123,097,210	\$124,000,000	\$250,000
Coal Severance Tax	58,820,499	52,400,000	51,900,000
Mineral Severance Tax	19,425,087	19,400,000	19,450,000
Oil Production	4,591,931	3,600,000	4,600,000
Natural Gas Severance Tax	4,487,171	2,940,000	4,500,000
Driver License Receipts	1,276,406	980,000	1,258,000
Alcoholic Beverage License Suspension	264,150	321,000	325,000
Race Track License	242,717	242,817	242,700
Marijuana and Controlled Substance Tax	96,945	96,000	95,000
Cigarette License	76,375	87,081	86,000
Corporation Organization	65,992	75,000	75,000
Corporate License	83,625	34,000	20,000
TOTAL LICENSE AND PRIVILEGE TAXES	\$212,528,109	\$204,175,898	\$82,801,700
<u>Income Taxes</u>			
Individual Income Tax	\$4,765,235,522	\$4,818,000,000	\$5,034,100,000
Corporation Income & Limited Liability Tax	639,156,162	567,500,000	589,600,000
TOTAL INCOME TAXES	\$5,404,391,684	\$5,385,500,000	\$5,623,700,000
<u>Property Taxes</u>			
Real Property	\$304,018,815	\$312,800,000	\$321,900,000
Motor Vehicles	134,280,685	157,700,000	163,200,000
Tangible Personal Property	113,201,738	107,400,000	108,300,000
Public Service Companies	71,408,609	68,500,000	68,500,000
Omitted and Delinquent	12,184,648	13,500,000	13,500,000
Apportioned Vehicles	4,055,409	3,800,000	3,800,000
Distilled Spirits Ad Valorem	1,580,059	1,492,000	1,492,000
Bank Deposits	699,983	500,000	500,000
Other Property	6,360	8,000	7,000
Building and Loan Association Capital Stock	1,609,784	0	0
TOTAL PROPERTY TAXES	\$643,046,089	\$663,700,000	\$681,700,000

General Fund Detailed Consensus Revenue Estimate

	<u>Actual</u> <u>2020</u>	<u>Estimated</u> <u>2021</u>	<u>Estimated</u> <u>2022</u>
Inheritance Tax	\$46,322,174	\$48,500,000	\$49,000,000
<u>Departmental Fees, Sales and Rentals</u>			
Public Service Commission Assessments	\$14,921,519	\$16,500,000	\$16,250,000
Insurance - Retaliatory Taxes & Fees	5,132,980	5,225,460	5,332,000
Receipts for Services	4,253,367	4,240,000	4,600,000
Civil Filing Fee Receipts	2,175,454	1,950,000	2,500,000
Bond Filing Fee	2,053,277	2,100,000	2,300,000
Miscellaneous - Pub Advoc; Sec State Fee	989,134	975,000	1,100,000
Strip Mining & Reclamation - Fines Coll.	456,588	430,000	400,000
10% Bond Fee	225,707	275,000	285,000
TOTAL DEPARTMENT FEES, SALES AND RENTALS	\$30,208,027	\$31,695,460	\$32,767,000
<u>Investment Income</u>	(\$6,147,796)	(\$22,678,424)	(\$22,678,424)
<u>Miscellaneous Revenue</u>			
Lottery	\$271,363,344	\$286,100,000	\$292,000,000
Abandoned Property	43,825,943	32,500,000	35,000,000
Miscellaneous	17,270,937	17,005,503	16,591,204
Criminal/Traffic Fines & Costs	12,955,648	13,750,000	13,950,000
Court Costs	9,567,629	10,400,000	10,800,000
Other Fines & Unhonored Checks	9,561,032	10,000,000	10,500,000
TVA - In Lieu of Taxes - State Portion	6,657,123	6,141,125	5,850,000
Dept. of Rev. Legal Process Taxes - Co. Clk.	2,456,180	2,430,000	2,530,000
Transient Room Tax	862,372	562,060	895,000
Bond Forfeitures	779,962	790,000	785,000
Legal Process - Clk. Supreme Court	100,702	100,000	100,000
Fish & Wildlife Fines	51,061	59,000	57,500
F.H.A. - In Lieu of Taxes	20,792	25,000	25,000
Dept. of Rev. Penalty & Int. of Co. Officials	(23,932)	(22,000)	(26,000)
R.E.C.C. and R.T.C.C. In Lieu of Taxes	862,602	310	0
Fines Dept Insurance	209,750	0	0
TOTAL MISCELLANEOUS REVENUE	\$376,521,145	\$379,840,998	\$389,057,704
TOTAL GENERAL FUND	\$11,566,621,672	\$11,729,000,000	\$11,996,300,000

Road Fund Revenue Estimate

	Actual <u>2020</u>		Estimated <u>2021</u>		Estimated <u>2022</u>
Sales and Gross Receipts					
Motor Fuels Taxes	\$ 741,601,128		\$ 756,200,000		\$ 769,200,000
Motor Vehicle Usage	499,277,601		568,600,000		581,400,000
License and Privilege					
Motor Vehicles	108,626,329		117,200,000		119,600,000
Motor Vehicle Operators	12,930,555		17,200,000		17,600,000
Weight Distance	83,374,856		79,700,000		81,200,000
Truck Decal Fees	120,460		150,000		130,000
Other Special Fees	13,122,728		12,430,975		13,394,975
Nontax Receipts					
Departmental Fees	20,315,948		20,614,025		20,815,025
In Lieu of Traffic Fines	282,892		325,000		375,000
Income on Investments	6,688,478		200,000		400,000
Miscellaneous	4,795,857		4,880,000		4,885,000
Redeposit of State Funds	376,356		200,000		200,000
TOTAL ROAD FUND	\$ 1,491,513,188		\$ 1,577,700,000		\$ 1,609,200,000

Executive Branch

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	11,301,875,000	11,662,732,300
Surplus Expenditure Plan	162,469,000	
Special Appropriation	343,928,700	3,069,000
Current Year Appropriation	51,938,900	
Continuing Approp-General Fund	354,672,900	475,458,200
Other	-360,060,900	
Total General Fund	11,854,823,600	12,141,259,500
Tobacco Fund		
Tobacco Settlement - Phase I	108,226,600	104,785,700
Continuing Approp-Tob Settlement	67,886,100	
Total Tobacco Fund	176,112,700	104,785,700
Restricted Funds		
Balance Forward	948,403,800	1,167,859,800
Current Receipts	8,486,252,100	8,903,314,200
Non-Revenue Receipts	1,042,560,500	927,635,100
Fund Transfers	-97,523,500	-73,956,500
Total Restricted Funds	10,379,692,900	10,924,852,600
Federal Fund		
Balance Forward	37,491,400	26,534,400
Current Receipts	16,789,034,300	15,902,658,300
Non-Revenue Receipts	-2,522,300	-2,530,200
CRF Receipts	1,381,645,300	
Total Federal Fund	18,205,648,700	15,926,662,500
Road Fund		
Regular Appropriation	1,571,420,400	1,606,029,600
Surplus Expenditure Plan	139,800	
Current Year Appropriation	78,865,300	
Continuing Approp-Road Fund	416,116,200	
Other	-30,000,000	
Total Road Fund	2,036,541,700	1,606,029,600
TOTAL SOURCE OF FUNDS	42,652,819,600	40,703,589,900
EXPENDITURES BY CLASS		
Personnel Costs	8,209,305,704	8,481,113,024
Operating Expenses	3,831,295,096	3,985,361,276
Grants Loans Benefits	25,862,060,300	24,444,232,400
Debt Service	1,251,230,100	1,157,111,200
Capital Outlay	297,829,300	290,818,000
Construction	1,510,923,900	1,100,400,800
TOTAL EXPENDITURES	40,962,644,400	39,459,036,700
EXPENDITURES BY FUND SOURCE		
General Fund	11,364,400,200	11,558,477,700
Tobacco Fund	174,186,100	103,000,000
Restricted Funds	9,211,833,100	10,296,118,400
Federal Fund	18,179,114,300	15,898,593,200
Road Fund	2,033,110,700	1,602,847,400
TOTAL EXPENDITURES	40,962,644,400	39,459,036,700

EXPENDITURES BY UNIT

General Government	2,263,211,600	1,799,151,900
Economic Development	281,803,800	35,767,000
Department of Education	5,087,565,600	5,236,333,500
Education and Workforce Development	231,149,300	226,419,100
Energy and Environment	306,981,200	269,568,100
Finance and Administration	982,892,200	1,013,615,300
Health and Family Services	16,574,046,500	16,709,573,800
Justice and Public Safety	1,276,166,900	1,293,490,400
Labor	1,743,064,600	761,756,600
Personnel	63,150,200	90,780,200
Postsecondary Education	8,562,357,300	8,948,003,200
Public Protection	167,314,500	125,746,600
Tourism, Arts and Heritage	269,047,600	274,838,800
Transportation	3,139,253,100	2,673,992,200
Statewide	14,640,000	
TOTAL EXPENDITURES	<u>40,962,644,400</u>	<u>39,459,036,700</u>

**2021-2022 GOVERNOR'S BUDGET
CAPITAL PROJECTS SUMMARY**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS	<hr/>	<hr/>
Executive Branch		
General Fund	700,000	172,000,000
Restricted Funds	5,888,416,200	86,012,700
Federal Funds	135,451,000	38,731,000
Road Fund	13,940,000	7,190,000
Bond Funds	310,772,300	161,747,000
Agency Bonds	422,138,000	336,914,900
Investment Income	10,236,000	11,856,000
Other - Cash	766,630,000	
Other - Third Party Financing	1,005,288,000	5,500,000
SOURCE OF FUNDS	<hr/> 8,553,571,500	<hr/> 819,951,600
 APPROPRIATIONS BY CABINET		
Executive Branch		
General Government	195,554,400	107,771,600
Economic Development		52,000,000
Department of Education	27,472,000	106,000,000
Education & Workforce Development	1,050,000	2,050,000
Energy and Environment	7,300,000	300,000
Finance and Administration	36,711,300	9,000,000
Health and Family Services	31,074,000	5,000,000
Justice and Public Safety	85,481,000	35,000,000
Labor	19,560,000	7,500,000
Postsecondary Education	8,110,088,800	405,500,000
Tourism, Arts and Heritage	24,640,000	77,640,000
Transportation	14,640,000	12,190,000
TOTAL APPROPRIATIONS	<hr/> 8,553,571,500	<hr/> 819,951,600

ACKNOWLEDGMENTS

OFFICE OF STATE BUDGET DIRECTOR	
John T. Hicks	State Budget Director
GOVERNOR'S OFFICE FOR POLICY AND MANAGEMENT	
Janice Tomes	Deputy State Budget Director
Kevin Cardwell	Deputy State Budget Director
Michaela Giles	Policy and Budget Analyst
Glenna Goins	Policy and Budget Analyst
Nancy Haggerty	Policy and Budget Analyst
Melissa Highfield-Smith	Policy and Budget Analyst
Alex Kelly	Policy and Budget Analyst
Marty Miller	Staff Assistant
Stacy Roland	Policy and Budget Analyst
Phillip Rosell	Programmer
Kara Smothermon	Policy and Budget Analyst
Ethan Williams	Policy and Budget Analyst
Carla Wright	Policy and Budget Analyst
GOVERNOR'S OFFICE FOR ECONOMIC ANALYSIS	
Greg Harkenrider	Deputy Executive Director
Martha Armstrong	Administrative Specialist
Thomas Jones	Financial Investment and Forecasting Program Analyst
Gene Zaparanick-Brown	Financial Investment and Forecasting Program Analyst
GOVERNOR'S OFFICE FOR POLICY RESEARCH	
Michael Jones	Deputy Executive Director
Sarah Aitken	Financial Investment and Forecasting Program Specialist

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General Government

	General Government	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,238,634,200	1,257,254,300
Current Year Appropriation	5,049,500	
Continuing Approp-General Fund	7,700	
Other	-4,553,300	
Total General Fund	1,239,138,100	1,257,254,300
Tobacco Fund		
Tobacco Settlement - Phase I	35,244,800	35,618,800
Continuing Approp-Tob Settlement	31,044,700	
Total Tobacco Fund	66,289,500	35,618,800
Restricted Funds		
Balance Forward	147,293,900	104,919,700
Current Receipts	200,085,700	191,432,600
Non-Revenue Receipts	100,443,100	110,601,000
Fund Transfers	-6,400,000	-8,775,600
Total Restricted Funds	441,422,700	398,177,700
Federal Fund		
Balance Forward	19,353,100	13,338,800
Current Receipts	191,487,500	185,840,600
CRF Receipts	423,207,600	
Total Federal Fund	634,048,200	199,179,400
Road Fund		
Regular Appropriation	571,600	565,500
Total Road Fund	571,600	565,500
TOTAL SOURCE OF FUNDS	2,381,470,100	1,890,795,700
EXPENDITURES BY CLASS		
Personnel Costs	441,968,604	442,633,624
Operating Expenses	167,648,696	157,848,576
Grants Loans Benefits	1,425,448,800	987,078,500
Debt Service	209,246,200	195,054,300
Capital Outlay	18,899,300	16,536,900
TOTAL EXPENDITURES	2,263,211,600	1,799,151,900
EXPENDITURES BY FUND SOURCE		
General Fund	1,239,138,100	1,257,254,300
Tobacco Fund	66,289,500	35,618,800
Restricted Funds	336,503,000	318,083,000
Federal Fund	620,709,400	187,630,300
Road Fund	571,600	565,500
TOTAL EXPENDITURES	2,263,211,600	1,799,151,900
EXPENDITURES BY UNIT		
Office of the Governor	7,293,700	7,594,700
Office of State Budget Director	16,768,600	3,887,700
Homeland Security	6,198,800	8,804,900
Department of Veterans' Affairs	101,133,200	95,415,000
Governor's Office of Agricultural Policy	67,739,500	35,068,800
Kentucky Infrastructure Authority	63,593,000	63,544,900
Military Affairs	223,406,300	140,996,700
Commission on Human Rights	2,181,600	2,499,100
Commission on Women		357,500

Department for Local Government	384,236,100	58,047,000
Local Government Economic Assistance Fund	20,745,600	21,960,400
Local Government Economic Development Fund	17,863,800	18,511,800
Local Government Regional Development Agency Assistance Fund	6,000,000	6,000,000
Executive Branch Ethics Commission	981,600	987,200
Secretary of State	5,399,000	5,334,500
Board of Elections	21,790,400	5,407,500
Registry of Election Finance	1,541,300	1,551,500
Attorney General	35,664,300	35,217,200
Unified Prosecutorial System	122,790,200	128,770,200
Treasury	5,765,600	5,783,200
Agriculture	44,509,700	39,597,000
Auditor of Public Accounts	19,713,600	17,419,100
Personnel Board	875,000	859,600
Kentucky Retirement Systems	49,272,200	48,171,800
Occupational & Professional Boards & Commissions	26,998,000	26,611,200
Kentucky River Authority	7,975,100	6,741,400
School Facilities Construction Commission	121,775,600	125,838,500
Teachers' Retirement System	797,720,300	804,814,300
Judgments	22,500,000	22,500,000
Appropriations Not Otherwise Classified	14,526,400	14,526,400
KY Communications Network Authority	46,253,100	46,332,800
TOTAL EXPENDITURES	<u>2,263,211,600</u>	<u>1,799,151,900</u>

	General Government	
	Office of the Governor	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	6,099,000	6,800,000
Total General Fund	6,099,000	6,800,000
Restricted Funds		
Balance Forward	117,100	105,600
Current Receipts	283,200	294,700
Total Restricted Funds	400,300	400,300
Federal Fund		
Current Receipts	900,000	500,000
Total Federal Fund	900,000	500,000
TOTAL SOURCE OF FUNDS	7,399,300	7,700,300
EXPENDITURES BY CLASS		
Personnel Costs	5,315,700	5,985,500
Operating Expenses	1,078,000	1,109,200
Grants Loans Benefits	900,000	500,000
TOTAL EXPENDITURES	7,293,700	7,594,700
EXPENDITURES BY FUND SOURCE		
General Fund	6,099,000	6,800,000
Restricted Funds	294,700	294,700
Federal Fund	900,000	500,000
TOTAL EXPENDITURES	7,293,700	7,594,700
EXPENDITURES BY UNIT		
Governor	5,071,700	5,516,000
Governor's Office Expense Allowance	34,600	34,700
Lieutenant Governor	549,700	598,600
Lieutenant Governor's Expense Allowance	19,300	19,400
Secretary of the Cabinet	298,800	300,600
Kentucky Commission on Military Affairs	1,319,600	940,400
Office of Minority Empowerment		185,000
TOTAL EXPENDITURES	7,293,700	7,594,700

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 will also 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.

Policy

The Budget of the Commonwealth includes a cut in fiscal year 2021 to the General Fund base budget in the Governor's Office of \$467,200 or nearly 8%. The Governor's budget restores this cut in fiscal year 2022.

The Governor's budget includes \$185,000 from the General Fund in fiscal year 2022 for the Office of Minority Empowerment.

The Governor's budget includes \$28,900 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

General Government
Office of State Budget Director

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	3,604,100	3,626,300
Total General Fund	3,604,100	3,626,300
Restricted Funds		
Balance Forward	206,700	168,100
Non-Revenue Receipts	125,900	125,800
Total Restricted Funds	332,600	293,900
Federal Fund		
CRF Receipts	13,000,000	
Total Federal Fund	13,000,000	
TOTAL SOURCE OF FUNDS	16,936,700	3,920,200
EXPENDITURES BY CLASS		
Personnel Costs	3,418,500	3,522,300
Operating Expenses	350,100	365,400
Grants Loans Benefits	13,000,000	
TOTAL EXPENDITURES	16,768,600	3,887,700
EXPENDITURES BY FUND SOURCE		
General Fund	3,604,100	3,626,300
Restricted Funds	164,500	261,400
Federal Fund	13,000,000	
TOTAL EXPENDITURES	16,768,600	3,887,700
EXPENDITURES BY UNIT		
Budget & Policy Analysis	15,678,000	2,789,500
Policy Research	473,200	477,400
Economic Analysis	617,400	620,800
TOTAL EXPENDITURES	16,768,600	3,887,700

The Office of 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 financial plan for Kentucky state government and submits it to the General Assembly by the tenth legislative day. The preparation of the budget includes the transmittal of information and necessary budget request forms and instructions to state agencies, assisting agencies in the preparation of their budget requests, analyzing the requests, and making recommendations to the Governor. The Governor's budget recommendation is prepared by GOPM and consists of several volumes of detailed financial and programmatic information that transparently presents the Governor's operating and capital budget decisions and provides substantial amounts of historical spending and revenue information. Following enactment of the budget by the General Assembly, GOPM prepares the Budget of the Commonwealth, another multiple set of volumes which compiles the entirety of the Commonwealth's enacted biennial budget. GOPM is also responsible for the budget execution requirements for the Executive branch in accordance with provisions of KRS chapter 48. The implementation of the Executive branch's capital projects, in accordance with KRS 45.750-800, is assisted by GOPM for all project increases, new project establishments, and associated monthly reporting to the Capital Projects and Bond Oversight Committee. The continuous monitoring of the Commonwealth's financial situation is performed by GOPM in concert with the Governor's Office of Economic Analysis in accordance with KRS 48.400.

The Governor's Office for Policy Research (GOPR) performs research and analysis on public policy issues important to the Commonwealth. In accordance with KRS 154.30-030, the Office provides input into the methodology and assumptions used in the independent consultant's reports for the tax increment financing program and for tourism development projects, pursuant to KRS 148.885, and supports the Office of State Budget Director's certification for each project. The Phase I

Tobacco Master Settlement Agreement calculations are monitored and prepared by this Office, and GOPR convenes the state agency participants involved in the enforcement mechanisms necessary to stay in compliance with the Settlement Agreement. Expenditure forecasting for several key areas of state government are led or are contributed to by GOPR, including the incarcerated felon population, Medicaid benefit expenditures, and the elementary and secondary education funding formula inputs.

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 15th 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 and presented along with the Governor's Executive Budget recommendation to the General Assembly. In accordance with KRS 48.400, GOEA prepares a Quarterly Economic and Revenue report which provides a forecast of state tax revenues for the next three quarters as well as a forecast of the Commonwealth's economic conditions. The Commonwealth's Tax Expenditure analysis is prepared by GOEA on a biennial basis, incorporating the entirety of all statutory tax expenditures with specific computations of the amount of tax revenues foregone.

Policy

The Governor's budget includes \$13,400 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

General Government

Homeland Security

	Revised	Recommended
	FY 2021	FY 2022

SOURCE OF FUNDS

General Fund

Regular Appropriation	257,000	258,200
Total General Fund	257,000	258,200

Restricted Funds

Balance Forward	3,646,000	3,806,700
Current Receipts	1,521,500	2,619,100
Total Restricted Funds	5,167,500	6,425,800

Federal Fund

Balance Forward	16,600	
Current Receipts	4,243,400	5,787,300
Total Federal Fund	4,260,000	5,787,300

Road Fund

Regular Appropriation	321,000	314,900
Total Road Fund	321,000	314,900

TOTAL SOURCE OF FUNDS

	10,005,500	12,786,200
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EXPENDITURES BY CLASS

Personnel Costs	2,186,200	2,147,600
Operating Expenses	748,200	3,392,900
Grants Loans Benefits	3,263,200	3,263,200
Capital Outlay	1,200	1,200
TOTAL EXPENDITURES	6,198,800	8,804,900

EXPENDITURES BY FUND SOURCE

General Fund	257,000	258,200
Restricted Funds	1,360,800	2,444,500
Federal Fund	4,260,000	5,787,300
Road Fund	321,000	314,900
TOTAL EXPENDITURES	6,198,800	8,804,900

EXPENDITURES BY UNIT

Office of Homeland Security	4,838,000	6,360,400
Law Enforcement Protection Program	519,300	519,300
Commerical Mobile Radio Service	841,500	1,925,200
TOTAL EXPENDITURES	6,198,800	8,804,900

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 acts of terrorism. 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 prepare, respond, mitigate, and recover from acts of terrorism.

The Kentucky 911 Services Board is administratively attached to the Kentucky Office of Homeland Security pursuant to KRS 65.7623, and KOHS maintains responsibility and oversight of the Board's daily operations. The 911 Services Board collects more than \$30 million annually in 911 user fees from wireless prepaid, postpaid, and Lifeline subscribers of the approximately 35 telecommunication carriers providing wireless telephone service in Kentucky. These fees are used to fund operations and technology upgrades at Kentucky's 116 Board-certified 911 emergency call centers and to.

Policy

The Governor's budget includes additional General Fund in the amount of \$600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government

Veterans' Affairs

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	26,060,400	26,691,700
Total General Fund	26,060,400	26,691,700
Restricted Funds		
Balance Forward	22,613,600	6,652,300
Current Receipts	62,615,900	64,161,800
Non-Revenue Receipts	-6,462,400	
Total Restricted Funds	78,767,100	70,814,100
Federal Fund		
Balance Forward	1,430,500	
Current Receipts	1,527,500	500,000
Total Federal Fund	2,958,000	500,000
TOTAL SOURCE OF FUNDS	107,785,500	98,005,800
EXPENDITURES BY CLASS		
Personnel Costs	78,582,700	75,398,600
Operating Expenses	13,548,600	13,551,800
Grants Loans Benefits	5,490,100	5,490,100
Debt Service		379,500
Capital Outlay	3,511,800	595,000
TOTAL EXPENDITURES	101,133,200	95,415,000
EXPENDITURES BY FUND SOURCE		
General Fund	26,060,400	26,691,700
Restricted Funds	72,114,800	68,223,300
Federal Fund	2,958,000	500,000
TOTAL EXPENDITURES	101,133,200	95,415,000
EXPENDITURES BY UNIT		
Field Services and Cemeteries	7,546,100	7,582,100
Kentucky Veterans' Centers	93,587,100	87,832,900
TOTAL EXPENDITURES	101,133,200	95,415,000

The Kentucky Department of Veterans' Affairs (KDVA), established by KRS 40.300, assists over 295,000 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 currently manages Kentucky's four state veterans' nursing homes, which serve the long-term nursing care needs of Kentucky's elderly veteran population.

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. In April 2013, KDVA opened 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 provide a more personalized care for its residents and brings the total capacity to 156 beds. In July 2017, a fourth 120-bed Veterans' Center, in Hardin County, opened utilizing 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 Radcliff 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. The Veterans Cemetery-Southeast in Leslie County opened in April 2018. Each facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path and landscaping.

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.

Policy

The budget in each fiscal year includes General Fund in the amount of \$93,700 for grants to provide support services for veterans with brain injury and \$93,700 for grants to the Epilepsy Foundation of Kentuckiana.

The budget in each fiscal year includes General Fund in the amount of \$187,500 for grants to Veterans' Service Organization programs.

The budget in each fiscal year includes restricted funds in the amount of \$240,000 for the Nurse Student Loan Repayment program to assist in recruitment and retention of nursing staff at the Veterans' Centers.

The budget includes restricted funds in the amount of \$3,132,200 in fiscal year 2021 and \$3,138,800 to fund nursing staff vacant positions at the Veterans' Centers.

The Governor's budget includes General Fund in the amount of \$15,000 in fiscal year 2022 for maintenance and upkeep of the Greenwood Cemetery in Louisville.

The Governor's budget includes restricted funds in the amount of \$536,800 in fiscal year 2021 and federal funds in the amount of \$500,000 in each fiscal year for personal protection equipment storage buildings for the Veterans' Centers.

The Governor's budget includes General Fund debt service in the amount of \$379,500 in fiscal year 2022 to support new bonds for capital projects.

The Governor's budget includes additional General Fund in the amount of \$98,800 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government
Governor's Office of Agricultural Policy

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Tobacco Fund		
Tobacco Settlement - Phase I	34,594,800	34,968,800
Continuing Approp-Tob Settlement	31,044,700	
Total Tobacco Fund	65,639,500	34,968,800
Restricted Funds		
Balance Forward	320,600	220,600
Total Restricted Funds	320,600	220,600
Federal Fund		
CRF Receipts	2,000,000	
Total Federal Fund	2,000,000	
TOTAL SOURCE OF FUNDS	67,960,100	35,189,400
EXPENDITURES BY CLASS		
Personnel Costs	1,601,600	1,604,100
Operating Expenses	529,400	526,600
Grants Loans Benefits	59,608,500	27,938,100
Capital Outlay	6,000,000	5,000,000
TOTAL EXPENDITURES	67,739,500	35,068,800
EXPENDITURES BY FUND SOURCE		
Tobacco Fund	65,639,500	34,968,800
Restricted Funds	100,000	100,000
Federal Fund	2,000,000	
TOTAL EXPENDITURES	67,739,500	35,068,800
EXPENDITURES BY UNIT		
Governor's Office of Agricultural Policy	67,739,500	35,068,800
TOTAL EXPENDITURES	67,739,500	35,068,800

The Governor's Office of Agricultural Policy (GOAP) is the Governor's direct link to the Commonwealth's agricultural industry. The Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation are staffed by the employees in this Office. The Kentucky Agricultural Development Board hires an Executive Director to carry out the duties of the board, while also serving as the Executive Director of the Kentucky Agricultural Finance Corporation.

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. The Governor serves as Chair and the Commissioner of Agriculture serves as Vice- Chair of the board.

Pursuant to KRS 248.703 half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account for county level grants and a state account for investments that have a regional or statewide purpose. 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, livestock diagnostic lab design and construction, improvements to 4-H camps and FFA Leadership Center, and funding for land conservation programs. A portion 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 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 programs in which counties may participate. Funds are provided as matching grants.

In addition to their work with the Kentucky Agricultural Development Fund, personnel at GOAP provide 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 mission of the Corporation board is to strengthen Kentucky agriculture by providing access to low interest loan programs through joint partnerships with local lending institutions. KAFC assists beginning farmers, farm families, and agribusinesses obtain the necessary capital to establish, maintain, or expand their agricultural operation. The Commissioner of the Kentucky Department of Agriculture serves as the Chair and the Secretary of the Finance Cabinet serves as another statutory member. The Governor appoints the remaining ten board members who represent various agricultural sectors.

General Government
Kentucky Infrastructure Authority

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,117,200	1,058,600
Total General Fund	1,117,200	1,058,600
Restricted Funds		
Balance Forward	291,900	
Non-Revenue Receipts	32,803,800	33,107,900
Total Restricted Funds	33,095,700	33,107,900
Federal Fund		
Current Receipts	29,380,100	29,378,400
Total Federal Fund	29,380,100	29,378,400
TOTAL SOURCE OF FUNDS	63,593,000	63,544,900
EXPENDITURES BY CLASS		
Personnel Costs	2,818,604	2,861,300
Operating Expenses	161,696	174,700
Grants Loans Benefits	30,222,700	30,194,900
Debt Service	30,390,000	30,314,000
TOTAL EXPENDITURES	63,593,000	63,544,900
EXPENDITURES BY FUND SOURCE		
General Fund	1,117,200	1,058,600
Restricted Funds	33,095,700	33,107,900
Federal Fund	29,380,100	29,378,400
TOTAL EXPENDITURES	63,593,000	63,544,900
EXPENDITURES BY UNIT		
Kentucky Infrastructure Authority	63,593,000	63,544,900
TOTAL EXPENDITURES	63,593,000	63,544,900

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. The Authority also coordinates regional infrastructure planning to promote higher levels of technical, managerial and financial capacity of water based utilities. The Authority 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 Authority 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 Budget of the Commonwealth 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, 2010 and 2012 General Assembly from the respective single county fund for projects in coal-producing counties. The Authority coordinates the process of implementation and provides project administration for the water and sewer related projects funded in this program. The program is administered jointly with the Department for Local Government.

Policy

The budget includes General Fund of \$154,500 in fiscal year 2021 for debt service to support \$4,086,000 in bonds to match an estimated \$20,428,400 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A), and \$190,000 for debt service to support \$4,561,000 in bond funds to match an estimated \$18,303,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

The budget includes General Fund in the amount of \$149,500 in fiscal year 2022 for debt service to support \$4,086,000 in new bonds to match an estimated \$20,428,400 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A). The budget includes General Fund in the amount of \$134,500 in fiscal year 2022 for debt service to support \$3,661,000 in new bonds to match an estimated \$18,303,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

The Governor's budget includes additional General Fund in the amount of \$1,100 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government

Military Affairs

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	14,991,400	15,078,700
Total General Fund	14,991,400	15,078,700
Restricted Funds		
Balance Forward	21,499,900	22,154,800
Current Receipts	51,218,100	41,143,500
Non-Revenue Receipts	-1,972,600	-3,451,300
Total Restricted Funds	70,745,400	59,847,000
Federal Fund		
Current Receipts	86,249,300	86,133,200
CRF Receipts	73,575,000	
Total Federal Fund	159,824,300	86,133,200
TOTAL SOURCE OF FUNDS	245,561,100	161,058,900
EXPENDITURES BY CLASS		
Personnel Costs	48,913,800	48,041,200
Operating Expenses	37,578,100	27,847,600
Grants Loans Benefits	127,618,000	54,050,500
Debt Service	1,600,000	1,600,000
Capital Outlay	7,696,400	9,457,400
TOTAL EXPENDITURES	223,406,300	140,996,700
EXPENDITURES BY FUND SOURCE		
General Fund	14,991,400	15,078,700
Restricted Funds	48,590,600	39,784,800
Federal Fund	159,824,300	86,133,200
TOTAL EXPENDITURES	223,406,300	140,996,700
EXPENDITURES BY UNIT		
Statutory State Operations	30,559,100	30,236,400
Emergency Management	63,947,100	64,046,100
Emergency & Public Safety Operations	75,884,800	2,313,200
Bluegrass Station	13,578,600	15,220,900
Central Clothing Distribution	31,394,800	21,087,200
Federal & Grant Operations	8,041,900	8,092,900
TOTAL EXPENDITURES	223,406,300	140,996,700

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.

Pursuant to KRS 36.010 and KRS 36.255, 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 the AVON Army Depot. The property was acquired by the Commonwealth in 1989 under the Base Re-alignment and Closure Act. This 780 acre facility includes more than 2.4 million square feet and houses 28 tenants that employ over 2,800 Kentuckians. Estimated economic impact of Bluegrass Station exceeds \$248,000,000 per fiscal year. Bluegrass Station is also home to the Logistic Operations Division's Central Clothing Distribution Facility which employees over 200 employees that are responsible for the complete supply chain management and logistics for clothing to all military units of the Army National Guard, Air National Guard, U.S. Marine Corps Reserve and the U.S. Navy Reserve.

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 is located in Hardin and Harlan Counties.

Policy

The budget in each fiscal year includes General Fund resources in the amount of \$4,500,000 for Emergency and Public Safety costs that were previously considered a necessary government expense. Expenses that exceed this amount will be considered a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

The Governor's budget includes additional General Fund in the amount of \$31,900 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Restricted Funds in the amount of \$1,761,000 are provided in fiscal year 2022 for preliminary work on the Bluegrass Station Industrial Airport and Airpark project, a project that has the potential for significant economic development and job creation opportunities, as well as the prospect of leveraging the mission of Bluegrass Station. These funds will support the request for information and qualification process, and initiate related project activities that will inform key elements of a potential request for proposal once that is authorized by a future General Assembly.

General Government
Commission on Human Rights

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	1,926,600	2,244,100
Total General Fund	1,926,600	2,244,100

Restricted Funds

Balance Forward	16,800	16,800
Current Receipts	10,000	10,000
Total Restricted Funds	26,800	26,800

Federal Fund

Balance Forward	254,600	254,600
Current Receipts	245,000	245,000
Total Federal Fund	499,600	499,600

TOTAL SOURCE OF FUNDS

	2,453,000	2,770,500
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EXPENDITURES BY CLASS

Personnel Costs	1,919,100	2,238,100
Operating Expenses	262,500	261,000
TOTAL EXPENDITURES	2,181,600	2,499,100

EXPENDITURES BY FUND SOURCE

General Fund	1,926,600	2,244,100
Restricted Funds	10,000	10,000
Federal Fund	245,000	245,000
TOTAL EXPENDITURES	2,181,600	2,499,100

EXPENDITURES BY UNIT

General Administration and Support	882,400	1,035,000
Enforcement Branch	549,900	596,800
Research and Information	356,000	414,500
Legal Affairs	393,300	452,800
TOTAL EXPENDITURES	2,181,600	2,499,100

The Kentucky Commission on Human Rights is the sole state civil rights enforcement agency in Kentucky, and is charged 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.

Policy

The Governor's budget includes additional General Fund in the amount of \$6,300 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

The Governor's budget restores the base cut of \$100,300 in the enacted fiscal year 2021 budget and provides an additional \$200,000 in General Fund to support the Commission on Human Rights.

**General Government
Commission on Women**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		357,500
Total General Fund		357,500
TOTAL SOURCE OF FUNDS		357,500
EXPENDITURES BY CLASS		
Personnel Costs		308,100
Operating Expenses		49,400
TOTAL EXPENDITURES		357,500
EXPENDITURES BY FUND SOURCE		
General Fund		357,500
TOTAL EXPENDITURES		357,500
EXPENDITURES BY UNIT		
Commission on Women		357,500
TOTAL EXPENDITURES		357,500

The Kentucky Commission on Women (KCW), authorized in KRS 344.510, consults with and advises the Governor and the agencies, departments, 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 statewide collaborative efforts in order to communicate to the executive branch the challenges and resources that exist for Kentucky women.

Policy

The Governor’s budget recommendation includes General Fund in the amount of \$357,500 in fiscal year 2022 to reinstate the Kentucky Commission on Women.

General Government
Department for Local Government

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	9,415,300	10,683,000
Total General Fund	9,415,300	10,683,000
Restricted Funds		
Balance Forward	2,859,700	1,740,600
Current Receipts	1,019,600	1,014,400
Fund Transfers	-1,000,000	
Total Restricted Funds	2,879,300	2,755,000
Federal Fund		
Balance Forward	-817,300	
Current Receipts	47,044,800	46,230,500
CRF Receipts	327,454,600	
Total Federal Fund	373,682,100	46,230,500
TOTAL SOURCE OF FUNDS	385,976,700	59,668,500
EXPENDITURES BY CLASS		
Personnel Costs	6,063,100	7,127,700
Operating Expenses	1,402,900	1,385,600
Grants Loans Benefits	376,770,100	49,315,700
Debt Service		218,000
TOTAL EXPENDITURES	384,236,100	58,047,000
EXPENDITURES BY FUND SOURCE		
General Fund	9,415,300	10,683,000
Restricted Funds	1,138,700	1,133,500
Federal Fund	373,682,100	46,230,500
TOTAL EXPENDITURES	384,236,100	58,047,000
EXPENDITURES BY UNIT		
Operations	7,601,400	8,645,900
Grants	376,634,700	49,401,100
TOTAL EXPENDITURES	384,236,100	58,047,000

The Department for Local Government (DLG), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. As the liaison between the Governor and local units of government, DLG coordinates and resolves local government issues and concerns, and administers grants-in-aid.

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, 420 cities, 1500 special districts and the 15 Area Development Districts.

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.

Within the Office of Financial Management and Administrative Services are the:

- **Counties Branch:** Relates to the statutory obligations of the State Local Finance Officer and the State Local Debt Officer. The branch annually certifies property tax rates for counties, Local Officials training hours, and the annual cost of living adjustment for all constitutional officers.
- **Cities and Special Districts Branch:** Provides technical assistance to cities and special districts throughout the Commonwealth so that those municipalities can meet their statutory obligations on ethics ordinances, audits, budgets, Uniform Financial Information Reports (UFIRs), annexations, etc. Additionally, all Special Purpose Governmental Entity reporting is processed through the Branch.

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

Policy

The budget in each fiscal year includes General Fund resources in the base budget for the following:

- \$1,984,000 for the Joint Funding Administration Program in support of the area development districts
- \$257,800 for the support of the Mary Kendall Homes
- \$257,800 for the support of Gateway Juvenile Diversion

The Governor's budget includes additional General Fund in the amount of \$22,700 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

The Governor's budget recommendation includes \$1,000,000 from the General Fund to fund grants to local governments for equal pay audits in fiscal year 2022.

The budget includes General Fund in the amount of \$218,000 in fiscal year 2022 for debt service on new bonds included in the capital budget.

**General Government
Local Government Economic Assistance Fund**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	21,830,900	21,960,400
Other	-1,085,300	
Total General Fund	<u>20,745,600</u>	<u>21,960,400</u>
TOTAL SOURCE OF FUNDS	<u>20,745,600</u>	<u>21,960,400</u>
EXPENDITURES BY CLASS		
Grants Loans Benefits	<u>20,745,600</u>	<u>21,960,400</u>
TOTAL EXPENDITURES	<u>20,745,600</u>	<u>21,960,400</u>
EXPENDITURES BY FUND SOURCE		
General Fund	<u>20,745,600</u>	<u>21,960,400</u>
TOTAL EXPENDITURES	<u>20,745,600</u>	<u>21,960,400</u>
EXPENDITURES BY UNIT		
County Coal Severance	6,890,300	7,140,300
Cities Coal Severance	765,600	793,400
County Mineral Severance	11,780,700	12,624,000
Cities Mineral Severance	<u>1,309,000</u>	<u>1,402,700</u>
TOTAL EXPENDITURES	<u>20,745,600</u>	<u>21,960,400</u>

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 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 48 counties and approximately 128 cities at the end of each fiscal quarter. Kentucky statute that directs 15 percent of the coal severance tax receipts to the LGEAF be distributed 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 coal severance taxes collected from producers in the county.

Additionally, the LGEAF minerals severance tax program currently returns funds to an estimated 99 counties and approximately 250 cities at the end of each fiscal quarter. Kentucky law directs 50 percent of the other mineral tax receipts (oil, natural gas, and other minerals) to the LGEAF for distribution to local governments. Quarterly allocations are made to localities according to taxes collected from producers in the county.

KRS 42.455(2)(3)(4) governs the allowable uses of LGEAF funds and specifically prohibits the expenditure of LGEAF for the expenses related to the administration of government. Kentucky statute directs that coal “impact” counties must expend 100 percent of funds in the transportation category in accordance with KRS 42.470(1)(c), and that thirty percent of all funds given to coal “producer” counties must be expended on the county coal haul road system.

- 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.

Policy

The budget notwithstanding KRS 42.470(1)(a) suspending the statutory severance allocations formula and directs 70 percent of moneys in the Local Government Economic Assistance Fund to be distributed to each coal producing county on the basis of the ratio of coal severed in each respective county to the coal severed statewide. It also suspends KRS 42.470(1)(c), so that no allocation shall be distributed to non-coal producing counties, and suspends KRS 42.455(2) so that no funds appropriated to the Local Government Economic Assistance Fund are required to be spent on the coal haul road system.

The below allocations for costs to administer the assistance fund programs and debt service are funded before allocations to either Local Government Economic Assistance Fund or Local Government Economic Development Fund.

Off-the-Top Funding Items: funds are provided for specified uses from General Fund coal severance tax revenues, many resulting from the suspension of KRS 42.450 to 42.495:

- \$669,700 in each fiscal year for the Department for Local Government to administer Local Government Economic Development Fund and Local Government Economic Assistance Fund programs
- \$26,210,600 in fiscal year 2021 and \$24,784,800 in fiscal year 2022 for debt service to the Finance and Administration Cabinet equating to 100 percent of the debt service needed to support bonds authorized in the 2003, 2005, 2008, and 2010 sessions of the General Assembly

General Government
Local Government Economic Development Fund

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	12,814,300	18,511,800
Current Year Appropriation	5,049,500	
Total General Fund	<u>17,863,800</u>	<u>18,511,800</u>
TOTAL SOURCE OF FUNDS	<u>17,863,800</u>	<u>18,511,800</u>
EXPENDITURES BY CLASS		
Grants Loans Benefits	17,863,800	18,511,800
TOTAL EXPENDITURES	<u>17,863,800</u>	<u>18,511,800</u>
EXPENDITURES BY FUND SOURCE		
General Fund	17,863,800	18,511,800
TOTAL EXPENDITURES	<u>17,863,800</u>	<u>18,511,800</u>
EXPENDITURES BY UNIT		
Economic Development Fund	17,863,800	18,511,800
TOTAL EXPENDITURES	<u>17,863,800</u>	<u>18,511,800</u>

The Local Government Economic Development Fund (LGEDF) is a revenue-sharing program that was created by the 1992 General Assembly to provide coal-producing counties with a means to diversify their economies. The Budget of the Commonwealth provides \$12,814,300 in net General Fund coal severance tax revenues to the LGEDF in fiscal 2020-2021. These funds will be transferred to the LGEDF Single-County accounts to be allocated to projects with the concurrence of the respective county judge/executive, state senator(s), and state representative(s) of each county. If concurrence is not achieved, the fiscal court of each county may apply for grants through the Department for Local Government pursuant to KRS 42.4588. Currently, 28 counties receive allocations to their Single-County account.

Policy

The budget notwithstanding KRS 42.450 to 42.495, so that 70 percent of the severance and processing taxes on coal collected annually is transferred to the Local Government Economic Development Fund and 30 percent of the severance and processing taxes on coal collected annually shall be transferred to the Local Government Economic Assistance Fund.

Off-the-Top Funding Items: funds are provided for specified uses from General Fund coal severance tax revenues, many resulting from the suspension of KRS 42.450 to 42.495:

- \$669,700 in each fiscal year for the Department for Local Government to administer Local Government Economic Development Fund and Local Government Economic Assistance Fund programs
- \$26,210,600 in fiscal year 2021 and \$24,784,800 in fiscal year 2022 for debt service to the Finance and Administration Cabinet equating to 100 percent of the debt service needed to support bonds authorized in the 2003, 2005, 2008, and 2010 sessions of the General Assembly

Severance Tax Dedicated Programs 2020-2022 Biennium

Using Consensus Forecast Estimate

FY 2021

FY 2022

Revised

Recommended

Coal Severance Tax Resources

Coal Severance Tax	52,400,000	51,900,000
Less: DLG LGEDF Admin cost	(669,700)	(669,700)
Less: Debt Service (Past Bond Appropriations)	(26,210,600)	(24,784,800)
Total coal severance tax resources to be distributed	25,519,700	26,445,500

Local Government Economic Assistance Fund (LGEAF) Total Funds

Coal Severance Tax Revenue	7,655,900	7,933,700
Other Mineral Severance Tax Revenue	13,089,700	14,026,700
Total LGEAF enacted	20,745,600	21,960,400

Local Government Economic Development Fund (LGEDF)

Coal Severance Tax Revenue	17,863,800	18,511,800
Total LGEDF enacted	17,863,800	18,511,800

General Government
Local Government Regional Development Agency Assistance

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Non-Revenue Receipts	6,000,000	6,000,000
Total Restricted Funds	6,000,000	6,000,000
TOTAL SOURCE OF FUNDS	6,000,000	6,000,000
EXPENDITURES BY CLASS		
Personnel Costs	6,000,000	6,000,000
TOTAL EXPENDITURES	6,000,000	6,000,000
EXPENDITURES BY FUND SOURCE		
Restricted Funds	6,000,000	6,000,000
TOTAL EXPENDITURES	6,000,000	6,000,000
EXPENDITURES BY UNIT		
Regional Development Agency Assistance Fund	6,000,000	6,000,000
TOTAL EXPENDITURES	6,000,000	6,000,000

The 2018 General Assembly enacted House Bill (HB) 114, which amended KRS 96.895, created KRS 96.905, and established the Regional Development Agency Assistance Program (RDAAP) and established the Regional Development Agency Assistance Fund in the State Treasury.

The Regional Development Agency Assistance Fund is administered by the Department for Local Government for the purpose of providing funding to agencies that are designated to receive funding in a given fiscal year by the fiscal court of each fund-eligible county through the Regional Development Agency Assistance Fund.

In fiscal year 2020, there is a total of \$4,000,000 available for this Program to be allocated among the eligible counties. The funds will be distributed to Industrial Development Authorities (IDAs) established under KRS 154.50-301 to 154.50-346. Funds must be used for economic development and job creation activities pursuant to KRS 96.905 (2). In fiscal year 2021, and each subsequent fiscal year, there will be a total of \$6,000,000 available for this program to be allocated among the eligible counties.

Pursuant to KRS 96.905(2), funds obtained under RDAAP shall be used for: Economic development and job creation activities that the agency is empowered to undertake in that county; acquiring federal, state, or private matching funds to the extent possible; and debt service for approved projects. Grants obtained under this program shall not be used for salaries or consulting fees.

**General Government
Executive Branch Ethics Commission**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	561,600	567,200
Total General Fund	561,600	567,200
Restricted Funds		
Balance Forward	136,600	128,600
Current Receipts	412,000	412,000
Total Restricted Funds	548,600	540,600
TOTAL SOURCE OF FUNDS	1,110,200	1,107,800
EXPENDITURES BY CLASS		
Personnel Costs	872,500	878,200
Operating Expenses	109,100	109,000
TOTAL EXPENDITURES	981,600	987,200
EXPENDITURES BY FUND SOURCE		
General Fund	561,600	567,200
Restricted Funds	420,000	420,000
TOTAL EXPENDITURES	981,600	987,200
EXPENDITURES BY UNIT		
Executive Branch Ethics Commission	981,600	987,200
TOTAL EXPENDITURES	981,600	987,200

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

Policy

The budget in each fiscal year requires all penalties collected or received by the Executive Branch Ethics Commission to be deposited in the State Treasury and credited to a trust and agency fund account to be used by the Commission for the cost of conducting administrative hearings.

The Governor's budget includes additional General Fund in the amount of \$3,100 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government

Secretary of State

	Revised FY 2021	Recommended FY 2022
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Restricted Funds

Balance Forward	8,702,800	5,320,900
Current Receipts	3,795,700	4,310,100
Fund Transfers	-2,000,000	
Total Restricted Funds	<u>10,498,500</u>	<u>9,631,000</u>

Federal Fund

Current Receipts	221,400	221,400
Total Federal Fund	<u>221,400</u>	<u>221,400</u>

TOTAL SOURCE OF FUNDS

	<u>10,719,900</u>	<u>9,852,400</u>
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EXPENDITURES BY CLASS

Personnel Costs	4,083,400	4,118,000
Operating Expenses	1,261,600	1,162,500
Capital Outlay	54,000	54,000
TOTAL EXPENDITURES	<u>5,399,000</u>	<u>5,334,500</u>

EXPENDITURES BY FUND SOURCE

Restricted Funds	5,177,600	5,113,100
Federal Fund	221,400	221,400
TOTAL EXPENDITURES	<u>5,399,000</u>	<u>5,334,500</u>

EXPENDITURES BY UNIT

General Administration	764,700	764,700
General Operations	4,634,300	4,569,800
TOTAL EXPENDITURES	<u>5,399,000</u>	<u>5,334,500</u>

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 Office of Business; Office of Elections; and the Office of Administration.

The Office of Business 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 Office 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

In fiscal year 2020-2021, the enacted budget replaced all General Fund appropriations with Restricted Funds generated by the Secretary of State.

The budget in each fiscal year replaced all General Fund appropriations with Restricted Funds generated by the Secretary of State.

General Government**Board of Elections**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	6,206,500	3,331,700
Total General Fund	6,206,500	3,331,700

Restricted Funds

Balance Forward	677,800	400,300
Current Receipts	1,911,000	144,600
Total Restricted Funds	2,588,800	544,900

Federal Fund

Balance Forward	19,145,000	12,967,600
Current Receipts	40,000	40,000
CRF Receipts	7,178,000	
Total Federal Fund	26,363,000	13,007,600

TOTAL SOURCE OF FUNDS

	35,158,300	16,884,200
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EXPENDITURES BY CLASS

Personnel Costs	1,829,100	1,837,900
Operating Expenses	1,907,100	764,000
Grants Loans Benefits	18,054,200	2,805,600
TOTAL EXPENDITURES	21,790,400	5,407,500

EXPENDITURES BY FUND SOURCE

General Fund	6,206,500	3,331,700
Restricted Funds	2,188,500	246,000
Federal Fund	13,395,400	1,829,800
TOTAL EXPENDITURES	21,790,400	5,407,500

EXPENDITURES BY UNIT

General Administration and Support	4,597,700	1,663,900
State Share of County Election Expenses	1,883,000	
State Share of Voter Registration Expenses	1,717,800	1,717,800
Election Fund	13,591,900	2,025,800
TOTAL EXPENDITURES	21,790,400	5,407,500

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.

The State Board of Elections consists of 10 members, pursuant to KRS 117.015. The Secretary of State serves as the chief election official for the Commonwealth and is a non-voting board member. There are 8 voting members appointed by the Governor, and an executive director is appointed by the Board who serves as the chief administrative officer for the Board. The executive director may vote only to break a tie regarding selection of the chair of the board.

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 3,692 precincts with over 3 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 Budget of the Commonwealth includes additional General Fund in the amount of \$1,000,000 in fiscal year 2021 to match Federal Help America Vote Act (HAVA) Funds.

The Governor’s budget includes additional General Fund in the amount of \$3,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

**General Government
Registry of Election Finance**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,541,300	1,551,500
Total General Fund	1,541,300	1,551,500
TOTAL SOURCE OF FUNDS	1,541,300	1,551,500
EXPENDITURES BY CLASS		
Personnel Costs	1,453,500	1,464,700
Operating Expenses	87,800	86,800
TOTAL EXPENDITURES	1,541,300	1,551,500
EXPENDITURES BY FUND SOURCE		
General Fund	1,541,300	1,551,500
TOTAL EXPENDITURES	1,541,300	1,551,500
EXPENDITURES BY UNIT		
Registry of Election Finance	1,541,300	1,551,500
TOTAL EXPENDITURES	1,541,300	1,551,500

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).

Policy

The Governor's budget includes additional General Fund in the amount of \$7,000 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government

Attorney General

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	12,473,700	12,381,500
Total General Fund	12,473,700	12,381,500
Tobacco Fund		
Tobacco Settlement - Phase I	150,000	150,000
Total Tobacco Fund	150,000	150,000
Restricted Funds		
Balance Forward	9,803,200	6,679,600
Current Receipts	7,368,100	7,389,200
Non-Revenue Receipts	8,059,900	8,050,900
Fund Transfers	-500,000	-500,000
Total Restricted Funds	24,731,200	21,619,700
Federal Fund		
Balance Forward	-468,500	
Current Receipts	5,457,500	5,071,600
Total Federal Fund	4,989,000	5,071,600
TOTAL SOURCE OF FUNDS	42,343,900	39,222,800
EXPENDITURES BY CLASS		
Personnel Costs	25,189,100	24,927,000
Operating Expenses	3,957,800	3,899,800
Grants Loans Benefits	6,315,900	6,315,900
Debt Service	127,000	
Capital Outlay	74,500	74,500
TOTAL EXPENDITURES	35,664,300	35,217,200
EXPENDITURES BY FUND SOURCE		
General Fund	12,473,700	12,381,500
Tobacco Fund	150,000	150,000
Restricted Funds	18,051,600	17,614,100
Federal Fund	4,989,000	5,071,600
TOTAL EXPENDITURES	35,664,300	35,217,200
EXPENDITURES BY UNIT		
Administrative Services	2,580,000	2,542,100
Criminal Services	13,165,100	13,381,000
Uninsured Employers Fund	7,251,600	7,225,300
Solicitor General	4,185,000	4,148,600
Advocacy Services	374,400	
Civil Division	8,108,200	7,920,200
TOTAL EXPENDITURES	35,664,300	35,217,200

The Attorney General has the statutory responsibility (KRS 15.020) to act as the chief law officer for the Commonwealth. This involves a wide and diverse range of responsibilities and duties, the power to investigate matters and other legal activities, including representation, on behalf of the Commonwealth.

The Office of Administrative Services provides the administrative support network for agency operations including budget, personnel and payroll, fiscal services, procurement services, ADA, Title VI and EEO programs, employee training, federal grant administration, audit coordination and operation management.

In accordance with Senate Bill 160 of the 2020 Regular Session, Executive Order 2020-01 reorganized the structure of the Attorney General's Office and was effective July 16, 2020.

The Civil Division is newly created and includes the offices of Consumer Protection, Senior Protection, and Civil and Environmental Law. The Civil Division restructuring centralizes all civil litigation of the Office of Attorney General and to provide a more detailed level of oversight as it relates to such litigation.

The Criminal Division is restructured to include the Department of Criminal Investigations, Office of Medicaid Fraud and Abuse Control, Office of Prosecutors Advisory Council, and Office of Trafficking and Abuse Prevention. The Criminal Division restructuring centralizes and provides a more detailed level of oversight as it relates to such litigation and investigations.

The Office of Solicitor General is created to centralize and provide a detailed level of oversight for appellate litigation.

The Uninsured Employers Fund is part of the Kentucky Workers Compensation Program and KRS 342.760 directs the Attorney General's office to serve as legal representation for the Fund in all claims made against it or on its behalf. The Uninsured Employer's Fund is responsible for payment of Workers' Compensation to employees when the employer does not have Workers' Compensation insurance.

Policy

The Governor's budget includes additional General Fund in the amount of \$44,800 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government
Commonwealth's Attorneys

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	60,413,100	64,509,100
Total General Fund	60,413,100	64,509,100
Restricted Funds		
Balance Forward	3,524,000	1,840,800
Current Receipts	4,375,000	4,475,000
Non-Revenue Receipts	60,000	60,000
Total Restricted Funds	7,959,000	6,375,800
Federal Fund		
Balance Forward	-324,500	
Current Receipts	1,081,300	777,800
Total Federal Fund	756,800	777,800
TOTAL SOURCE OF FUNDS	69,128,900	71,662,700
EXPENDITURES BY CLASS		
Personnel Costs	60,578,100	64,743,700
Operating Expenses	6,137,500	6,111,500
Grants Loans Benefits	272,500	266,500
Capital Outlay	300,000	300,000
TOTAL EXPENDITURES	67,288,100	71,421,700
EXPENDITURES BY FUND SOURCE		
General Fund	60,413,100	64,509,100
Restricted Funds	6,118,200	6,134,800
Federal Fund	756,800	777,800
TOTAL EXPENDITURES	67,288,100	71,421,700
EXPENDITURES BY UNIT		
Commonwealth's Attorneys	67,288,100	71,421,700
TOTAL EXPENDITURES	67,288,100	71,421,700

Established by Section 99;100 of the Kentucky Constitution, the Commonwealth's Attorneys program is made up of 57 elected Commonwealth's Attorneys and their staffs, one for each judicial circuit. Currently 52 circuits have full-time Commonwealth's Attorneys, with the remaining circuits with part-time attorneys. 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 their 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 Governor's budget recommendation includes additional General Fund in the amount of \$320,200 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

The Governor's budget recommendation includes additional General Fund in the amount of \$401,000 in fiscal year 2022 to fund cost increases associated with statutory salary adjustments.

The Governor's budget recommendation includes additional General Fund in the amount of \$3,000,000 in fiscal year 2022 to fund additional staff associated with increased case filings.

General Government

County Attorneys

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	53,518,500	55,352,600
Total General Fund	<u>53,518,500</u>	<u>55,352,600</u>
Restricted Funds		
Balance Forward	1,139,700	961,300
Current Receipts	780,000	767,000
Total Restricted Funds	<u>1,919,700</u>	<u>1,728,300</u>
Federal Fund		
Balance Forward	116,700	116,600
Current Receipts	1,025,100	1,032,600
Total Federal Fund	<u>1,141,800</u>	<u>1,149,200</u>
TOTAL SOURCE OF FUNDS	<u>56,580,000</u>	<u>58,230,100</u>
EXPENDITURES BY CLASS		
Personnel Costs	52,617,700	54,481,000
Operating Expenses	2,884,400	2,867,500
TOTAL EXPENDITURES	<u>55,502,100</u>	<u>57,348,500</u>
EXPENDITURES BY FUND SOURCE		
General Fund	53,518,500	55,352,600
Restricted Funds	958,400	963,300
Federal Fund	1,025,200	1,032,600
TOTAL EXPENDITURES	<u>55,502,100</u>	<u>57,348,500</u>
EXPENDITURES BY UNIT		
County Attorneys	55,502,100	57,348,500
TOTAL EXPENDITURES	<u>55,502,100</u>	<u>57,348,500</u>

Established in Sections 99 and 100 of the Kentucky Constitution, the offices of the County Attorney are present in each of the 120 counties of the Commonwealth. 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 Governor's budget recommendation includes additional General Fund in the amount of \$127,100 in fiscal year 2022 to fund the cost increases associated with providing a 1% increment.

The Governor's budget recommendation includes additional General Fund in the amount of \$525,200 in fiscal year 2022 to fund cost increases associated with statutory salary adjustments.

The Governor's budget recommendation includes an additional \$7,000 per County Attorney Office for operating expenses in the amount of \$840,000 in fiscal year 2022 from the General Fund.

General Government**Treasury**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	2,411,800	2,433,400
Total General Fund	2,411,800	2,433,400

Restricted Funds

Balance Forward	512,500	540,800
Current Receipts	28,300	28,300
Non-Revenue Receipts	1,848,400	1,848,400
Total Restricted Funds	2,389,200	2,417,500

Federal Fund

Current Receipts	1,254,800	1,250,800
Total Federal Fund	1,254,800	1,250,800

Road Fund

Regular Appropriation	250,600	250,600
Total Road Fund	250,600	250,600

TOTAL SOURCE OF FUNDS

	6,306,400	6,352,300
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EXPENDITURES BY CLASS

Personnel Costs	4,436,300	4,439,000
Operating Expenses	631,100	649,600
Grants Loans Benefits	659,300	655,700
Capital Outlay	38,900	38,900
TOTAL EXPENDITURES	5,765,600	5,783,200

EXPENDITURES BY FUND SOURCE

General Fund	2,411,800	2,433,400
Restricted Funds	1,848,400	1,848,400
Federal Fund	1,254,800	1,250,800
Road Fund	250,600	250,600
TOTAL EXPENDITURES	5,765,600	5,783,200

EXPENDITURES BY UNIT

General Administration and Support	1,529,000	1,588,800
Disbursements and Accounting	977,100	939,600
Abandoned Property Administration	1,848,400	1,848,400
Commonwealth Council on Developmental Disabilities	1,411,100	1,406,400
TOTAL EXPENDITURES	5,765,600	5,783,200

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, the Deferred Compensation Authority, as Chair of the Kentucky Financial Empowerment Commission, and is Vice-Chair of the State Investment Commission. The Treasury Department is also responsible for administering the federal "Achieving a Better Life Experience", or STABLE, Kentucky program and provides administrative services to the Commonwealth Council on Developmental Disabilities, including the drawdown of federal funds. 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 4,200,000 checks and stubs each year, sends over 7,700,000 ACH payments, 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. 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 Chapters 393 and 393A 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.

The Kentucky Commonwealth Council on Developmental Disabilities is administratively attached to the Kentucky State Treasurer. The Council is made up of 26 members appointed by the Governor and state agency representatives as defined in KRS 41.410(3).

The Council promotes systems change, capacity building and advocacy for individuals with developmental disabilities (self-advocates). The Council represents the interests of all Kentuckians who have developmental disabilities and their families. The Council funds time-limited demonstration projects and engages in outreach activities to assist individuals with developmental disabilities and their families.

Policy

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$1,848,400 in each fiscal year. This action reflects the movement of available off-budget Restricted Funds to on-budget status to support ongoing activities of the program.

Road Fund moneys in the amount of \$250,600 is included in each fiscal year to support the central check writing system and other central administrative responsibilities of state government.

The Governor's budget includes additional General Fund in the amount of \$10,000 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

	General Government	
	Agriculture	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	16,822,000	18,166,700
Continuing Approp-General Fund	7,700	
Total General Fund	16,829,700	18,166,700
Tobacco Fund		
Tobacco Settlement - Phase I	500,000	500,000
Total Tobacco Fund	500,000	500,000
Restricted Funds		
Balance Forward	15,560,200	10,464,600
Current Receipts	7,825,000	7,779,400
Non-Revenue Receipts	1,442,100	1,428,900
Total Restricted Funds	24,827,300	19,672,900
Federal Fund		
Current Receipts	12,817,300	8,672,000
Total Federal Fund	12,817,300	8,672,000
TOTAL SOURCE OF FUNDS	54,974,300	47,011,600
EXPENDITURES BY CLASS		
Personnel Costs	23,446,900	22,782,000
Operating Expenses	6,504,600	6,459,000
Grants Loans Benefits	13,540,800	9,552,200
Capital Outlay	1,017,400	803,800
TOTAL EXPENDITURES	44,509,700	39,597,000
EXPENDITURES BY FUND SOURCE		
General Fund	16,829,700	18,166,700
Tobacco Fund	500,000	500,000
Restricted Funds	14,362,700	12,258,400
Federal Fund	12,817,300	8,671,900
TOTAL EXPENDITURES	44,509,700	39,597,000
EXPENDITURES BY UNIT		
Strategic Planning and Administration	6,756,000	6,409,600
Motor Fuel Inspection and Testing	157,400	154,400
Consumer and Environmental Programs	21,713,100	17,797,500
State Veterinarian	4,277,800	4,042,800
Animal Control	135,700	128,000
Farmland Preservation	253,000	3,000
Agriculture Marketing and Product Promotion	11,216,700	11,061,700
TOTAL EXPENDITURES	44,509,700	39,597,000

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.

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.

Policy

The budget includes General Fund in the amount of \$300,000 in each fiscal year to support capital improvement grants to the Local Agricultural Farm Aid Program.

The Budget of the Commonwealth includes additional General Fund in the amount of \$762,700 in fiscal year 2021 for operating costs.

The Governor's budget includes additional General Fund in the amount of \$57,800 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government
Auditor of Public Accounts

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	7,787,000	5,814,500
Total General Fund	7,787,000	5,814,500
Restricted Funds		
Balance Forward	1,506,600	1,543,200
Current Receipts	11,963,200	11,963,200
Total Restricted Funds	13,469,800	13,506,400
TOTAL SOURCE OF FUNDS	21,256,800	19,320,900
EXPENDITURES BY CLASS		
Personnel Costs	18,365,500	16,192,924
Operating Expenses	1,348,100	1,226,176
TOTAL EXPENDITURES	19,713,600	17,419,100
EXPENDITURES BY FUND SOURCE		
General Fund	7,787,000	5,814,500
Restricted Funds	11,926,600	11,604,600
TOTAL EXPENDITURES	19,713,600	17,419,100
EXPENDITURES BY UNIT		
Auditor of Public Accounts	1,780,000	1,800,700
Financial Audit	15,822,100	13,365,900
Technology and Specialized Audits	2,111,500	2,252,500
TOTAL EXPENDITURES	19,713,600	17,419,100

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, all state revenue collections, funds contained in each county's budget, and the accounts and papers of all county clerks and sheriffs. 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 nearly \$9 billion in federal funds expended in state and county governments.

The Auditor of Public Accounts has three program areas: Administration, State and Local Government Audits, and Special Examinations.

The Administration area includes the Office of the State Auditor, the Office of the Assistant 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.

State and Local Government 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. Audits of major federal programs performed in accordance with the Single Audit Act of 1984 (amended in 1996) as enacted by the United States Congress are also performed by this office. Collectively, these audits identify significant waste, fraud, and abuse, and have led to numerous law enforcement referrals.

Special Examinations is responsible for maintaining internal technology systems, and for performing audits of significant information technology systems, special examinations, and performance audits of public entities to increase the effectiveness and reduce the cost of the delivery of services.

Policy

The Governor's budget includes additional General Fund in the amount of \$18,400 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government

Personnel Board

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	484,600	234,600
Current Receipts	625,000	625,000
Total Restricted Funds	<u>1,109,600</u>	<u>859,600</u>
TOTAL SOURCE OF FUNDS	<u>1,109,600</u>	<u>859,600</u>
EXPENDITURES BY CLASS		
Personnel Costs	760,700	742,100
Operating Expenses	114,300	117,500
TOTAL EXPENDITURES	<u>875,000</u>	<u>859,600</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	875,000	859,600
TOTAL EXPENDITURES	<u>875,000</u>	<u>859,600</u>
EXPENDITURES BY UNIT		
Personnel Board	875,000	859,600
TOTAL EXPENDITURES	<u>875,000</u>	<u>859,600</u>

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 positions of each agency as of July 1.

**General Government
Kentucky Retirement Systems**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS		
General Fund		
Regular Appropriation	384,000	
Total General Fund	384,000	
Restricted Funds		
Non-Revenue Receipts	48,888,200	48,171,800
Total Restricted Funds	48,888,200	48,171,800
TOTAL SOURCE OF FUNDS	49,272,200	48,171,800
EXPENDITURES BY CLASS		
Personnel Costs	40,450,900	39,734,500
Operating Expenses	8,437,300	8,437,300
Grants Loans Benefits	384,000	
TOTAL EXPENDITURES	49,272,200	48,171,800
EXPENDITURES BY FUND SOURCE		
General Fund	384,000	
Restricted Funds	48,888,200	48,171,800
TOTAL EXPENDITURES	49,272,200	48,171,800
EXPENDITURES BY UNIT		
Kentucky Retirement Systems	49,272,200	48,171,800
TOTAL EXPENDITURES	49,272,200	48,171,800

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 seventeen-member board of trustees consisting of the Secretary of the Personnel Cabinet, ten members appointed by the Governor, and six 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. Pursuant to KRS 61.565 the General Assembly shall pay the full actuarially required contribution rate. 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 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.

Policy

The Budget of the Commonwealth provides additional General Fund in the amount of \$384,000 in fiscal year 2021 in a direct appropriation for the unfunded liabilities of the State Police Retirement System.

General Government
Occupational & Professional Boards & Commissions

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	30,305,400	29,342,100
Current Receipts	26,129,100	25,229,500
Non-Revenue Receipts	-94,400	
Total Restricted Funds	56,340,100	54,571,600
TOTAL SOURCE OF FUNDS	56,340,100	54,571,600
EXPENDITURES BY CLASS		
Personnel Costs	22,088,000	21,694,800
Operating Expenses	4,413,000	4,419,400
Grants Loans Benefits	497,000	497,000
TOTAL EXPENDITURES	26,998,000	26,611,200
EXPENDITURES BY FUND SOURCE		
Restricted Funds	26,998,000	26,611,200
TOTAL EXPENDITURES	26,998,000	26,611,200
EXPENDITURES BY UNIT		
Accountancy	673,300	661,400
Certification of Alcohol and Drug Counselors	180,200	180,200
Applied Behavior Analysis Licensing	39,600	39,600
Architects	474,500	455,900
Certification for Professional Art Therapists	11,200	11,200
Barbering	465,400	459,200
Chiropractic Examiners	377,900	377,900
Dentistry	939,600	926,600
Diabetes Educators	29,300	29,300
Licensure & Cert. for Dietitians & Nutritionists	93,900	93,900
Embalmers and Funeral Directors	498,300	488,300
Licensure for Prof. Engineers and Land Surveyors	1,772,200	1,741,900
Certification of Fee-Based Pastoral Counselors	3,600	3,600
Registration for Professional Geologists	109,000	109,000
Kentucky Board of Cosmetology	1,936,900	1,908,600
Specialists in Hearing Instruments	78,000	78,000
Interpreters for the Deaf and Hard of Hearing	38,200	38,200
Examiners & Registration of Landscape Architects	80,700	79,500
Licensure of Marriage and Family Therapists	133,600	133,600
Licensure for Massage Therapy	151,500	150,500
Medical Imaging and Radiation Therapy	443,800	466,300
Medical Licensure	3,550,900	3,482,800
Nursing	8,924,800	8,792,200
Licensure for Nursing Home Administrators	101,100	101,100
Licensure for Occupational Therapy	211,600	211,600
Ophthalmic Dispensers	71,400	71,400
Optometric Examiners	221,800	216,800
Pharmacy	2,568,200	2,508,800
Physical Therapy	673,500	661,400
Podiatry	46,500	46,500
Private Investigators	113,700	113,700
Licensed Professional Counselors	310,800	310,800
Prosthetics, Orthotics and Pedorthics	46,200	46,200

Examiners of Psychology	256,400	256,400
Veterinary Examiners	525,000	525,000
Respiratory Care	251,900	246,100
Social Work	370,600	364,800
Speech-Language Pathology and Audiology	222,900	222,900
TOTAL EXPENDITURES	<u>26,998,000</u>	<u>26,611,200</u>

The thirty-eight occupational, professional 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 that are licensed or regulated by these boards. Board members are appointed by the Governor and represent both industry and consumer interests.

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

Twenty-one of the boards and commissions employ the services of the Department of Professional Licensing established in KRS 324B.020 within the Public Protection Cabinet to perform their administrative functions. Department of Professional Licensing executes administrative support services including but not limited to applications and renewals, preparation of board meeting materials, database entry, maintenance of board records and files, preparation of correspondence, administration of examinations and communications with the public regarding board activity and functions.

**General Government
Kentucky River Authority**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	288,500	290,800
Total General Fund	288,500	290,800

Restricted Funds

Balance Forward	7,674,600	2,822,000
Current Receipts	6,965,000	6,959,400
Non-Revenue Receipts	-4,131,000	-1,062,000
Total Restricted Funds	10,508,600	8,719,400

TOTAL SOURCE OF FUNDS

	10,797,100	9,010,200
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EXPENDITURES BY CLASS

Personnel Costs	944,900	932,000
Operating Expenses	2,570,000	1,343,200
Grants Loans Benefits	280,000	280,000
Debt Service	4,101,000	4,100,000
Capital Outlay	79,200	86,200
TOTAL EXPENDITURES	7,975,100	6,741,400

EXPENDITURES BY FUND SOURCE

General Fund	288,500	290,800
Restricted Funds	7,686,600	6,450,600
TOTAL EXPENDITURES	7,975,100	6,741,400

EXPENDITURES BY UNIT

General Operations	1,299,300	1,290,200
Locks and Dams Construction/Maintenance	6,389,000	5,162,000
Locks and Dams Operations	286,800	289,200
TOTAL EXPENDITURES	7,975,100	6,741,400

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. 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.

The Kentucky River Authority has built new dams at Dam 9 at Valley View in Fayette County, Dam 3 in Owen and Henry Counties, and Dam 8 in Jessamine County. Dams 9 and 3 retain the water supply for Kentucky American Water Company's Lexington and Owen County water treatment plants. Dam 8 retains the water supply for Nicholasville and Lancaster. Locks 1 through 4 are currently operational. Eighty-two uninterrupted miles of the Kentucky River are now navigable from Carrollton to Tyrone in Anderson County.

Policy

The Governor's budget includes additional General Fund in the amount of \$1,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

General Government
School Facilities Construction Commission

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	125,243,600	125,838,500
Other	-3,468,000	
Total General Fund	121,775,600	125,838,500
Restricted Funds		
Balance Forward	11,175,600	8,275,600
Fund Transfers	-2,900,000	-8,275,600
Total Restricted Funds	8,275,600	
TOTAL SOURCE OF FUNDS	130,051,200	125,838,500
EXPENDITURES BY CLASS		
Personnel Costs	362,400	366,800
Operating Expenses	45,000	44,800
Debt Service	121,368,200	125,426,900
TOTAL EXPENDITURES	121,775,600	125,838,500
EXPENDITURES BY FUND SOURCE		
General Fund	121,775,600	125,838,500
TOTAL EXPENDITURES	121,775,600	125,838,500
EXPENDITURES BY UNIT		
School Facilities Construction Commission	121,775,600	125,838,500
TOTAL EXPENDITURES	121,775,600	125,838,500

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 that 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 is also 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 budget includes sufficient General Fund to support 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 Budget of the Commonwealth includes new General Fund debt service in the amount of \$1,070,400 in fiscal year 2021 to support \$58,000,000 in new regular offers of assistance for school districts and \$1,876,500 in fiscal year 2021 to support \$47,527,000 in urgent needs offers of assistance for 4 school districts.

The Governor's budget authorizes the School Facilities Construction Commission to make an additional \$100,000,000 in new offers of assistance during the 2020-2022 biennium in anticipation of debt service availability during the 2022-2024 biennium.

The Governor's budget includes \$1,800 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

**General Government
Teachers' Retirement System**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	781,620,000	788,493,700
Total General Fund	781,620,000	788,493,700
Restricted Funds		
Balance Forward	2,225,100	
Non-Revenue Receipts	13,875,200	16,320,600
Total Restricted Funds	16,100,300	16,320,600
TOTAL SOURCE OF FUNDS	797,720,300	804,814,300
EXPENDITURES BY CLASS		
Personnel Costs	12,192,900	12,213,200
Operating Expenses	3,781,500	3,981,500
Grants Loans Benefits	729,960,000	755,477,800
Debt Service	51,660,000	33,015,900
Capital Outlay	125,900	125,900
TOTAL EXPENDITURES	797,720,300	804,814,300
EXPENDITURES BY FUND SOURCE		
General Fund	781,620,000	788,493,700
Restricted Funds	16,100,300	16,320,600
TOTAL EXPENDITURES	797,720,300	804,814,300
EXPENDITURES BY UNIT		
Teachers' Retirement System	797,720,300	804,814,300
TOTAL EXPENDITURES	797,720,300	804,814,300

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

Administration of the System is the responsibility of the nine member Board of Trustees. Two of the members, the Commissioner of Education and the State Treasurer, are ex officio, serving by reason of their constitutional offices. The members of the Retirement System elect the remaining seven trustees for four year terms. Four of these must be active members of the Retirement System, one must be a retired member, and two must be persons from outside the teaching profession. The Board of Trustees appoints an Executive Secretary who is responsible for the administration of the affairs of the Retirement System under policies established by the Board.

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, contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member 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. 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 required additional contributions to ensure the solvency and stability of the retirement system's medical insurance fund. Members hired prior to July 1, 2008, contribute

an additional 3.0% and members hired July 1, 2008 or later contribute an additional 2.0% to the medical insurance fund. This brings the total member contributions for the medical insurance to 3.75% for all members.

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

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

Policy

The budget includes General Fund support in the amount of \$51,660,000 in fiscal year 2021 and \$33,015,900 in fiscal year 2022 for debt service on bonds previously issued.

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

The budget fulfills the General Assembly's 2014 pledge to use lesser debt service in the amount of \$8,918,400 in fiscal year 2021 and \$27,562,500 in fiscal year 2022 to reduce pension liability.

The budget includes \$445,600 in fiscal year 2021 and \$619,300 in fiscal year 2022 in General Fund Support to fund the actuarially determined contribution for the Teachers' Retirement System.

The budget includes \$61,700,000 in fiscal year 2021 and \$73,200,000 in fiscal year 2022 to support single coverage health insurance for retirees under age 65, \$2,500,000 of which to cover the estimated shortfall for fiscal year 2021.

The budget includes \$4,633,100 in fiscal year 2021 and \$9,266,200 in fiscal year 2022 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2020-2022 biennium who are eligible to add accrued sick leave to their final year of service.

The base budget for fiscal year 2022 was reduced by \$18,979,700 based upon the results of the System's reconciliation of fiscal year 2020 primarily consisting of an over appropriation of the state's portion of the Shared Responsibility funding plan.

	General Government	
	Judgments	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	22,500,000	22,500,000
Total General Fund	22,500,000	22,500,000
TOTAL SOURCE OF FUNDS	22,500,000	22,500,000
EXPENDITURES BY CLASS		
Operating Expenses	22,500,000	22,500,000
TOTAL EXPENDITURES	22,500,000	22,500,000
EXPENDITURES BY FUND SOURCE		
General Fund	22,500,000	22,500,000
TOTAL EXPENDITURES	22,500,000	22,500,000
EXPENDITURES BY UNIT		
Judgments	22,500,000	22,500,000
TOTAL EXPENDITURES	22,500,000	22,500,000

The Judgments budget unit is for the payment of judgments rendered against the Commonwealth upon a claim filed pursuant to KRS 45A.240 to 45A.270.

Policy

The budget includes additional General Fund in the amount of \$22,500,000 in fiscal years 2021 and 2022 for known liabilities.

The payment of judgments above the appropriated amount shall be paid first from the General Fund Surplus, if available, or from the Budget Reserve Trust Fund, subject to the conditions and procedures provided in the appropriations act.

General Government
Appropriations Not Otherwise Classified

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation	14,526,400	14,526,400
Total General Fund	14,526,400	14,526,400
TOTAL SOURCE OF FUNDS	14,526,400	14,526,400
EXPENDITURES BY CLASS		
Personnel Costs	12,139,900	12,139,900
Operating Expenses	2,383,400	2,383,400
Grants Loans Benefits	3,100	3,100
TOTAL EXPENDITURES	14,526,400	14,526,400
EXPENDITURES BY FUND SOURCE		
General Fund	14,526,400	14,526,400
TOTAL EXPENDITURES	14,526,400	14,526,400
EXPENDITURES BY UNIT		
Attorney General Expense	450,000	450,000
Kentucky Claims Commission Award	200,000	200,000
Guardian Ad Litem	11,624,900	11,624,900
Prior Year Claims	100,000	100,000
Unredeemed Checks Refunded	1,252,400	1,252,400
Involuntary Commitments-ICF/MR	65,000	65,000
Frankfort In Lieu of Taxes	195,000	195,000
Frankfort Cemetery	3,100	3,100
Survivor Benefits	488,900	488,900
Med Malpractice Liability Ins Reimb	97,100	97,100
Blanket Employee Bonds	50,000	50,000
TOTAL EXPENDITURES	14,526,400	14,526,400

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.

The Attorney General Expense program is used to pay expenses associated with representation of the Commonwealth and payments for expert witnesses pursuant to KRS 12.215.

The Kentucky Claims Commission program pays claims adjudicated under KRS Chapter 49, the only forum through which a citizen can sue the state for alleged negligence and receive payments for damages caused by the Commonwealth. Awards under \$5,000 are paid by the agency at fault. Awards over \$5,000 are paid from the General Fund, and awards against the Transportation Cabinet are paid from the Road Fund. The maximum award on a single claim is \$250,000, and there is a cap of \$400,000 on multiple claims arising from the same incident. See also KRS 49.040-49.180.

Guardians ad Litem appointed by the court under KRS 620.100, 625.080, 403.100, and 199.502 to represent minors in neglect and abuse cases and certain child custody cases are paid the statutory rate of \$500 per case from the General Fund.

KRS 45.231 directs the Finance and Administration Cabinet to determine the validity of expenses incurred by an agency but not paid in the fiscal year in which the expense was incurred. If the claim is valid the Cabinet may pay for the expense from the Prior Year Claims program. All claims are limited to those incurred during the two preceding fiscal years and the total shall not exceed the available balance remaining to the credit of the applicable agency at the close of the fiscal year in which the obligations were incurred.

Un-cashed checks owed by the Commonwealth to a recipient are held for five years and funded by the Unredeemed Checks Refunded program when presented with a claim for reimbursement per KRS 41.370.

The Involuntary Commitments program provides funding for legal representation on behalf of persons requiring involuntary hospitalization pursuant to KRS 202B.210.

The Frankfort in Lieu of Taxes program provides funding for a payment by the Commonwealth to the City of Frankfort in lieu of property taxes normally owed annually per KRS 45.021.

Pursuant to a Memorandum of Agreement between the Frankfort Cemetery and the Commonwealth, a payment from the General Fund is made annually for the maintenance of Daniel Boone's grave.

Survivor Benefits in the amount of \$80,000 are paid from the General Fund to the spouses and/or children of a police officer, firefighter, or member of the Kentucky National Guard who is killed in the line of duty pursuant to KRS 61.315.

The Medical Malpractice Liability Insurance program reimburses clinics and small, regional health care providers for medical malpractice insurance premiums pursuant to KRS 304.40-075.

The Blanket Employee Bonds program fund bonds secured by the Commonwealth to cover damages to the Commonwealth because of criminal actions by an employee pursuant to KRS 62.170.

Policy

Funds required to pay appropriations not otherwise classified are appropriated, and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or from any available balance in either the Judgments account or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet as a necessary governmental expense, subject to the conditions and procedures provided in the Appropriations Act.

General Government
KY Communications Network Authority

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	34,220,000	34,226,400
Total General Fund	34,220,000	34,226,400
Restricted Funds		
Balance Forward	2,292,900	1,499,800
Current Receipts	11,240,000	12,106,400
Total Restricted Funds	13,532,900	13,606,200
TOTAL SOURCE OF FUNDS	47,752,900	47,832,600
EXPENDITURES BY CLASS		
Personnel Costs	3,337,500	3,711,400
Operating Expenses	42,915,600	42,621,400
TOTAL EXPENDITURES	46,253,100	46,332,800
EXPENDITURES BY FUND SOURCE		
General Fund	34,220,000	34,226,400
Restricted Funds	12,033,100	12,106,400
TOTAL EXPENDITURES	46,253,100	46,332,800
EXPENDITURES BY UNIT		
KY Communications Network Authority	46,253,100	46,332,800
TOTAL EXPENDITURES	46,253,100	46,332,800

Executive Order 2015-574 created the Kentucky Communications Network Authority (KCNA), now codified in KRS Chapter 154.15.

KCNA, in conjunction with the Board of the Kentucky Communications Network Authority, will manage and oversee the KentuckyWired network, the Commonwealth's open-access broadband network. KentuckyWired is a Commonwealth public infrastructure project that will be built to provide broadband service using a modern high-capacity fiber infrastructure. The primary purpose of the project will be to provide broadband services to all of the Commonwealth's agencies and its public postsecondary education institutions. The project is designed to have the capacity and ability to service other public sector organizations, like public libraries and public school districts. The network will be comprised of more than 3,000 miles of high-speed internet connectivity throughout Kentucky's 120 counties.

As authorized by the 2014-2016 Executive Branch appropriations act, a public-private partnership has been established to design, build, operate and maintain the network for 30 years. The partnership leverages private sector funding for most of the construction costs of the project. The Commonwealth will shift resources from payments for current services to pay for the new and substantially faster state-owned network. The Commonwealth retains ownership of the network.

KentuckyWired is unique in that it will be an "open access" network. This means cities, partnerships, private companies or other groups may acquire access to these "middle-mile" lines, but the network will not be providing "last mile" services, or the lines that run to individual homes or businesses.

Policy

During the 2020-2022 biennium, the Kentucky Communications Network Authority will actively be engaged in transitioning state agencies to the new KentuckyWired network, providing network speeds up to five times current speeds across all regions of the Commonwealth and improving the business capabilities of the Commonwealth's agencies.

The Governor's budget includes \$5,300 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

Economic Development

Economic Development**Economic Development**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	26,054,000	29,308,700
Special Appropriation	243,069,000	3,069,000
Continuing Approp-General Fund	8,042,800	
Total General Fund	277,165,800	32,377,700

Restricted Funds

Balance Forward	1,482,300	857,300
Current Receipts	3,009,200	3,020,000
Non-Revenue Receipts	482,400	
Total Restricted Funds	4,973,900	3,877,300

Federal Fund

Balance Forward	120,400	
Current Receipts	401,000	521,400
Total Federal Fund	521,400	521,400

TOTAL SOURCE OF FUNDS

	282,661,100	36,776,400
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EXPENDITURES BY CLASS

Personnel Costs	12,043,000	12,307,100
Operating Expenses	3,939,800	3,869,600
Grants Loans Benefits	262,752,000	15,411,800
Debt Service	3,069,000	4,178,500
TOTAL EXPENDITURES	281,803,800	35,767,000

EXPENDITURES BY FUND SOURCE

General Fund	277,165,800	32,377,700
Restricted Funds	4,116,600	2,867,900
Federal Fund	521,400	521,400
TOTAL EXPENDITURES	281,803,800	35,767,000

EXPENDITURES BY UNIT

Economic Development	281,803,800	35,767,000
TOTAL EXPENDITURES	281,803,800	35,767,000

The Cabinet for Economic Development is governed by the Kentucky Economic Development Partnership. The Partnership board has 11 voting members and two non-voting members. The 11 voting members are the Governor, who is chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Energy and Environment Cabinet, and eight 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 four programs within a single appropriation unit. Business Development is the Commonwealth's marketing and sales force to both prospective investors and existing businesses. Its resources include Kentucky-based business development agents and representatives in Tokyo, Japan and Hamburg, Germany; a database of available sites; comprehensive market research; targeted programs for small businesses; and support of the statewide network of Innovation and Commercialization Centers. The Bluegrass State Skills Corporation makes matching grants for industry-specific training of employees. Financial Services administers loans, grants and tax incentives available to businesses that invest and create or maintain jobs in Kentucky, and staffs the Kentucky Economic Development Finance Authority. The Office of the Secretary provides strategic direction for Cabinet activities and administrative services such as legal, fiscal, budget, personnel and asset management.

Policy

The Governor's budget includes additional General Fund in the amount of \$35,400 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

The Governor's budget recommendation includes General Fund of \$400,000 in fiscal year 2022 for the Louisville Waterfront Development Corporation.

The Governor's budget recommendation includes General Fund of \$2,000,000 in fiscal year 2022 for the Economic Development Venture Fund.

The budget includes General Fund in the amount of \$1,109,500 in fiscal year 2022 for debt service on new bonds included in the capital budget.

The Budget of the Commonwealth provides General Fund support of \$1,000,000 in fiscal year 2021 for Bluegrass State Skills Corporation to make training grants to Ford Motor Company.

House Bill 99 of the 2020 regular session appropriated \$3,069,000 for new debt service in each fiscal year to support \$35,000,000 in new bonds in fiscal year 2020 for the creation and funding of a Kentucky Economic Development Finance Authority loan for a qualifying public medical center located in a city of the first class.

The Governor's budget includes \$240,000,000 from the General Fund in fiscal year 2021 to provide assistance to small businesses and non-profit organizations that have been impacted by public health orders that limited opening or capacity. A \$20,000,000 allocation is available for assistance to eligible non-profit organizations. Eligible small businesses will draw from a \$220,000,000 pool of these state funds. The intent of this assistance is to provide funding to small businesses that have endured revenue losses due to the restrictions necessary to prevent the spread of COVID-19, and to assist small non-profit organizations whose operations were affected by the public health orders. This funding is included in a special appropriations bill so that it can be approved early in the 2021 session of the General Assembly and the program can begin the application and approval processes.

Department of Education

Department of Education

Department of Education

	Revised	Recommended
	FY 2021	FY 2022

SOURCE OF FUNDS

General Fund

Regular Appropriation	4,106,080,500	4,221,391,800
Current Year Appropriation	1,500,000	
Other	-165,245,300	
Total General Fund	3,942,335,200	4,221,391,800

Restricted Funds

Balance Forward	13,842,300	5,653,700
Current Receipts	14,697,200	20,384,100
Non-Revenue Receipts	20,844,700	23,219,700
Fund Transfers	-200,000	-4,000,000
Total Restricted Funds	49,184,200	45,257,500

Federal Fund

Current Receipts	971,699,900	971,705,100
CRF Receipts	130,000,000	
Total Federal Fund	1,101,699,900	971,705,100

TOTAL SOURCE OF FUNDS

5,093,219,300	5,238,354,400
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EXPENDITURES BY CLASS

Personnel Costs	123,779,200	126,366,400
Operating Expenses	35,805,700	35,966,300
Grants Loans Benefits	4,927,021,200	5,073,818,800
Debt Service	959,500	182,000
TOTAL EXPENDITURES	5,087,565,600	5,236,333,500

EXPENDITURES BY FUND SOURCE

General Fund	3,942,335,200	4,221,391,500
Restricted Funds	43,530,500	43,236,900
Federal Fund	1,101,699,900	971,705,100
TOTAL EXPENDITURES	5,087,565,600	5,236,333,500

EXPENDITURES BY UNIT

Support Education Excellence in Kentucky (SEEK)	2,949,696,700	3,062,087,800
Operations and Support Services	473,681,300	476,023,500
Learning and Results Services	1,664,187,600	1,698,222,200
TOTAL EXPENDITURES	5,087,565,600	5,236,333,500

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
Support Education Excellence in Kentucky (SEEK)

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,973,696,700	3,062,087,800
Other	-154,000,000	
Total General Fund	2,819,696,700	3,062,087,800
Federal Fund		
CRF Receipts	130,000,000	
Total Federal Fund	130,000,000	
TOTAL SOURCE OF FUNDS	2,949,696,700	3,062,087,800
EXPENDITURES BY CLASS		
Grants Loans Benefits	2,949,696,700	3,062,087,800
TOTAL EXPENDITURES	2,949,696,700	3,062,087,800
EXPENDITURES BY FUND SOURCE		
General Fund	2,819,696,700	3,062,087,800
Federal Fund	130,000,000	
TOTAL EXPENDITURES	2,949,696,700	3,062,087,800
EXPENDITURES BY UNIT		
Base Funding	1,966,553,400	1,972,333,100
Pupil Transportation	214,752,800	214,752,800
Equalized Facilities	162,911,800	156,536,100
Tier I Equalization	174,746,300	170,382,700
National Board Certification Salary Supplement	2,750,000	2,750,000
Vocational Education Transportation	2,416,900	2,416,900
Local District Teachers' Retirement Match	425,565,500	439,712,900
Teacher and Classified Employee Salaries		103,203,300
TOTAL EXPENDITURES	2,949,696,700	3,062,087,800

Policy

The budget provides funding to accommodate a projected average daily attendance of 586,809 in each fiscal year. The base SEEK per pupil guarantee amount is \$4,000 for fiscal year 2021 and \$4,040 in fiscal year 2022. The projected total local school district assessed property valuation is \$362.9 billion in fiscal year 2020-2021 and \$372.4 billion. Projected numbers are based on a consensus reached by the Department of Education and the Office of State Budget Director.

The Governor has recommended a \$1,000 base salary increase for all teachers and classified school district personnel in fiscal year 2022. The estimated cost is \$108.9 million in fiscal year 2022. The \$1,000 is a supplement to the employees' salary and does not affect the implementation of school district salary schedules. The \$1,000 supplemental increase will be recurring while each employee remains employed by a school district.

The budget provides funding of \$214,752,800 in each fiscal year for the pupil transportation program. The budget includes \$174,746,300 in fiscal year 2021 and \$170,382,700 in fiscal year 2022 to provide Tier I funding to local school districts to equalize local revenues raised under this SEEK component at a level of \$916,000 of assessed property valuation per student (150 percent of the projected statewide average per pupil).

The budget provides funding for the Facilities Support Program of Kentucky (FSPK) in the amount of \$162,911,800 in fiscal year 2021 and \$156,536,100 in fiscal year 2022 to provide equalization funding for local district revenues from the equivalent nickel levy. This funding includes equalization of growth, retroactive, and equalized facility nickels levied before January 1, 2020, up to three nickels, as well as equalization of 33 new districts at 25%. Retroactive nickels that were levied between January, 2020 and January, 2021 are equalized at 25% in fiscal year 2022. Nickels that are partially equalized in the 2020-22 biennium are intended to be fully equalized in the 2022-2024 fiscal biennium.

The budget maintains funding for vocational education transportation at the fiscal year 2020 level of \$2,416,900 in each fiscal year.

The budget includes \$425,565,500 in fiscal year 2021 for the Teachers' Retirement employer match on behalf of local school districts. The Governor's budget recommendation includes \$439,712,900, with \$5,672,900 due to teacher and classified employee salary increases, in fiscal year 2022 for the Teacher's Retirement employer match on behalf of local school districts.

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

**Department of Education
Operations and Support Services**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	55,615,100	57,736,300
Total General Fund	55,615,100	57,736,300
Restricted Funds		
Balance Forward	2,481,400	700
Current Receipts	5,125,200	5,267,000
Non-Revenue Receipts	507,500	2,882,500
Fund Transfers	-200,000	
Total Restricted Funds	7,914,100	8,150,200
Federal Fund		
Current Receipts	410,152,800	410,137,000
Total Federal Fund	410,152,800	410,137,000
TOTAL SOURCE OF FUNDS	473,682,000	476,023,500
EXPENDITURES BY CLASS		
Personnel Costs	19,324,700	20,331,500
Operating Expenses	23,180,000	23,186,900
Grants Loans Benefits	430,217,100	432,323,100
Debt Service	959,500	182,000
TOTAL EXPENDITURES	473,681,300	476,023,500
EXPENDITURES BY FUND SOURCE		
General Fund	55,615,100	57,736,300
Restricted Funds	7,913,400	8,150,200
Federal Fund	410,152,800	410,137,000
TOTAL EXPENDITURES	473,681,300	476,023,500
EXPENDITURES BY UNIT		
Commissioner's Office/Board of Education	2,715,400	2,734,000
Finance & Operations	432,525,400	432,946,500
Legal Services	1,393,100	1,428,100
Education Technology	37,047,400	38,914,900
TOTAL EXPENDITURES	473,681,300	476,023,500

The Operations and Support Services program area consists of the Office of Finance and Operations; the Office of Education Technology; the Office of Legal Services; Commissioner of Education, and the Kentucky Board of Education.

Policy

The Governor's budget includes additional General Fund in the amount of \$58,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

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

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,610,500	2,629,100
Total General Fund	<u>2,610,500</u>	<u>2,629,100</u>
Restricted Funds		
Balance Forward	105,600	700
Current Receipts		104,200
Total Restricted Funds	<u>105,600</u>	<u>104,900</u>
TOTAL SOURCE OF FUNDS	<u>2,716,100</u>	<u>2,734,000</u>
EXPENDITURES BY CLASS		
Personnel Costs	2,413,100	2,431,600
Operating Expenses	<u>302,300</u>	<u>302,400</u>
TOTAL EXPENDITURES	<u>2,715,400</u>	<u>2,734,000</u>
EXPENDITURES BY FUND SOURCE		
General Fund	2,610,500	2,629,100
Restricted Funds	<u>104,900</u>	<u>104,900</u>
TOTAL EXPENDITURES	<u>2,715,400</u>	<u>2,734,000</u>

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 (KBE) to serve as the chief state school officer.

The Kentucky Board of Education consists of 14 members. The governor appoints 11 voting members – four represent the state at large and seven represent the Supreme Court districts. The remaining three members, the Secretary of the Education and Workforce Development Cabinet, the President of the Council on Postsecondary Education (CPE), and an active elementary or secondary school teacher, serve as non-voting members. Each member serves a four-year term and may be reappointed. The Kentucky Board of Education members elect a board chair and vice chair at the beginning of each fiscal year.

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
Finance & Operations
Revised **Recommended**
FY 2021 **FY 2022**

SOURCE OF FUNDS	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
General Fund		
Regular Appropriation	14,564,100	14,764,200
Total General Fund	<u>14,564,100</u>	<u>14,764,200</u>
Restricted Funds		
Balance Forward	2,375,800	
Current Receipts	5,125,200	5,162,800
Non-Revenue Receipts	507,500	2,882,500
Fund Transfers	-200,000	
Total Restricted Funds	<u>7,808,500</u>	<u>8,045,300</u>
Federal Fund		
Current Receipts	410,152,800	410,137,000
Total Federal Fund	<u>410,152,800</u>	<u>410,137,000</u>
TOTAL SOURCE OF FUNDS	<u>432,525,400</u>	<u>432,946,500</u>
EXPENDITURES BY CLASS		
Personnel Costs	12,337,600	13,223,400
Operating Expenses	4,751,600	4,758,400
Grants Loans Benefits	414,476,700	414,782,700
Debt Service	959,500	182,000
TOTAL EXPENDITURES	<u>432,525,400</u>	<u>432,946,500</u>
EXPENDITURES BY FUND SOURCE		
General Fund	14,564,100	14,764,200
Restricted Funds	7,808,500	8,045,300
Federal Fund	410,152,800	410,137,000
TOTAL EXPENDITURES	<u>432,525,400</u>	<u>432,946,500</u>

The Office of Finance and Operations 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.

Policy

The Budget of the Commonwealth includes General Fund for fiscal year 2020-2021 in the amount of \$959,500 for new debt service to support new bonds.

The budget includes General Fund in the amount of \$182,000 for debt service on new bonds included in the capital budget.

The Budget of the Commonwealth includes \$600,000 in fiscal year 2021 for the evaluation of primary and secondary school buildings.

The budget includes General Fund in the base budget for the following areas:

- \$492,300 for the Blind/Deaf Residential Travel Program
- \$1,000,000 to pay Advanced Placement and International Baccalaureate examination costs for students who qualify for the free and reduced lunch programs
- \$3,555,900 for the School Food Service Program to match federal funds

Department of Education
Operations and Support Services
Legal Services

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,393,100	1,428,100
Total General Fund	1,393,100	1,428,100
TOTAL SOURCE OF FUNDS	1,393,100	1,428,100
EXPENDITURES BY CLASS		
Personnel Costs	1,245,700	1,280,700
Operating Expenses	147,400	147,400
TOTAL EXPENDITURES	1,393,100	1,428,100
EXPENDITURES BY FUND SOURCE		
General Fund	1,393,100	1,428,100
TOTAL EXPENDITURES	1,393,100	1,428,100

The Office of Legal Services provides a variety of legal, legislative, and communication services for the Department of Education. These services include: providing in-house counsel and advice for the Department and the Kentucky Board of Education; representing the Department and the Kentucky Board of Education before administrative agencies and courts of law; offering informal legal advice to local school districts and the general public; overseeing news media relations for the Commissioner and the Department of Education; creating print and electronic publications; providing photographic services for the Department, and maintaining the Department of Education’s website.

Department of Education
Operations and Support Services
Education Technology

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	37,047,400	38,914,900
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Total General Fund	37,047,400	38,914,900
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TOTAL SOURCE OF FUNDS

	37,047,400	38,914,900
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EXPENDITURES BY CLASS

Personnel Costs	3,328,300	3,395,800
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Operating Expenses	17,978,700	17,978,700
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Grants Loans Benefits	15,740,400	17,540,400
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TOTAL EXPENDITURES	37,047,400	38,914,900
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EXPENDITURES BY FUND SOURCE

General Fund	37,047,400	38,914,900
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TOTAL EXPENDITURES	37,047,400	38,914,900
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The Office of Education Technology (OET) provides planning, administration, and quality assurance for the Kentucky Education Technology System (KETS). OET consists of four areas: the Division of School Technology Services; the Division of School Technology Planning and Project Management; the Division of School Data Services, and KETS Field Services.

The Division of School Technology Planning and Project Management develops and implements the KETS Master Plan, oversees the KETS Offers of Assistance program, and manages the Kentucky Education Network (KEN).

The KETS Offers of Assistance program provides school districts with state funds for education technology purchases. The Division of Engineering and Management determines which districts are eligible to receive KETS offers of assistance and submits this information to the School Facilities Construction Commission (SFCC). The SFCC distributes KETS offers of assistance to eligible districts 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 funds dollar for dollar.

KEN is the wide-area-network that provides high speed network connectivity and Internet access to Kentucky school districts, the Kentucky School for the Blind, the Kentucky School for the Deaf, and the Department of Education.

The Division of School Technology Services manages the technical support Customer Service Center, oversees school networking, messaging and security services as well as supports the School District Financial Management System (MUNIS) and other systems,

The Division of School Data Services manages the Kentucky Student Information System (KSIS), Department of Education Enterprise Data Dictionary, and master reporting schedule. The Division is also responsible for handling systematic data quality issues that cross all agency and district data systems.

KETS Field Services interact directly with District Technology Coordinators and school district technical staff to support the Student Technology Leadership Program (STLP), Microsoft IT Academy and other education technology programs.

STLP is an education technology program focused on project-based learning to empower students in all grade levels to use technology.

The Microsoft IT Academy is an educational technology program that prepares educators and students for industry recognized certifications.

Policy

The Governor's budget recommendation includes \$1,800,000 from the General Fund for Datastream Education Technology in fiscal year 2022.

**Department of Education
Learning and Results Services**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,076,768,700	1,101,567,700
Current Year Appropriation	1,500,000	
Other	-11,245,300	
Total General Fund	<u>1,067,023,400</u>	<u>1,101,567,700</u>
Restricted Funds		
Balance Forward	11,360,900	5,653,000
Current Receipts	9,572,000	15,117,100
Non-Revenue Receipts	20,337,200	20,337,200
Fund Transfers		-4,000,000
Total Restricted Funds	<u>41,270,100</u>	<u>37,107,300</u>
Federal Fund		
Current Receipts	561,547,100	561,568,100
Total Federal Fund	<u>561,547,100</u>	<u>561,568,100</u>
TOTAL SOURCE OF FUNDS	<u>1,669,840,600</u>	<u>1,700,243,100</u>
EXPENDITURES BY CLASS		
Personnel Costs	104,454,500	106,034,900
Operating Expenses	12,625,700	12,779,400
Grants Loans Benefits	1,547,107,400	1,579,407,900
TOTAL EXPENDITURES	<u>1,664,187,600</u>	<u>1,698,222,200</u>
EXPENDITURES BY FUND SOURCE		
General Fund	1,067,023,400	1,101,567,400
Restricted Funds	35,617,100	35,086,700
Federal Fund	561,547,100	561,568,100
TOTAL EXPENDITURES	<u>1,664,187,600</u>	<u>1,698,222,200</u>
EXPENDITURES BY UNIT		
Continuous Improvement & Support	378,985,600	379,011,400
Special Education & Early Learning	302,070,800	307,100,400
Educator Licensure and Effectiveness	30,949,300	31,954,300
Standards, Assessment & Accountability	79,068,600	92,028,000
Career & Technical Education & Student Transition	112,571,900	113,527,400
Local District Health and Life Insurance	739,990,100	753,972,300
State Schools	20,551,300	20,628,400
TOTAL EXPENDITURES	<u>1,664,187,600</u>	<u>1,698,222,200</u>

The Learning and Results Services program area consists of the following offices: Office of Continuous Improvement and Support; Office of Special Education and Early Learning; Office of Educator Licensure and Effectiveness; Office of Standards, Assessment and Accountability; and Office of Career and Technical Education and Student Transition.

Policy

The Governor's budget includes General Fund in the amount of \$297,100 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Department of Education
Learning and Results Services
Continuous Improvement & Support

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	63,044,600	63,044,600
Total General Fund	63,044,600	63,044,600
Restricted Funds		
Current Receipts	768,200	768,200
Total Restricted Funds	768,200	768,200
Federal Fund		
Current Receipts	315,172,800	315,198,600
Total Federal Fund	315,172,800	315,198,600
TOTAL SOURCE OF FUNDS	378,985,600	379,011,400
EXPENDITURES BY CLASS		
Personnel Costs	9,721,500	9,721,500
Operating Expenses	1,428,000	1,428,000
Grants Loans Benefits	367,836,100	367,861,900
TOTAL EXPENDITURES	378,985,600	379,011,400
EXPENDITURES BY FUND SOURCE		
General Fund	63,044,600	63,044,600
Restricted Funds	768,200	768,200
Federal Fund	315,172,800	315,198,600
TOTAL EXPENDITURES	378,985,600	379,011,400

The Office of Continuous Improvement and Support consists of three divisions: the Division of School and Program Improvement, the Division of Student Success, and the Division of Innovation.

The Division of School and Program Improvement implements and monitors the following federal and state programs: School-Based Decision-Making councils, Every Student Succeeds Act (ESSA); 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 and districts in need of improvement through the use of diagnostic reviews and comprehensive improvement planning.

The Division of Student Success provides guidance and assistance to Kentucky Alternative Education programs and ensures continuous improvement in instruction, practices and curriculum to help all Kentucky students to be college and career ready. The Division also provides assistance on school safety and safe schools data collection, bullying prevention, suicide prevention, chronic absenteeism, juvenile justice, human trafficking and Title IV, Part A, Student Support and Academic Enrichment.

The Division of Innovation implements and oversees Kentucky's Districts of Innovation as well as assists and monitors nontraditional instruction.

Policy

The budget includes General Fund in the base budget for the following areas:

- \$48,889,000 for the Family Resource and Youth Service Centers (FRYSC) program
- \$1,850,000 for the Community Education program
- \$9,465,500 for the Kentucky Educational Collaborative for State Agency Children

In accordance with all appropriation bills since the Kentucky Education Reform Act was passed in 1990, the General Fund amounts for the FRYSC program are transferred to the Cabinet for Health and Family Services, Department for Family Resource Centers and Volunteer Services, to be administered.

Department of Education
Learning and Results Services
Special Education & Early Learning

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	115,223,700	120,223,700
Total General Fund	115,223,700	120,223,700
Federal Fund		
Current Receipts	186,847,100	186,876,700
Total Federal Fund	186,847,100	186,876,700
TOTAL SOURCE OF FUNDS	302,070,800	307,100,400
EXPENDITURES BY CLASS		
Personnel Costs	2,577,100	2,577,100
Operating Expenses	375,100	375,100
Grants Loans Benefits	299,118,600	304,148,200
TOTAL EXPENDITURES	302,070,800	307,100,400
EXPENDITURES BY FUND SOURCE		
General Fund	115,223,700	120,223,700
Federal Fund	186,847,100	186,876,700
TOTAL EXPENDITURES	302,070,800	307,100,400

The Office of Special Education and Early Learning consists of the Division of IDEA Monitoring and Results, the Division of State Schools and the Division of IDEA Implementation and Preschool. This Office oversees several educational programs and funds.

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

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

The Office of Special Education and Early Learning 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.

The Preschool Fund provides grants to local school districts for the education of four-year-old children whose families meet qualifying poverty guidelines as well as three and four-year-old children with developmental delays or other disabilities.

Policy

The budget includes General Fund for the following programs:

- \$84,481,100 for the Preschool program in fiscal year 2021 and \$89,481,100 in fiscal year 2022
- \$23,916,300 for the Extended School Services program in each fiscal year
- \$6,208,400 for the Gifted and Talented program in each fiscal year

Department of Education
Learning and Results Services
Educator Licensure and Effectiveness

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,179,100	4,179,100
Total General Fund	<u>2,179,100</u>	<u>4,179,100</u>
Restricted Funds		
Balance Forward	6,285,400	5,653,000
Current Receipts	1,400,000	1,400,000
Non-Revenue Receipts	267,600	267,600
Fund Transfers		-4,000,000
Total Restricted Funds	<u>7,953,000</u>	<u>3,320,600</u>
Federal Fund		
Current Receipts	26,470,200	26,475,200
Total Federal Fund	<u>26,470,200</u>	<u>26,475,200</u>
TOTAL SOURCE OF FUNDS	<u>36,602,300</u>	<u>33,974,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	2,748,900	2,748,900
Operating Expenses	583,000	583,000
Grants Loans Benefits	27,617,400	28,622,400
TOTAL EXPENDITURES	<u>30,949,300</u>	<u>31,954,300</u>
EXPENDITURES BY FUND SOURCE		
General Fund	2,179,100	4,179,100
Restricted Funds	2,300,000	1,300,000
Federal Fund	26,470,200	26,475,200
TOTAL EXPENDITURES	<u>30,949,300</u>	<u>31,954,300</u>

The Office of Educator Licensure and Effectiveness was created in the Department of Education by Executive Order 2019-464 on June 19, 2019. This Office has two divisions, the Division of Educator Preparation, Assessment and Internship and the Division of Educator Licensure and Quality. This Executive Order abolished the Office of the Education Professional Standards Board within the Education and Workforce Development Cabinet and transferred it to the Office of Educator Licensure and Effectiveness.

The Office is responsible for issuing, suspending and revoking certificates of Kentucky's more than 50,000 Kentucky educators.

Department of Education
Learning and Results Services
Standards, Assessment & Accountability

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	64,002,500	76,961,900
Total General Fund	64,002,500	76,961,900
Federal Fund		
Current Receipts	15,066,100	15,066,100
Total Federal Fund	15,066,100	15,066,100
TOTAL SOURCE OF FUNDS	79,068,600	92,028,000
EXPENDITURES BY CLASS		
Personnel Costs	28,192,100	28,754,100
Operating Expenses	564,000	564,000
Grants Loans Benefits	50,312,500	62,709,900
TOTAL EXPENDITURES	79,068,600	92,028,000
EXPENDITURES BY FUND SOURCE		
General Fund	64,002,500	76,961,900
Federal Fund	15,066,100	15,066,100
TOTAL EXPENDITURES	79,068,600	92,028,000

The Office of Standards, 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 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 2017 Regular Session of the General Assembly.

The Office consists of three divisions: the Division of Accountability Data and Analysis, the Division of Assessment and Accountability Support and the Division of Academic Program Standards.

The Office of Standards, Assessment and Accountability assists districts design and implement curriculum based on new academic standards.

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 Learning and Results Services Programs consist of a variety of grant programs.

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.

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

Policy

The budget includes General Fund in the base budget for the following programs:

- \$15,936,600 for the Read to Achieve Program
- \$13,000,000 for the Center for School Safety
- \$5,019,000 for the Mathematics Achievement Fund
- \$1,700,000 for AdvanceKentucky

- \$1,300,000 for the Save the Children program
- \$1,200,000 for the Collaborative Center for Literacy Development
- \$100,000 for the Heuser Hearing and Language Academy
- \$100,000 for the Hearing and Speech Center

Increased funding was provided in each fiscal year for the following programs:

- \$500,000 for Teach for America, an increase of \$250,000
- \$250,000 for Visually Impaired Preschool Services, an increase of \$156,200

New funding was provided in each fiscal for the following programs:

- \$7,412,500 to fund additional school-based mental health services provider positions on a reimbursement basis. The Kentucky Center for School Safety, in consultation with the Office of the State School Security Marshal, shall develop criteria to determine which school districts receive funding to meet the requirements of KRS 158.4416(3), enacted as part of Senate Bill 1 from the 2019 Regular Session of the General Assembly
- \$250,000 for the Kentucky Alliance of Boys and Girls Clubs

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	16,933,700	18,507,300
Current Year Appropriation	1,500,000	
Total General Fund	18,433,700	18,507,300
Restricted Funds		
Balance Forward	1,263,100	
Current Receipts	854,500	2,121,100
Total Restricted Funds	2,117,600	2,121,100
TOTAL SOURCE OF FUNDS	20,551,300	20,628,400
EXPENDITURES BY CLASS		
Personnel Costs	17,135,200	17,208,600
Operating Expenses	3,416,100	3,419,800
TOTAL EXPENDITURES	20,551,300	20,628,400
EXPENDITURES BY FUND SOURCE		
General Fund	18,433,700	18,507,300
Restricted Funds	2,117,600	2,121,100
TOTAL EXPENDITURES	20,551,300	20,628,400

The **Kentucky School for the Blind**, located in Louisville, Kentucky, provides instructional and residential programs for blind and visually impaired students throughout Kentucky. All instructional programs follow the Kentucky Academic Standards and Academic Expectations and are geared to meet students' individualized needs as set forth in their Individual Education Program (IEP).

The Kentucky School for the Blind residential program offers housing, after-school supervision, health center services, daily living skills experiences and leisure and recreational activities, which help in the development of social skills for independence.

The Kentucky School for the Blind Outreach Services provide assessments, consultations and professional development opportunities for school districts and teachers of the visually impaired. The Kentucky Instructional Materials Resource Center (KIMRC), a part of Outreach Services, purchases and distributes textbooks for school districts using federal quota funds. The KIMRC is responsible for the federal quota registration for the state. Braille production and the Parent Resource Center also are provided through Outreach Services.

The **Kentucky School for the Deaf**, located in Danville, Kentucky, 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 (IEP) 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 Kentucky School for the Deaf is the designated Statewide Educational Resource Center on Deafness.

Policy

The budget includes General Fund in the amount of \$7,853,100 in fiscal year 2021 and \$7,887,600 in fiscal year 2022 for the Kentucky School for the Blind, an increase of \$1,000,000 each year. The budget includes General Fund in the amount of \$10,580,600 in fiscal year 2021 and \$10,619,700 in fiscal year 2022 for the Kentucky School for the Deaf, an increase of \$500,000 each year.

Department of Education
Learning and Results Services
Career & Technical Education & Student Transition

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	64,149,700	64,678,800
Total General Fund	64,149,700	64,678,800
Restricted Funds		
Balance Forward	3,812,400	
Current Receipts	6,549,300	10,827,800
Non-Revenue Receipts	20,069,600	20,069,600
Total Restricted Funds	30,431,300	30,897,400
Federal Fund		
Current Receipts	17,990,900	17,951,500
Total Federal Fund	17,990,900	17,951,500
TOTAL SOURCE OF FUNDS	112,571,900	113,527,700
EXPENDITURES BY CLASS		
Personnel Costs	44,079,700	45,024,700
Operating Expenses	6,259,500	6,409,500
Grants Loans Benefits	62,232,700	62,093,200
TOTAL EXPENDITURES	112,571,900	113,527,400
EXPENDITURES BY FUND SOURCE		
General Fund	64,149,700	64,678,500
Restricted Funds	30,431,300	30,897,400
Federal Fund	17,990,900	17,951,500
TOTAL EXPENDITURES	112,571,900	113,527,400

The Office of Career and Technical Education and Student Transition 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 Office of Career and Technical Education and Student Transition manages 53 area technology centers. These 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. The Office of Career and Technical Education and Student Transition is also responsible for programs under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

Policy

The budget includes General Fund in the amount of \$64,149,700 in fiscal year 2021 and \$64,678,800 in fiscal year 2022 for career and technical education. Of this amount, \$12,043,500 in each fiscal year shall be distributed as supplemental funding to local vocational education centers.

The budget added General Fund from Lottery funds in the amount of \$250,000 in each fiscal year for the Jobs for America's Graduates (JAG) program.

General Fund in the amount of \$22,881,900 for state-run vocational schools reimbursement is included in the Learning and Results Services Career and Technical Education budget unit. This funding was previously included in the Support for Education Excellence in Kentucky (SEEK) budget unit.

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

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	751,235,400	753,972,300
Other	-11,245,300	
Total General Fund	<u>739,990,100</u>	<u>753,972,300</u>
TOTAL SOURCE OF FUNDS	<u>739,990,100</u>	<u>753,972,300</u>
EXPENDITURES BY CLASS		
Grants Loans Benefits	<u>739,990,100</u>	<u>753,972,300</u>
TOTAL EXPENDITURES	<u>739,990,100</u>	<u>753,972,300</u>
EXPENDITURES BY FUND SOURCE		
General Fund	<u>739,990,100</u>	<u>753,972,300</u>
TOTAL EXPENDITURES	<u>739,990,100</u>	<u>753,972,300</u>

Local District Health Insurance

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. School district employees make up the largest portion of public employees covered by the KEHP.

Local District Life Insurance Fund

Funds in this program are used to pay, on behalf of school districts, the employer's portion of life insurance premiums to the Personnel Cabinet for full-time, qualified school district employees.

Policy

The budget includes General Fund in the amount of \$738,599,100 in fiscal year 2021 and \$752,581,300 in fiscal year 2022 for health insurance. Of this amount, \$4,909,000 is to pay for under budgeted costs from fiscal years 2018-2019 and 2019-2020. The budget includes General Fund in the amount of \$1,391,000 in each fiscal year for life insurance benefits to qualified local district employees.

Education and Workforce Development

Education and Workforce Development

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	66,674,200	71,757,000
Continuing Approp-General Fund	2,622,000	
Reorganization Adjustment	-289,700	
Total General Fund	69,006,500	71,757,000
Tobacco Fund		
Tobacco Settlement - Phase I	1,400,000	2,050,000
Continuing Approp-Tob Settlement	4,297,000	
Total Tobacco Fund	5,697,000	2,050,000
Restricted Funds		
Balance Forward	9,626,200	7,846,200
Current Receipts	10,843,500	10,734,900
Non-Revenue Receipts	9,630,300	12,016,000
Total Restricted Funds	30,100,000	30,597,100
Federal Fund		
Current Receipts	132,632,000	133,177,500
CRF Receipts	1,560,000	
Total Federal Fund	134,192,000	133,177,500
TOTAL SOURCE OF FUNDS	238,995,500	237,581,600
EXPENDITURES BY CLASS		
Personnel Costs	73,012,100	72,001,200
Operating Expenses	24,155,600	24,705,100
Grants Loans Benefits	133,924,500	129,572,200
Debt Service		83,500
Capital Outlay	57,100	57,100
TOTAL EXPENDITURES	231,149,300	226,419,100
EXPENDITURES BY FUND SOURCE		
General Fund	69,006,500	71,757,000
Tobacco Fund	5,697,000	2,050,000
Restricted Funds	22,253,800	19,434,600
Federal Fund	134,192,000	133,177,500
TOTAL EXPENDITURES	231,149,300	226,419,100
EXPENDITURES BY UNIT		
General Administration and Program Support	33,212,000	29,536,100
Commission on Proprietary Education	331,900	376,000
Deaf and Hard of Hearing	2,348,400	2,342,700
Kentucky Educational Television	16,578,800	16,753,600
Environmental Education Council	822,900	817,900
Libraries and Archives	15,871,400	17,700,100
Department of Workforce Investment	161,983,900	158,892,700
TOTAL EXPENDITURES	231,149,300	226,419,100

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 from 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. Since that time, other changes have been implemented via enacted legislation including moving the Council on Postsecondary Education from the Education and Workforce Development Cabinet to the Governor's Office, for administrative purposes; moving the Governor's Scholars Program from the Governor's Office to the Education and Workforce Development Cabinet; and dissolving the Board for Proprietary Education and creating the Commission on Proprietary Education, and moving it to the Education and Workforce Development Cabinet 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 Commission on Proprietary Education
- Kentucky Educational Television
- Department for Libraries and Archives

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

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation	6,705,400	7,545,700
Reorganization Adjustment	-289,700	
Total General Fund	6,415,700	7,545,700
Tobacco Fund		
Tobacco Settlement - Phase I	1,400,000	2,050,000
Continuing Approp-Tob Settlement	4,297,000	
Total Tobacco Fund	5,697,000	2,050,000
Restricted Funds		
Balance Forward	1,371,500	1,557,500
Current Receipts	414,500	414,400
Non-Revenue Receipts	9,355,300	11,741,000
Total Restricted Funds	11,141,300	13,712,900
Federal Fund		
Current Receipts	9,955,500	11,000,800
CRF Receipts	1,560,000	
Total Federal Fund	11,515,500	11,000,800
TOTAL SOURCE OF FUNDS	34,769,500	34,309,400
EXPENDITURES BY CLASS		
Personnel Costs	17,062,900	17,221,100
Operating Expenses	4,134,300	3,959,700
Grants Loans Benefits	12,014,800	8,355,300
TOTAL EXPENDITURES	33,212,000	29,536,100
EXPENDITURES BY FUND SOURCE		
General Fund	6,415,700	7,545,700
Tobacco Fund	5,697,000	2,050,000
Restricted Funds	9,583,800	8,939,600
Federal Fund	11,515,500	11,000,800
TOTAL EXPENDITURES	33,212,000	29,536,100
EXPENDITURES BY UNIT		
Secretary	13,074,400	10,908,400
Governor's Scholars	1,758,700	1,758,700
Kentucky Center for Statistics	6,308,800	6,642,900
Early Childhood Advisory Council	12,070,100	10,226,100
TOTAL EXPENDITURES	33,212,000	29,536,100

General Administration and Program Support provides the central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. It is responsible for 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, and facilities management; and information technology and other 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 Administrative Service is the Cabinet's chief financial and administrative office. The Division of Operations and Support Services and the Division of Fiscal Management is responsible for the management of all state-owned/state-operated facilities, equipment, and property assigned to the Cabinet, The Division of Fiscal Management responsible for all central office purchasing, auditing and processing financial documents, 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 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.
- The Office of Technology Services oversees and assists with the Cabinet's application development needs and serves as the central location for all Cabinet data processing programs statewide. The Office works with the Commonwealth Office of Technology to effectuate the Cabinet's information technology infrastructure objectives.
- 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 Office of the Kentucky Center for Statistics and the Board of the Kentucky Center for Statistics manage and oversee the Kentucky Longitudinal Data System. The System is a data repository housing early childhood through postsecondary education, and training and employment information. The Office removes individual identifiers from the data and links 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. The office conducts studies and provides feedback about the performance of high school graduates after they go to college; the outcome of teacher preparation, college, adult education, and other programs; and develops the Kentucky County Profiles book. The Kentucky Center for Statistics Board is comprised of the heads of the five participating agencies and includes the commissioner of the Department of Education, the president of the Kentucky Council on Postsecondary Education, the secretary of the Education and Workforce Development Cabinet, the secretary of the Cabinet for Health and Family Services and the CEO/Executive Director of the Kentucky Higher Education Assistance Authority. The board is charged with developing a detailed access and use policy for data and information request, overseeing the Office and establishing its research agenda, and overseeing compliance by the Office with the federal Family Educational Rights and Privacy Act and other relevant federal and state privacy laws.
- 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. The Program served 1,078 students in the summer of 2017.

The Early Childhood Advisory Council (KRS 200.700) was established in the Governor's Office in 2011 and reorganized to the Education and Workforce Development Cabinet in 2019. The office 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 options. The Early Childhood Advisory Council provides technical assistance, monitoring, evaluations of the local partnerships and provides financial assistance to local councils through Tobacco funds.

Policy

The budget includes additional General Fund in the amount of \$100,000 in each fiscal year to support the Hope Center. The Hope Center provides a wide array of services to persons who are homeless or at risk of becoming homeless. These services include food, shelter, clothing, recovery from addiction, mental health diagnosis and treatment, transitional housing, permanent housing, employment assistance, social services, support for veterans, mobile and street outreach, housing first, and more.

The budget includes additional General Fund in the amount of \$1,200,000 in fiscal year 2021 and \$2,563,200 in fiscal year 2022 for the State Longitudinal Data System. Due to the expiration of federal funding, the General Fund is

necessary to support the operating costs of the system. The Kentucky Center for Statistics collects and integrates education and workforce data so that policymakers, practitioners, and the public can make the best informed decisions possible.

The budget includes \$362,700 General Fund in each fiscal for the Governor's School for Entrepreneurs.

Additional restricted fund appropriation has been added. The cabinet has moved from a cost allocation model, to an indirect rate model.

The Governor's budget includes additional General Fund in the amount of \$15,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Education and Workforce Development

Proprietary Education

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	588,200	491,000
Current Receipts	234,700	235,300
Total Restricted Funds	<u>822,900</u>	<u>726,300</u>
TOTAL SOURCE OF FUNDS	<u>822,900</u>	<u>726,300</u>
EXPENDITURES BY CLASS		
Personnel Costs	266,200	310,300
Operating Expenses	65,700	65,700
TOTAL EXPENDITURES	<u>331,900</u>	<u>376,000</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	331,900	376,000
TOTAL EXPENDITURES	<u>331,900</u>	<u>376,000</u>
EXPENDITURES BY UNIT		
Proprietary Education	331,900	376,000
TOTAL EXPENDITURES	<u>331,900</u>	<u>376,000</u>

The Kentucky Commission on Proprietary Education was established by action of the 2012 Kentucky General Assembly; it replaced the Board of Proprietary Education. The 11-member commission is charged with licensing and regulating all proprietary schools, doing business in Kentucky, other than those that offer a four year bachelor's degree. The duties of the Commission include issuing and renewing licenses to eligible proprietary schools, investigating complaints from students and schools, and administering and enforcing the provisions of KRS Chapter 165A pertaining to the conduct, operation, maintenance, and establishment of proprietary education institutions and the activities of agents of the schools.

The Commission also administers the Student Protection Fund. Each licensed school is obligated to contribute to the fund which reimburses eligible students in the event a school closes, loses its accreditation, or discontinues a program.

Education and Workforce Development

Deaf and Hard of Hearing

	Revised	Recommended
	FY 2021	FY 2022

SOURCE OF FUNDS

General Fund

Regular Appropriation	970,200	975,700
Total General Fund	970,200	975,700

Restricted Funds

Balance Forward		1,500
Current Receipts	1,379,700	1,379,700
Total Restricted Funds	1,379,700	1,381,200

TOTAL SOURCE OF FUNDS

2,349,900	2,356,900
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EXPENDITURES BY CLASS

Personnel Costs	1,308,800	1,303,900
Operating Expenses	1,039,600	1,038,800
TOTAL EXPENDITURES	2,348,400	2,342,700

EXPENDITURES BY FUND SOURCE

General Fund	970,200	975,700
Restricted Funds	1,378,200	1,367,000
TOTAL EXPENDITURES	2,348,400	2,342,700

EXPENDITURES BY UNIT

Commission on the Deaf and Hard of Hearing	2,348,400	2,342,700
TOTAL EXPENDITURES	2,348,400	2,342,700

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.

Policy

The Governor's budget includes additional General Fund in the amount of \$2,900 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Education and Workforce Development

Kentucky Educational Television

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	15,054,000	15,228,800
Total General Fund	15,054,000	15,228,800
Restricted Funds		
Current Receipts	1,524,800	1,524,800
Total Restricted Funds	1,524,800	1,524,800
TOTAL SOURCE OF FUNDS	16,578,800	16,753,600
EXPENDITURES BY CLASS		
Personnel Costs	13,423,800	13,681,100
Operating Expenses	3,105,000	2,939,000
Debt Service		83,500
Capital Outlay	50,000	50,000
TOTAL EXPENDITURES	16,578,800	16,753,600
EXPENDITURES BY FUND SOURCE		
General Fund	15,054,000	15,228,800
Restricted Funds	1,524,800	1,524,800
TOTAL EXPENDITURES	16,578,800	16,753,600
EXPENDITURES BY UNIT		
General Administration and Support	3,502,100	3,618,500
Broadcasting and Education	11,158,800	11,271,700
Engineering	1,917,900	1,863,400
TOTAL EXPENDITURES	16,578,800	16,753,600

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. KET is divided into three program areas: General Administration and Support, Broadcasting and Education, and Engineering.

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 learning goals and outcomes of Kentucky's Common Core Standards, adopted in February 2010. 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.

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.

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.

Policy

General Fund in the amount of \$83,500 is included in fiscal year 2022 for debt service on new bonds for the Public Safety Emergency Warning and Alerting capital project.

The Governor's budget includes additional General Fund in the amount of \$55,700 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Education and Workforce Development

Environmental Education Council

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	561,500	468,600
Current Receipts	139,000	141,300
Non-Revenue Receipts	275,000	275,000
Total Restricted Funds	<u>975,500</u>	<u>884,900</u>
Federal Fund		
Current Receipts	316,000	316,000
Total Federal Fund	<u>316,000</u>	<u>316,000</u>
TOTAL SOURCE OF FUNDS	<u>1,291,500</u>	<u>1,200,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	415,600	410,600
Operating Expenses	44,800	44,800
Grants Loans Benefits	362,500	362,500
TOTAL EXPENDITURES	<u>822,900</u>	<u>817,900</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	506,900	501,900
Federal Fund	316,000	316,000
TOTAL EXPENDITURES	<u>822,900</u>	<u>817,900</u>
EXPENDITURES BY UNIT		
Ky Environmental Education Council	822,900	817,900
TOTAL EXPENDITURES	<u>822,900</u>	<u>817,900</u>

The Kentucky Environmental Education Council was established in 1990 by KRS 157.910 and is charged with 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. In accordance with KRS 224.10-250, the Council receives the first \$150,000 in environmental fines and penalties collected by the Energy and Environment Cabinet for funding 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.

Additionally, in accordance with KRS 224.43-505, the Council provides interest accrued on the Kentucky Pride Fund, a fund that receives environmental remediation fees charged on each ton of waste disposed of at Kentucky landfills, to the eight state public universities to operate environmental education centers.

Education and Workforce Development

Libraries and Archives

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	9,076,700	13,103,800
Total General Fund	9,076,700	13,103,800
Restricted Funds		
Balance Forward	6,562,800	4,892,800
Current Receipts	2,538,300	2,446,000
Total Restricted Funds	9,101,100	7,338,800
Federal Fund		
Current Receipts	2,586,400	2,582,100
Total Federal Fund	2,586,400	2,582,100
TOTAL SOURCE OF FUNDS	20,764,200	23,024,700
EXPENDITURES BY CLASS		
Personnel Costs	5,138,400	5,167,000
Operating Expenses	4,151,900	4,152,000
Grants Loans Benefits	6,574,000	8,374,000
Capital Outlay	7,100	7,100
TOTAL EXPENDITURES	15,871,400	17,700,100
EXPENDITURES BY FUND SOURCE		
General Fund	9,076,700	13,103,800
Restricted Funds	4,208,300	2,014,200
Federal Fund	2,586,400	2,582,100
TOTAL EXPENDITURES	15,871,400	17,700,100
EXPENDITURES BY UNIT		
Libraries and Archives	10,494,900	9,823,600
Direct Local Aid	5,376,500	7,876,500
TOTAL EXPENDITURES	15,871,400	17,700,100

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	4,747,100	6,274,200
Total General Fund	4,747,100	6,274,200
Restricted Funds		
Balance Forward	5,874,500	4,206,400
Current Receipts	1,493,300	1,492,900
Total Restricted Funds	7,367,800	5,699,300
Federal Fund		
Current Receipts	2,586,400	2,582,100
Total Federal Fund	2,586,400	2,582,100
TOTAL SOURCE OF FUNDS	14,701,300	14,555,600
EXPENDITURES BY CLASS		
Personnel Costs	5,138,400	5,167,000
Operating Expenses	4,151,900	4,152,000
Grants Loans Benefits	1,197,500	497,500
Capital Outlay	7,100	7,100
TOTAL EXPENDITURES	10,494,900	9,823,600
EXPENDITURES BY FUND SOURCE		
General Fund	4,747,100	6,274,200
Restricted Funds	3,161,400	967,300
Federal Fund	2,586,400	2,582,100
TOTAL EXPENDITURES	10,494,900	9,823,600
EXPENDITURES BY UNIT		
Administrative Services	2,340,800	2,343,000
Field Services	2,473,200	2,487,200
Library Services	1,394,900	1,407,100
Archives & Records Management	4,286,000	3,586,300
TOTAL EXPENDITURES	10,494,900	9,823,600

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.

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.

Policy

The Governor's budget includes additional General Fund in the amount of \$15,400 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Education and Workforce Development

Direct Local Aid

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	4,329,600	6,829,600
Total General Fund	4,329,600	6,829,600
Restricted Funds		
Balance Forward	688,300	686,400
Current Receipts	1,045,000	953,100
Total Restricted Funds	1,733,300	1,639,500
TOTAL SOURCE OF FUNDS	6,062,900	8,469,100
EXPENDITURES BY CLASS		
Grants Loans Benefits	5,376,500	7,876,500
TOTAL EXPENDITURES	5,376,500	7,876,500
EXPENDITURES BY FUND SOURCE		
General Fund	4,329,600	6,829,600
Restricted Funds	1,046,900	1,046,900
TOTAL EXPENDITURES	5,376,500	7,876,500
EXPENDITURES BY UNIT		
Libraries Support	4,329,600	6,829,600
Public Records	1,046,900	1,046,900
TOTAL EXPENDITURES	5,376,500	7,876,500

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.

Policy

The budget restores \$2,500,000 General Fund in fiscal year 2022 for per capita assistance to local libraries.

**Education and Workforce Development
Department of Workforce Investment**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	34,867,900	34,903,000
Continuing Approp-General Fund	2,622,000	
Total General Fund	<u>37,489,900</u>	<u>34,903,000</u>
Restricted Funds		
Balance Forward	542,200	434,800
Current Receipts	4,612,500	4,593,400
Total Restricted Funds	<u>5,154,700</u>	<u>5,028,200</u>
Federal Fund		
Current Receipts	119,774,100	119,278,600
Total Federal Fund	<u>119,774,100</u>	<u>119,278,600</u>
TOTAL SOURCE OF FUNDS	<u>162,418,700</u>	<u>159,209,800</u>
EXPENDITURES BY CLASS		
Personnel Costs	35,396,400	33,907,200
Operating Expenses	11,614,300	12,505,100
Grants Loans Benefits	114,973,200	112,480,400
TOTAL EXPENDITURES	<u>161,983,900</u>	<u>158,892,700</u>
EXPENDITURES BY FUND SOURCE		
General Fund	37,489,900	34,903,000
Restricted Funds	4,719,900	4,711,100
Federal Fund	119,774,100	119,278,600
TOTAL EXPENDITURES	<u>161,983,900</u>	<u>158,892,700</u>
EXPENDITURES BY UNIT		
Vocational Rehabilitation	81,485,600	82,586,800
Office of Employer & Apprenticeship Services	3,385,100	1,886,100
Division of Adult Education	33,562,200	30,902,300
Workforce Innovation and Opportunity Act	43,551,000	43,517,500
TOTAL EXPENDITURES	<u>161,983,900</u>	<u>158,892,700</u>

The Department of Workforce Investments (DWI) connects Kentuckians to employment, workforce information, education, and training. The agencies of the department, Office of Vocational Rehabilitation, Office of Employer and Apprenticeship Services work together to provide services through the Kentucky Career Center. Also, under the direction of DWI is the Office of Adult Education.

Policy

In accordance with Executive Order 2020-686, the Unemployment Insurance and Career Development Offices were transferred to the Labor Cabinet.

The Governor's budget includes additional General Fund in the amount of \$17,000 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Education and Workforce Development
Department of Workforce Investment
Vocational Rehabilitation

Revised **Recommended**
FY 2021 **FY 2022**

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation	15,879,200	15,931,100
Total General Fund	15,879,200	15,931,100
Restricted Funds		
Balance Forward	489,000	408,200
Current Receipts	4,428,500	4,409,400
Total Restricted Funds	4,917,500	4,817,600
Federal Fund		
Current Receipts	61,097,100	62,155,200
Total Federal Fund	61,097,100	62,155,200
TOTAL SOURCE OF FUNDS	81,893,800	82,903,900
EXPENDITURES BY CLASS		
Personnel Costs	28,726,500	28,784,200
Operating Expenses	7,310,400	9,201,200
Grants Loans Benefits	45,448,700	44,601,400
TOTAL EXPENDITURES	81,485,600	82,586,800
EXPENDITURES BY FUND SOURCE		
General Fund	15,879,200	15,931,100
Restricted Funds	4,509,300	4,500,500
Federal Fund	61,097,100	62,155,200
TOTAL EXPENDITURES	81,485,600	82,586,800

The Office of Vocational Rehabilitation provides for and improves the vocational rehabilitation of citizens with physical and mental disabilities and helps eligible persons with disabilities achieve suitable employment. The Office of Vocational Rehabilitation has professional staff located at the central office as well as in Kentucky Career Centers throughout the state. Kentucky Career Centers house not only Office of Vocational Rehabilitation staff, but also staff from partner agencies such as Office of Career Development, Department for Community Based Services, Kentucky Adult Education, Community Action, and others. Such collaboration affords consumers the convenience of a one-stop approach for accessing various types of assistance necessary for reaching employment goals.

The Office employs Vocational Rehabilitation Counselors and Program Specialists who utilize vocational assessments, and counseling and guidance services to match workers with disabilities to labor market needs. An array of services is provided to assist clients with reaching employment goals. 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. Counselors and Specialists receive ongoing training to maintain certification and to gain knowledge of the latest developments in rehabilitation strategies and techniques.

The Office also provides services for employers. Such services include preparing job-qualified applicants, conducting job analyses, recommending job modifications, and conducting 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, as amended, 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.

The Division of Field Services provides direct vocational rehabilitation services to eligible individuals who have physical or mental disabilities and is responsible for the actual intake and client service delivery efforts of the Office and performs certain administrative 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.

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 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 standards for program quality as documented by the Commission on Accreditation of Rehabilitation Facilities (CARF). 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 Kentucky Assistive Technology Service (KATS) Network is a federally funded project operating within the Office of Vocational Rehabilitation. KATS is a statewide collaborative system of consumer-oriented organizations that help to provide assistive technologies to individuals with a variety of disabilities.

In October 2019, the Office of Vocational Rehabilitation was combined with the Office for the Blind to help utilize funding and staff to more effectively operate the multiple programs operated within the offices. As a result, the Office of the Blind is now a Division within the Office of Vocational Rehabilitation.

Pursuant to KRS 163.470 and the Rehabilitation Act of 1973 as amended, the Division for the Blind provides services to assist individuals who are blind and visually impaired in preparing for, obtaining, improving, and maintaining employment, as well as enabling them to live more independent and fulfilling lives.

The Division provides vocational rehabilitation of blind and visually impaired Kentuckians. Vocational Rehabilitation Counselors 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 Counselors receive ongoing training to maintain certification and to gain knowledge of the latest developments in rehabilitation techniques. The Office provides services 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 Division 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. Business Enterprises staff 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 Business Enterprise Program 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 Enterprises 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 Division 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.

Policy

In each fiscal year 2021 and 2022, there is an additional \$575,000 in General Fund to support the Office of Vocational Rehabilitation and maximize federal funding. This General Fund increase will allow the state access to approximately \$2.1 million in additional federal funds each year.

Education and Workforce Development
Department of Workforce Investment
Office of Employer & Apprenticeship Services

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	581,100	579,200
Total General Fund	<u>581,100</u>	<u>579,200</u>
Federal Fund		
Current Receipts	2,804,000	1,306,900
Total Federal Fund	<u>2,804,000</u>	<u>1,306,900</u>
TOTAL SOURCE OF FUNDS	<u>3,385,100</u>	<u>1,886,100</u>
EXPENDITURES BY CLASS		
Personnel Costs	2,314,000	815,100
Operating Expenses	253,800	253,800
Grants Loans Benefits	817,300	817,200
TOTAL EXPENDITURES	<u>3,385,100</u>	<u>1,886,100</u>
EXPENDITURES BY FUND SOURCE		
General Fund	581,100	579,200
Federal Fund	2,804,000	1,306,900
TOTAL EXPENDITURES	<u>3,385,100</u>	<u>1,886,100</u>

The Office of Employer and Apprenticeship Services administers the Commonwealth of Kentucky's Registered Apprenticeship program in accordance with KRS Chapter 343. Registered Apprenticeship is an innovative work-based earn and learn model that meets national standards for registration with the U.S. Department of Labor/Office of Apprenticeship and the Kentucky Office of Employer and Apprenticeship Services. It is a formal system of employee training that combines on-the-job learning with related technical instruction. It is designed to produce highly skilled workers who are fully competent in all aspects on an occupation, including knowledge, skill and proficiency on the job. With apprenticeship training, there is a written contract between the apprentice and the sponsor (employer), approved by and registered with the Commonwealth of Kentucky and the U.S. Department of Labor/Office of Apprenticeship, that specifies the length of training, school hours, and outlines the skills and competencies to be learned and the wages the apprentice will receive. Kentucky's apprenticeship program allows employers to design their own training program tailored to the company's needs as long as it meets the minimum criteria set forth by the U.S. Department of Labor. The Office closely monitors apprenticeship programs to ensure they are meeting the standards of providing quality training and instruction as mandated by 29 CFR, parts 29 and 30. The Office is actively involved with employers and industry associations to discuss the development of local and regional programs with align to the industry sectors identified by the Kentucky Workforce Investment Board. In addition to the apprenticeship program this Office assists employers in obtaining qualified workers to fill job openings as quickly as possible. This program provides counseling, employment testing, job development, referral, and placement.

Policy

The Education and Workforce Development Cabinet shall provide a report by December 1, 2020 to the Interim Joint Committee on Education detailing the use of \$581,100 in the General Fund base budget within the Office of Employer and Apprenticeship Services.

Education and Workforce Development
Department of Workforce Investment
Division of Adult Education

Revised **Recommended**
FY 2021 **FY 2022**

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation	18,407,600	18,392,700
Continuing Approp-General Fund	2,622,000	
Total General Fund	21,029,600	18,392,700
Restricted Funds		
Balance Forward	53,200	26,600
Current Receipts	184,000	184,000
Total Restricted Funds	237,200	210,600
Federal Fund		
Current Receipts	12,322,000	12,299,000
Total Federal Fund	12,322,000	12,299,000
TOTAL SOURCE OF FUNDS	33,588,800	30,902,300
EXPENDITURES BY CLASS		
Personnel Costs	2,258,400	2,243,600
Operating Expenses	2,313,800	1,313,800
Grants Loans Benefits	28,990,000	27,344,900
TOTAL EXPENDITURES	33,562,200	30,902,300
EXPENDITURES BY FUND SOURCE		
General Fund	21,029,600	18,392,700
Restricted Funds	210,600	210,600
Federal Fund	12,322,000	12,299,000
TOTAL EXPENDITURES	33,562,200	30,902,300

The Office of Adult Education administers state and federal funding for adult basic education and literacy programs. The Office's Kentucky Skills U program makes available to the citizens of the Commonwealth free adult education services across the state. The vision of Kentucky Skills U is that Kentuckians will experience a higher standard of living and quality of life through increased educational attainment.

Kentucky Skills U provides free adult education services in all 120 counties to help Kentuckians obtain a GED. Through Kentucky Skills U, Kentuckians can gain reading, math and communications skills that place them on a path to higher education and training, and earn certifications to move ahead in their careers.

Local Kentucky Skills U teachers are ready in every county to help participants break through barriers to reach their education and career goals.

Currently, about 350,000 working-age Kentuckians do not have a high school or GED diploma. The mission of Kentucky Skills U is to work with Kentuckians to improve their quality of life through education, training and employment so they can take care of themselves and their families and help their communities' and the state's economies expand and thrive.

Policy

At the close of fiscal year 2019-2020, \$2,000,000 of unexpended General Fund appropriations lapsed to the credit of the General Fund. The enacted budget suspends KRS 45.229 to permit other unexpended General Fund amounts to not lapse to the General Fund.

Education and Workforce Development
Department of Workforce Investment
Workforce Innovation and Opportunity Act

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Federal Fund		
Current Receipts	43,551,000	43,517,500
Total Federal Fund	<u>43,551,000</u>	<u>43,517,500</u>
TOTAL SOURCE OF FUNDS	<u>43,551,000</u>	<u>43,517,500</u>
EXPENDITURES BY CLASS		
Personnel Costs	2,097,500	2,064,300
Operating Expenses	1,736,300	1,736,300
Grants Loans Benefits	<u>39,717,200</u>	<u>39,716,900</u>
TOTAL EXPENDITURES	<u>43,551,000</u>	<u>43,517,500</u>
EXPENDITURES BY FUND SOURCE		
Federal Fund	<u>43,551,000</u>	<u>43,517,500</u>
TOTAL EXPENDITURES	<u>43,551,000</u>	<u>43,517,500</u>

In accordance with the provisions of the Workforce Innovation and Opportunity Act (WIOA), Kentucky continues to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs. WIOA reforms implemented by the Commonwealth include streamlining services through a one-stop service delivery system housed in Kentucky Career Centers located throughout the state, 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 Workforce Investment Boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth services.

The Workforce Innovation and Opportunity 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 Kentucky Career Centers, 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, 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 that will lead to self-sufficiency.

Through WIOA, youth are prepared for postsecondary educational opportunities or employment. Programs link academic and occupational learning and 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.

The 42-member Kentucky Workforce Investment Board (KWIB) serves as an advisory board to the Governor on workforce training and development issues. The KWIB is charged with creating a statewide vision for workforce development and adopting a plan to move Kentucky forward through workforce training and development.

Energy and Environment

Energy and Environment

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	86,352,900	90,313,900
Continuing Approp-General Fund	1,672,700	700,000
Total General Fund	88,025,600	91,013,900

Tobacco Fund

Tobacco Settlement - Phase I	3,386,800	3,423,400
Continuing Approp-Tob Settlement	12,014,800	
Total Tobacco Fund	15,401,600	3,423,400

Restricted Funds

Balance Forward	53,839,700	19,039,900
Current Receipts	27,754,900	27,644,600
Non-Revenue Receipts	89,793,000	69,224,400
Fund Transfers	-31,500,000	-15,000,000
Total Restricted Funds	139,887,600	100,908,900

Federal Fund

Current Receipts	92,582,900	89,069,400
Non-Revenue Receipts	-2,312,300	-2,320,200
Total Federal Fund	90,270,600	86,749,200

Road Fund

Regular Appropriation	320,900	320,900
Total Road Fund	320,900	320,900

TOTAL SOURCE OF FUNDS

	333,906,300	282,416,300
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EXPENDITURES BY CLASS

Personnel Costs	160,621,800	159,752,400
Operating Expenses	41,808,000	38,753,200
Grants Loans Benefits	59,577,900	26,616,500
Debt Service	140,000	
Capital Outlay	5,900,200	5,107,700
Construction	38,933,300	39,338,300
TOTAL EXPENDITURES	306,981,200	269,568,100

EXPENDITURES BY FUND SOURCE

General Fund	80,140,400	83,828,700
Tobacco Fund	15,401,600	3,423,400
Restricted Funds	120,847,700	95,245,900
Federal Fund	90,270,600	86,749,200
Road Fund	320,900	320,900
TOTAL EXPENDITURES	306,981,200	269,568,100

EXPENDITURES BY UNIT

Secretary	27,674,200	6,907,400
Environmental Protection	126,876,500	122,770,100
Natural Resources	123,867,200	113,113,900
Public Service Commission	12,076,300	11,656,700
Office of Administrative Services	10,804,200	10,728,500
Office of KY Nature Preserves	3,480,100	2,603,900
Office of Energy Policy	2,202,700	1,787,600
TOTAL EXPENDITURES	306,981,200	269,568,100

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

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

Energy and Environment

Secretary

	Revised	Recommended
	FY 2021	FY 2022

SOURCE OF FUNDS

General Fund

Regular Appropriation	3,769,800	3,789,500
Total General Fund	3,769,800	3,789,500

Restricted Funds

Balance Forward	769,000	47,700
Current Receipts	65,800	65,800
Non-Revenue Receipts	21,509,700	1,724,600
Total Restricted Funds	22,344,500	1,838,100

Federal Fund

Current Receipts	1,618,900	1,338,800
Non-Revenue Receipts	-11,300	-11,300
Total Federal Fund	1,607,600	1,327,500

TOTAL SOURCE OF FUNDS

	27,721,900	6,955,100
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EXPENDITURES BY CLASS

Personnel Costs	6,173,100	6,018,200
Operating Expenses	1,116,500	882,200
Grants Loans Benefits	20,378,600	
Capital Outlay	6,000	7,000
TOTAL EXPENDITURES	27,674,200	6,907,400

EXPENDITURES BY FUND SOURCE

General Fund	3,769,800	3,789,500
Restricted Funds	22,296,800	1,790,400
Federal Fund	1,607,600	1,327,500
TOTAL EXPENDITURES	27,674,200	6,907,400

EXPENDITURES BY UNIT

Administrative Hearings	1,279,700	1,177,400
Ofc of Sec - Leg & Interg Aff - Gen Coun	26,394,500	5,730,000
TOTAL EXPENDITURES	27,674,200	6,907,400

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

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

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

The Office of Communications oversees all internal and external communications about the agency.

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

Policy

The Governor's budget includes additional General Fund in the amount of \$13,700 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

In 2016, the U.S. Department of Justice issued a partial consent decree settling claims by the U.S. EPA and the Federal Trade Commission against German automaker, Volkswagen AG (VW), for misrepresentation regarding the emissions from its "clean diesel" vehicles. As part of the settlement, \$20,378,649 in funding was made available to Kentucky to help improve air quality and accelerate cleaner transportation options in the state. The Budget of the Commonwealth allows that \$8,521,700 shall be used to reimburse local school districts for 50 percent of the purchase cost to replace up to five school buses meeting necessary criteria per district. \$8,521,700 shall be transferred to the Office of Transportation Delivery to replace public transit buses meeting necessary criteria. \$3,057,700 shall be used for the purchase of light-duty, zero-emission vehicle supply equipment meeting the necessary criteria. \$278,500 may be used for administrative costs.

**Energy and Environment
Office of Administrative Services**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	5,175,900	5,216,200
Total General Fund	5,175,900	5,216,200
Restricted Funds		
Balance Forward	759,400	
Current Receipts	1,700	1,700
Non-Revenue Receipts	3,589,200	4,239,400
Total Restricted Funds	4,350,300	4,241,100
Federal Fund		
Current Receipts	1,310,900	1,304,100
Non-Revenue Receipts	-32,900	-32,900
Total Federal Fund	1,278,000	1,271,200
TOTAL SOURCE OF FUNDS	10,804,200	10,728,500
EXPENDITURES BY CLASS		
Personnel Costs	8,825,900	8,961,400
Operating Expenses	1,906,900	1,692,700
Capital Outlay	71,400	74,400
TOTAL EXPENDITURES	10,804,200	10,728,500
EXPENDITURES BY FUND SOURCE		
General Fund	5,175,900	5,216,200
Restricted Funds	4,350,300	4,241,100
Federal Fund	1,278,000	1,271,200
TOTAL EXPENDITURES	10,804,200	10,728,500
EXPENDITURES BY UNIT		
Office of Administrative Services	10,804,200	10,728,500
TOTAL EXPENDITURES	10,804,200	10,728,500

The Office of Administrative Services was established effective November 1, 2017 per Executive Order 2017-0748 and authorized by House Bill 264 during the 2018 regular session.

The establishment of the Office resulted in consolidated internal support functions for the Cabinet, which included administrative, financial management, human resource and information service roles.

Policy

The Governor's budget includes additional General Fund in the amount of \$21,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

**Energy and Environment
Environmental Protection**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	23,067,100	25,168,300
Total General Fund	23,067,100	25,168,300

Restricted Funds

Balance Forward	36,846,000	8,947,200
Current Receipts	22,390,800	22,297,200
Non-Revenue Receipts	58,269,100	57,781,900
Fund Transfers	-31,500,000	-15,000,000
Total Restricted Funds	86,005,900	74,026,300

Federal Fund

Current Receipts	27,968,400	25,673,200
Non-Revenue Receipts	-1,538,600	-1,549,100
Total Federal Fund	26,429,800	24,124,100

Road Fund

Regular Appropriation	320,900	320,900
Total Road Fund	320,900	320,900

TOTAL SOURCE OF FUNDS

	135,823,700	123,639,600
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EXPENDITURES BY CLASS

Personnel Costs	77,117,700	76,366,200
Operating Expenses	27,176,500	24,983,700
Grants Loans Benefits	18,413,700	18,197,500
Debt Service	140,000	
Capital Outlay	3,978,600	3,172,700
Construction	50,000	50,000
TOTAL EXPENDITURES	126,876,500	122,770,100

EXPENDITURES BY FUND SOURCE

General Fund	23,067,100	25,168,300
Restricted Funds	77,058,700	73,156,800
Federal Fund	26,429,800	24,124,100
Road Fund	320,900	320,900
TOTAL EXPENDITURES	126,876,500	122,770,100

EXPENDITURES BY UNIT

Commissioner	1,111,800	1,118,700
Water	33,746,900	31,294,300
Waste Management	35,676,100	36,052,600
Air Quality	19,188,200	18,534,700
Environmental Program Support	3,728,100	3,544,400
Enforcement	2,461,100	2,350,700
Compliance Assistance	2,364,300	2,332,600
Petroleum Storage Tank Environmental Assurance Fund	28,600,000	27,542,100
TOTAL EXPENDITURES	126,876,500	122,770,100

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

Policy

The Governor's budget includes additional General Fund in the amount of \$133,700 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

**Energy and Environment
Environmental Protection
Commissioner**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	881,600	891,500
Total General Fund	881,600	891,500

Restricted Funds

Balance Forward	13,600	
Non-Revenue Receipts	216,600	227,200
Total Restricted Funds	230,200	227,200

TOTAL SOURCE OF FUNDS

	1,111,800	1,118,700
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EXPENDITURES BY CLASS

Personnel Costs	1,052,600	1,064,600
Operating Expenses	59,200	54,100
TOTAL EXPENDITURES	1,111,800	1,118,700

EXPENDITURES BY FUND SOURCE

General Fund	881,600	891,500
Restricted Funds	230,200	227,200
TOTAL EXPENDITURES	1,111,800	1,118,700

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

**Energy and Environment
Environmental Protection
Water**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	11,739,400	13,400,800
Total General Fund	11,739,400	13,400,800

Restricted Funds

Balance Forward	3,473,900	168,700
Current Receipts	1,477,100	1,586,700
Non-Revenue Receipts	713,100	713,100
Total Restricted Funds	5,664,100	2,468,500

Federal Fund

Current Receipts	17,053,300	15,966,200
Non-Revenue Receipts	-862,100	-862,100
Total Federal Fund	16,191,200	15,104,100

Road Fund

Regular Appropriation	320,900	320,900
Total Road Fund	320,900	320,900

TOTAL SOURCE OF FUNDS

	33,915,600	31,294,300
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EXPENDITURES BY CLASS

Personnel Costs	26,734,900	26,087,100
Operating Expenses	3,620,000	2,362,700
Grants Loans Benefits	3,047,100	2,844,500
Debt Service	140,000	
Capital Outlay	204,900	
TOTAL EXPENDITURES	33,746,900	31,294,300

EXPENDITURES BY FUND SOURCE

General Fund	11,739,400	13,400,800
Restricted Funds	5,495,400	2,468,500
Federal Fund	16,191,200	15,104,100
Road Fund	320,900	320,900
TOTAL EXPENDITURES	33,746,900	31,294,300

The Division of Water, pursuant to KRS Chapters 146, 149, 151, 220, 223, 224, 224A, 261, 350.029, 350.275 and federal law including PL 92-500 as amended (the Clean Water Act) and 92-523 as amended (the Safe Drinking Water Act), is responsible for administering programs for: ensuring a safe drinking water supply, water quality planning and monitoring, stormwater management, dam safety, groundwater protection, wastewater treatment and sewer line construction, water conservation, and regulation development.

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

Policy

The Budget of the Commonwealth includes General Fund debt service in the amount of \$140,000 in fiscal year 2021 to support bonds as set forth in Part II, Capital Projects Budget

Energy and Environment**Environmental Protection****Waste Management**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation

5,579,100 6,016,300

Total General Fund

5,579,100 6,016,300

Restricted Funds

Balance Forward

6,479,100 4,093,700

Current Receipts

4,048,800 4,049,600

Non-Revenue Receipts

19,181,800 19,202,000

Fund Transfers

-1,500,000 -2,000,000

Total Restricted Funds

28,209,700 25,345,300

Federal Fund

Current Receipts

6,475,500 6,062,900

Non-Revenue Receipts

-494,500 -502,400

Total Federal Fund

5,981,000 5,560,500

TOTAL SOURCE OF FUNDS

39,769,800 36,922,100

EXPENDITURES BY CLASS

Personnel Costs

18,016,300 18,098,100

Operating Expenses

1,817,300 2,096,500

Grants Loans Benefits

14,767,900 14,767,900

Capital Outlay

1,024,600 1,040,100

Construction

50,000 50,000

TOTAL EXPENDITURES

35,676,100 36,052,600

EXPENDITURES BY FUND SOURCE

General Fund

5,579,100 6,016,300

Restricted Funds

24,116,000 24,475,800

Federal Fund

5,981,000 5,560,500

TOTAL EXPENDITURES

35,676,100 36,052,600

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

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

Maxey Flats, once a low-level nuclear waste disposal site and closed in 1977, was designated to be in its Final Closure Period as of November, 2012. This includes the installation of a permanent vegetative cap, permanent surface water control features, and surface monuments to identify the location of buried waste. This project was funded in the 2012-14 biennial budget from private funds paid into a trust fund by the Private Settling Parties and from General Fund supported bonds. The final cap was substantially completed in November 2016. The Construction Final Completion Inspection was successfully conducted in September 2017 and the Certification of Completion is dependent on EPA approval of the commonwealth's Institutional Control Plan. The Commonwealth of Kentucky assumed ownership and responsibility for the toxic site in 1978, and is responsible for long-term monitoring and maintenance activities of the site in perpetuity. Ongoing monitoring and maintenance is funded from the General Fund.

**Energy and Environment
Environmental Protection
Air Quality**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

Restricted Funds

Balance Forward	2,025,400	1,139,300
Current Receipts	16,202,900	15,981,100
Non-Revenue Receipts	-552,400	-578,500
Total Restricted Funds	17,675,900	16,541,900

Federal Fund

Current Receipts	2,754,800	2,098,600
Non-Revenue Receipts	-103,200	-105,800
Total Federal Fund	2,651,600	1,992,800

TOTAL SOURCE OF FUNDS

	20,327,500	18,534,700
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EXPENDITURES BY CLASS

Personnel Costs	16,577,800	16,273,600
Operating Expenses	2,087,300	1,854,500
Grants Loans Bnefits	523,100	406,600

TOTAL EXPENDITURES

	19,188,200	18,534,700
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EXPENDITURES BY FUND SOURCE

Restricted Funds	16,536,600	16,541,900
Federal Fund	2,651,600	1,992,800

TOTAL EXPENDITURES

	19,188,200	18,534,700
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The Division of Air Quality is responsible for the identification and implementation of measures necessary to achieve and maintain ambient air quality standards as mandated by the federal Clean Air Act and KRS 224.10-100. The Division accomplishes its mission through air quality monitoring, permitting, source inspections and enforcement to ensure compliance with air pollution laws and regulations.

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

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	3,463,700	3,435,800
Total General Fund	3,463,700	3,435,800
Restricted Funds		
Balance Forward	39,600	
Current Receipts	110,800	108,600
Total Restricted Funds	150,400	108,600
Federal Fund		
Current Receipts	114,000	
Total Federal Fund	114,000	
TOTAL SOURCE OF FUNDS	3,728,100	3,544,400
EXPENDITURES BY CLASS		
Personnel Costs	2,618,100	2,655,800
Operating Expenses	1,101,600	887,400
Grants Loans Benefits	8,400	1,200
TOTAL EXPENDITURES	3,728,100	3,544,400
EXPENDITURES BY FUND SOURCE		
General Fund	3,463,700	3,435,800
Restricted Funds	150,400	108,600
Federal Fund	114,000	
TOTAL EXPENDITURES	3,728,100	3,544,400

The Division of Environmental Program Support provides centralized laboratory testing for the Department. Activities are conducted pursuant to KRS 224.10-100(7).

**Energy and Environment
Environmental Protection
Enforcement**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,047,200	1,070,500
Total General Fund	1,047,200	1,070,500
Restricted Funds		
Balance Forward	184,200	
Non-Revenue Receipts	813,200	867,000
Total Restricted Funds	997,400	867,000
Federal Fund		
Current Receipts	452,500	449,200
Non-Revenue Receipts	-36,000	-36,000
Total Federal Fund	416,500	413,200
TOTAL SOURCE OF FUNDS	2,461,100	2,350,700
EXPENDITURES BY CLASS		
Personnel Costs	2,191,000	2,200,000
Operating Expenses	270,100	150,700
TOTAL EXPENDITURES	2,461,100	2,350,700
EXPENDITURES BY FUND SOURCE		
General Fund	1,047,200	1,070,500
Restricted Funds	997,400	867,000
Federal Fund	416,500	413,200
TOTAL EXPENDITURES	2,461,100	2,350,700

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

**Energy and Environment
Environmental Protection
Compliance Assistance**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	356,100	353,400
Total General Fund	356,100	353,400

Restricted Funds

Balance Forward	563,600	268,300
Current Receipts	321,200	341,200
Non-Revenue Receipts	316,200	316,200
Total Restricted Funds	1,201,000	925,700

Federal Fund

Current Receipts	1,118,300	1,096,300
Non-Revenue Receipts	-42,800	-42,800
Total Federal Fund	1,075,500	1,053,500

TOTAL SOURCE OF FUNDS

	2,632,600	2,332,600
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EXPENDITURES BY CLASS

Personnel Costs	1,466,600	1,451,400
Operating Expenses	464,400	454,300
Grants Loans Benefits	433,300	426,900
TOTAL EXPENDITURES	2,364,300	2,332,600

EXPENDITURES BY FUND SOURCE

General Fund	356,100	353,400
Restricted Funds	932,700	925,700
Federal Fund	1,075,500	1,053,500
TOTAL EXPENDITURES	2,364,300	2,332,600

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

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	24,066,600	3,277,200
Current Receipts	230,000	230,000
Non-Revenue Receipts	37,580,600	37,034,900
Fund Transfers	-30,000,000	-13,000,000
Total Restricted Funds	<u>31,877,200</u>	<u>27,542,100</u>
TOTAL SOURCE OF FUNDS	<u>31,877,200</u>	<u>27,542,100</u>
EXPENDITURES BY CLASS		
Personnel Costs	8,460,400	8,535,600
Operating Expenses	17,756,600	17,123,500
Grants Loans Benefits	157,000	157,000
Capital Outlay	2,226,000	1,726,000
TOTAL EXPENDITURES	<u>28,600,000</u>	<u>27,542,100</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	<u>28,600,000</u>	<u>27,542,100</u>
TOTAL EXPENDITURES	<u>28,600,000</u>	<u>27,542,100</u>

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

**Energy and Environment
Natural Resources**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	36,068,600	37,293,400
Total General Fund	36,068,600	37,293,400

Tobacco Fund

Tobacco Settlement - Phase I	3,386,800	3,423,400
Continuing Approp-Tob Settlement	12,014,800	
Total Tobacco Fund	15,401,600	3,423,400

Restricted Funds

Balance Forward	9,736,100	6,092,100
Current Receipts	4,169,000	4,152,300
Non-Revenue Receipts	5,509,600	4,691,800
Total Restricted Funds	19,414,700	14,936,200

Federal Fund

Current Receipts	59,614,200	59,246,400
Non-Revenue Receipts	-539,800	-539,000
Total Federal Fund	59,074,400	58,707,400

TOTAL SOURCE OF FUNDS

	129,959,300	114,360,400
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EXPENDITURES BY CLASS

Personnel Costs	54,798,900	55,260,400
Operating Expenses	8,882,700	9,362,900
Grants Loans Benefits	19,584,100	7,474,700
Capital Outlay	1,718,200	1,727,600
Construction	38,883,300	39,288,300
TOTAL EXPENDITURES	123,867,200	113,113,900

EXPENDITURES BY FUND SOURCE

General Fund	36,068,600	37,293,400
Tobacco Fund	15,401,600	3,423,400
Restricted Funds	13,322,600	13,689,700
Federal Fund	59,074,400	58,707,400
TOTAL EXPENDITURES	123,867,200	113,113,900

EXPENDITURES BY UNIT

Commissioner	1,338,300	1,240,100
Forestry	19,545,300	19,931,900
Conservation	17,611,100	5,644,000
Oil and Gas	3,307,400	3,156,700
Mine Permits	5,221,400	5,152,500
Mine Reclamation and Enforcement	14,386,400	14,558,200
Abandoned Mine Lands	16,245,500	15,772,800
Mine Safety	9,977,000	10,185,800
Reclamation Guaranty Fund	1,525,800	2,218,900
Abandoned Mine Land Reclamation Projects	34,652,900	35,196,900
Mine Safety Review Commission	56,100	56,100
TOTAL EXPENDITURES	123,867,200	113,113,900

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

The Department oversees activities and programs related to forestry, conservation, mining, and oil and gas. The Department, through its divisions and partnerships, provides technical assistance, educational programs, and funding to

assist the general public, landowners, institutions, industries, and communities in conserving and sustaining Kentucky's natural resources. In addition, the Department is responsible for the inspection of timber harvests, mining operations, and oil and gas wells to ensure compliance with laws that protect the public, the environment, and Kentucky's coal miners.

Policy

The Governor's budget includes additional General Fund in the amount of \$130,500 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Energy and Environment**Natural Resources****Commissioner**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation

627,000 635,300

Total General Fund

627,000 635,300

Restricted Funds

Balance Forward

498,600 278,800

Non-Revenue Receipts

163,200 36,500

Total Restricted Funds

661,800 315,300

Federal Fund

Current Receipts

330,800 292,000

Non-Revenue Receipts

-2,500 -2,500

Total Federal Fund

328,300 289,500

TOTAL SOURCE OF FUNDS

1,617,100 1,240,100

EXPENDITURES BY CLASS

Personnel Costs

1,205,100 1,140,400

Operating Expenses

133,200 99,700

TOTAL EXPENDITURES

1,338,300 1,240,100

EXPENDITURES BY FUND SOURCE

General Fund

627,000 635,300

Restricted Funds

383,000 315,300

Federal Fund

328,300 289,500

TOTAL EXPENDITURES

1,338,300 1,240,100

The Office of the Commissioner provides leadership, policy direction, and management for the Department for Natural Resources. The Commissioner provides guidance in policy and program implementation for the sustainability of Kentucky's natural resources and the safety of Kentucky's miners.

Energy and Environment**Natural Resources****Forestry**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation

13,292,200 14,503,400

Total General Fund

13,292,200 14,503,400

Restricted Funds

Balance Forward

1,548,800 400,000

Current Receipts

1,431,000 1,608,500

Non-Revenue Receipts

-296,500 -296,500

Total Restricted Funds

2,683,300 1,712,000

Federal Fund

Current Receipts

4,096,300 3,843,000

Non-Revenue Receipts

-126,500 -126,500

Total Federal Fund

3,969,800 3,716,500

TOTAL SOURCE OF FUNDS

19,945,300 19,931,900

EXPENDITURES BY CLASS

Personnel Costs

14,586,900 14,718,100

Operating Expenses

2,968,100 3,131,300

Grants Loans Benefits

1,506,100 1,598,300

Capital Outlay

484,200 484,200

TOTAL EXPENDITURES

19,545,300 19,931,900

EXPENDITURES BY FUND SOURCE

General Fund

13,292,200 14,503,400

Restricted Funds

2,283,300 1,712,000

Federal Fund

3,969,800 3,716,500

TOTAL EXPENDITURES

19,545,300 19,931,900

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

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

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

Energy and Environment**Natural Resources****Conservation**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation

1,125,000	1,136,800
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Total General Fund

1,125,000	1,136,800
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Tobacco Fund

Tobacco Settlement - Phase I

3,386,800	3,423,400
-----------	-----------

Continuing Approp-Tob Settlement

12,014,800	
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Total Tobacco Fund

15,401,600	3,423,400
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Restricted Funds

Balance Forward

1,910,700	1,350,200
-----------	-----------

Current Receipts

700	700
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Non-Revenue Receipts

313,000	313,000
---------	---------

Total Restricted Funds

2,224,400	1,663,900
-----------	-----------

Federal Fund

Current Receipts

223,300	222,600
---------	---------

Non-Revenue Receipts

-13,000	-13,000
---------	---------

Total Federal Fund

210,300	209,600
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TOTAL SOURCE OF FUNDS

18,961,300	6,433,700
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EXPENDITURES BY CLASS

Personnel Costs

1,458,300	1,419,100
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Operating Expenses

284,000	335,100
---------	---------

Grants Loans Benefits

15,843,800	3,864,800
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Capital Outlay

25,000	25,000
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TOTAL EXPENDITURES

17,611,100	5,644,000
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EXPENDITURES BY FUND SOURCE

General Fund

1,125,000	1,136,800
-----------	-----------

Tobacco Fund

15,401,600	3,423,400
------------	-----------

Restricted Funds

874,200	874,200
---------	---------

Federal Fund

210,300	209,600
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TOTAL EXPENDITURES

17,611,100	5,644,000
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The Division of Conservation provides assistance to Kentucky's 121 conservation districts in the development and implementation of sound conservation programs to protect, enhance, and develop the Commonwealth's natural resources.

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

Policy

The budget includes Phase I Tobacco Settlement Funds in the amount of \$2,479,500 in fiscal year 2021 and \$2,516,100 in fiscal year 2022 for the state share of the Environmental Stewardship Program.

The budget includes Phase I Tobacco Settlement Funds in the amount of \$907,300 in each fiscal year for the Division of Conservation to provide direct aid to local conservation districts.

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation

2,540,900 2,669,800

Total General Fund

2,540,900 2,669,800

Restricted Funds

Balance Forward

703,600 213,200

Current Receipts

220,400 220,400

Non-Revenue Receipts

-75,800 -75,800

Total Restricted Funds

848,200 357,800

Federal Fund

Current Receipts

139,500 137,100

Non-Revenue Receipts

-8,000 -8,000

Total Federal Fund

131,500 129,100

TOTAL SOURCE OF FUNDS

3,520,600 3,156,700

EXPENDITURES BY CLASS

Personnel Costs

2,878,500 2,768,000

Operating Expenses

323,900 318,700

Capital Outlay

105,000 70,000

TOTAL EXPENDITURES

3,307,400 3,156,700

EXPENDITURES BY FUND SOURCE

General Fund

2,540,900 2,669,800

Restricted Funds

635,000 357,800

Federal Fund

131,500 129,100

TOTAL EXPENDITURES

3,307,400 3,156,700

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

Energy and Environment**Natural Resources****Mine Permits**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation

1,846,200	1,754,800
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Total General Fund

1,846,200	1,754,800
-----------	-----------

Restricted Funds

Balance Forward

567,700	295,400
---------	---------

Current Receipts

791,900	791,900
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Non-Revenue Receipts

-482,800	-482,800
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Total Restricted Funds

876,800	604,500
---------	---------

Federal Fund

Current Receipts

2,844,300	2,843,700
-----------	-----------

Non-Revenue Receipts

-50,500	-50,500
---------	---------

Total Federal Fund

2,793,800	2,793,200
-----------	-----------

TOTAL SOURCE OF FUNDS

5,516,800	5,152,500
-----------	-----------

EXPENDITURES BY CLASS

Personnel Costs

4,528,400	4,488,300
-----------	-----------

Operating Expenses

406,400	372,200
---------	---------

Grants Loans Benefits

286,600	292,000
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TOTAL EXPENDITURES

5,221,400	5,152,500
-----------	-----------

EXPENDITURES BY FUND SOURCE

General Fund

1,846,200	1,754,800
-----------	-----------

Restricted Funds

581,400	604,500
---------	---------

Federal Fund

2,793,800	2,793,200
-----------	-----------

TOTAL EXPENDITURES

5,221,400	5,152,500
-----------	-----------

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

Energy and Environment
Natural Resources
Mine Reclamation and Enforcement

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	7,256,900	7,316,200
Total General Fund	<u>7,256,900</u>	<u>7,316,200</u>
Restricted Funds		
Balance Forward	677,600	475,700
Current Receipts	44,700	44,700
Non-Revenue Receipts	118,300	118,300
Total Restricted Funds	<u>840,600</u>	<u>638,700</u>
Federal Fund		
Current Receipts	6,882,900	6,793,300
Non-Revenue Receipts	-118,300	-118,300
Total Federal Fund	<u>6,764,600</u>	<u>6,675,000</u>
TOTAL SOURCE OF FUNDS	<u>14,862,100</u>	<u>14,629,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	12,011,300	12,138,700
Operating Expenses	1,834,100	1,834,100
Grants Loans Benefits	110,000	110,000
Capital Outlay	431,000	475,400
TOTAL EXPENDITURES	<u>14,386,400</u>	<u>14,558,200</u>
EXPENDITURES BY FUND SOURCE		
General Fund	7,256,900	7,316,200
Restricted Funds	364,900	567,000
Federal Fund	6,764,600	6,675,000
TOTAL EXPENDITURES	<u>14,386,400</u>	<u>14,558,200</u>

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

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**Restricted Funds**

Balance Forward	3,186,900	2,418,500
Current Receipts	1,429,000	1,234,800
Non-Revenue Receipts	4,650,900	3,195,000
Total Restricted Funds	<u>9,266,800</u>	<u>6,848,300</u>

Federal Fund

Current Receipts	9,597,800	9,125,100
Non-Revenue Receipts	-200,600	-200,600
Total Federal Fund	<u>9,397,200</u>	<u>8,924,500</u>

TOTAL SOURCE OF FUNDS

	<u>18,664,000</u>	<u>15,772,800</u>
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EXPENDITURES BY CLASS

Personnel Costs	8,932,800	8,777,400
Operating Expenses	944,700	994,400
Grants Loans Benefits	337,600	359,600
Capital Outlay	250,000	250,000
Construction	5,780,400	5,391,400
TOTAL EXPENDITURES	<u>16,245,500</u>	<u>15,772,800</u>

EXPENDITURES BY FUND SOURCE

Restricted Funds	6,848,300	6,848,300
Federal Fund	9,397,200	8,924,500
TOTAL EXPENDITURES	<u>16,245,500</u>	<u>15,772,800</u>

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

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

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

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation

9,324,300 9,221,000

Total General Fund

9,324,300 9,221,000

Restricted Funds

Balance Forward

598,700 660,300

Current Receipts

250,100 250,100

Non-Revenue Receipts

16,400 15,600

Total Restricted Funds

865,200 926,000

Federal Fund

Current Receipts

464,200 439,500

Non-Revenue Receipts

-16,400 -15,600

Total Federal Fund

447,800 423,900

TOTAL SOURCE OF FUNDS

10,637,300 10,570,900

EXPENDITURES BY CLASS

Personnel Costs

8,323,200 8,539,300

Operating Expenses

1,230,800 1,223,500

Capital Outlay

423,000 423,000

TOTAL EXPENDITURES

9,977,000 10,185,800

EXPENDITURES BY FUND SOURCE

General Fund

9,324,300 9,221,000

Restricted Funds

204,900 540,900

Federal Fund

447,800 423,900

TOTAL EXPENDITURES

9,977,000 10,185,800

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

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

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

The Division develops and maintains a database to track information about each mining operation. The database includes the number of miners employed by the mine, type of operations, type of worker's compensation insurance, and the number and type of mining law violations, closures, and abatements for each mine and mine operator. A second database provides information on all individuals certified as surface mine foremen, surface mine safety analysts, underground mine foremen, underground mine instructors, underground mine inspectors, and electrical inspectors.

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

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

**Energy and Environment
Natural Resources
Reclamation Guaranty Fund**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

Restricted Funds

Balance Forward	43,500	
Current Receipts	1,200	1,200
Non-Revenue Receipts	1,102,900	1,868,500
Total Restricted Funds	1,147,600	1,869,700

Federal Fund

Current Receipts	382,200	353,200
Non-Revenue Receipts	-4,000	-4,000
Total Federal Fund	378,200	349,200

TOTAL SOURCE OF FUNDS

	1,525,800	2,218,900
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EXPENDITURES BY CLASS

Personnel Costs	776,000	1,172,700
Operating Expenses	749,800	1,046,200
TOTAL EXPENDITURES	1,525,800	2,218,900

EXPENDITURES BY FUND SOURCE

Restricted Funds	1,147,600	1,869,700
Federal Fund	378,200	349,200
TOTAL EXPENDITURES	1,525,800	2,218,900

The Office of Reclamation Guaranty Fund, pursuant to KRS 350.500-350.521, provides the additional money necessary to reclaim permitted mine areas. In the event a permit-specific reclamation bond is insufficient to complete reclamation on the permitted mine site, the Fund provides financial assistance to the cabinet for reclamation.

Energy and Environment
Natural Resources
Abandoned Mine Land Reclamation Projects

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
Federal Fund		
Current Receipts	34,652,900	35,196,900
Total Federal Fund	<u>34,652,900</u>	<u>35,196,900</u>
TOTAL SOURCE OF FUNDS	<u>34,652,900</u>	<u>35,196,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	50,000	50,000
Grants Loans Benefits	1,500,000	1,250,000
Construction	<u>33,102,900</u>	<u>33,896,900</u>
TOTAL EXPENDITURES	<u>34,652,900</u>	<u>35,196,900</u>
EXPENDITURES BY FUND SOURCE		
Federal Fund	<u>34,652,900</u>	<u>35,196,900</u>
TOTAL EXPENDITURES	<u>34,652,900</u>	<u>35,196,900</u>

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

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation

Total General Fund

TOTAL SOURCE OF FUNDS

EXPENDITURES BY CLASS

Personnel Costs

Operating Expenses

TOTAL EXPENDITURES

EXPENDITURES BY FUND SOURCE

General Fund

TOTAL EXPENDITURES

	56,100	56,100
	56,100	56,100
	56,100	56,100
	48,400	48,400
	7,700	7,700
	56,100	56,100
	56,100	56,100
	56,100	56,100
	56,100	56,100

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

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

Energy and Environment**Office of Energy Policy**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	361,300	865,100
Total General Fund	361,300	865,100

Restricted Funds

Balance Forward	1,881,000	1,083,800
Non-Revenue Receipts	234,700	184,700
Total Restricted Funds	2,115,700	1,268,500

Federal Fund

Current Receipts	844,200	575,200
Non-Revenue Receipts	-34,700	-34,700
Total Federal Fund	809,500	540,500

TOTAL SOURCE OF FUNDS

	3,286,500	2,674,100
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EXPENDITURES BY CLASS

Personnel Costs	883,300	884,600
Operating Expenses	441,800	180,100
Grants Loans Benefits	877,600	722,900
TOTAL EXPENDITURES	2,202,700	1,787,600

EXPENDITURES BY FUND SOURCE

General Fund	361,300	865,100
Restricted Funds	1,031,900	382,000
Federal Fund	809,500	540,500
TOTAL EXPENDITURES	2,202,700	1,787,600

EXPENDITURES BY UNIT

Office of Energy Policy	2,202,700	1,787,600
TOTAL EXPENDITURES	2,202,700	1,787,600

The Office of Energy Policy, formerly known as the Department for Energy Development and Independence, was reorganized as result of the passage of Senate Bill 129 during the 2018 regular session.

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

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

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

Policy

The Governor's budget includes additional General Fund in the amount of \$3,200 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

**Energy and Environment
Office of KY Nature Preserves**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	1,253,600	1,266,600
Total General Fund	1,253,600	1,266,600

Restricted Funds

Balance Forward	2,476,500	1,341,900
Current Receipts	591,700	591,700
Non-Revenue Receipts	339,500	337,700
Total Restricted Funds	3,407,700	2,271,300

Federal Fund

Current Receipts	164,700	75,200
Non-Revenue Receipts	-4,000	-2,200
Total Federal Fund	160,700	73,000

TOTAL SOURCE OF FUNDS

	4,822,000	3,610,900
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EXPENDITURES BY CLASS

Personnel Costs	2,631,300	1,928,000
Operating Expenses	398,900	328,500
Grants Loans Benefits	323,900	221,400
Capital Outlay	126,000	126,000
TOTAL EXPENDITURES	3,480,100	2,603,900

EXPENDITURES BY FUND SOURCE

General Fund	1,253,600	1,266,600
Restricted Funds	2,065,800	1,264,300
Federal Fund	160,700	73,000
TOTAL EXPENDITURES	3,480,100	2,603,900

EXPENDITURES BY UNIT

Office of KY Nature Preserves	3,480,100	2,603,900
TOTAL EXPENDITURES	3,480,100	2,603,900

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

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

The Office is responsible for administering the Wild Rivers program. Whose mission is to preserve the Commonwealth's natural streams and attract out-of-state visitors pursuant to KRS 146.200-360.

Policy

The Governor's budget includes additional General Fund in the amount of \$7,100 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

**Energy and Environment
Public Service Commission**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	16,656,600	16,714,800
Continuing Approp-General Fund	1,672,700	700,000
Total General Fund	18,329,300	17,414,800

Restricted Funds

Balance Forward	1,371,700	1,527,200
Current Receipts	535,900	535,900
Non-Revenue Receipts	341,200	264,300
Total Restricted Funds	2,248,800	2,327,400

Federal Fund

Current Receipts	1,061,600	856,500
Non-Revenue Receipts	-151,000	-151,000
Total Federal Fund	910,600	705,500

TOTAL SOURCE OF FUNDS

	21,488,700	20,447,700
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EXPENDITURES BY CLASS

Personnel Costs	10,191,600	10,333,600
Operating Expenses	1,884,700	1,323,100
TOTAL EXPENDITURES	12,076,300	11,656,700

EXPENDITURES BY FUND SOURCE

General Fund	10,444,100	10,229,600
Restricted Funds	721,600	721,600
Federal Fund	910,600	705,500
TOTAL EXPENDITURES	12,076,300	11,656,700

EXPENDITURES BY UNIT

Public Service Commission	12,076,300	11,656,700
TOTAL EXPENDITURES	12,076,300	11,656,700

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

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

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

The Commission staff is organized into the Divisions of Inspections, General Counsel, General Administration, Commission Operations, Financial Analysis, and Gas Pipeline Safety.

Policy

The Governor's budget includes additional General Fund in the amount of \$38,300 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

The budget includes \$7,185,200 in each fiscal year that shall lapse to the credit of the General Fund from the Public Service Commission.

Finance and Administration

Finance and Administration

Finance and Administration

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	685,172,300	735,246,200
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Total General Fund	685,172,300	735,246,200
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Tobacco Fund

Tobacco Settlement - Phase I	31,113,200	26,851,200
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Total Tobacco Fund	31,113,200	26,851,200
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Restricted Funds

Balance Forward	38,264,500	16,517,700
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Current Receipts	245,057,200	249,825,200
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Non-Revenue Receipts	2,943,500	3,233,700
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Fund Transfers	-16,994,400	
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Total Restricted Funds	269,270,800	269,576,600
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Federal Fund

Current Receipts	483,100	150,400
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CRF Receipts	19,029,700	
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Total Federal Fund	19,512,800	150,400
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Road Fund

Regular Appropriation	4,047,400	3,944,600
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Total Road Fund	4,047,400	3,944,600
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TOTAL SOURCE OF FUNDS

	1,009,116,500	1,035,769,000
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EXPENDITURES BY CLASS

Personnel Costs	267,719,000	288,545,300
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Operating Expenses	164,099,400	162,290,200
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Grants Loans Benefits	16,052,500	1,052,500
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Debt Service	513,653,700	543,484,400
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Capital Outlay	21,367,600	18,242,900
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TOTAL EXPENDITURES	982,892,200	1,013,615,300
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EXPENDITURES BY FUND SOURCE

General Fund	677,392,300	725,303,600
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Tobacco Fund	29,186,600	25,065,500
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Restricted Funds	252,753,100	259,151,200
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Federal Fund	19,512,800	150,400
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Road Fund	4,047,400	3,944,600
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TOTAL EXPENDITURES	982,892,200	1,013,615,300
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EXPENDITURES BY UNIT

General Administration	51,502,600	36,954,500
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Controller	19,929,400	19,813,200
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Office of Inspector General	956,900	665,400
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Debt Service	513,120,700	543,302,400
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Facilities and Support Services	59,230,500	58,364,300
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County Costs	21,446,000	21,601,000
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Commonwealth Office of Technology	138,641,000	143,265,400
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Revenue	118,118,400	128,152,300
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Property Valuation Administrators	59,946,700	61,496,800
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TOTAL EXPENDITURES	982,892,200	1,013,615,300
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The Finance and Administration Cabinet is responsible for managing the financial resources of the Commonwealth and for providing central administrative services to agencies of state and local government. The mission of the Finance and Administration Cabinet is to provide its customers with assistance in the delivery of quality services, effective administration, and sound financial management. The Cabinet provides leadership, coordination, and support to other state agencies to ensure accountability and integrity in the use of public resources. The Finance and Administration Cabinet constantly strives to conduct government business more effectively. Moreover, among the highest priorities of the Cabinet is providing state government with the resources necessary to carry out its mission by equitable and efficient revenue collection.

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

Finance and Administration**General Administration**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	7,129,200	7,791,000
Total General Fund	7,129,200	7,791,000

Restricted Funds

Balance Forward	7,685,200	4,730,900
Current Receipts	26,197,500	26,197,500
Non-Revenue Receipts	114,200	112,100
Fund Transfers	-250,000	
Total Restricted Funds	33,746,900	31,040,500

Federal Fund

CRF Receipts	15,083,800	
Total Federal Fund	15,083,800	

Road Fund

Regular Appropriation	273,600	269,300
Total Road Fund	273,600	269,300

TOTAL SOURCE OF FUNDS

	56,233,500	39,100,800
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EXPENDITURES BY CLASS

Personnel Costs	11,569,200	12,088,000
Operating Expenses	17,653,900	17,587,000
Grants Loans Benefits	15,000,000	
Capital Outlay	7,279,500	7,279,500
TOTAL EXPENDITURES	51,502,600	36,954,500

EXPENDITURES BY FUND SOURCE

General Fund	7,129,200	7,791,000
Restricted Funds	29,016,000	28,894,200
Federal Fund	15,083,800	
Road Fund	273,600	269,300
TOTAL EXPENDITURES	51,502,600	36,954,500

EXPENDITURES BY UNIT

Secretary	17,074,200	2,099,300
Office of General Counsel	2,363,100	2,587,900
Office of Administrative Services	2,912,500	3,126,900
Fleet Management	25,032,600	24,974,800
Postal Services	3,161,400	3,109,700
Policy and Audit	958,800	1,055,900
TOTAL EXPENDITURES	51,502,600	36,954,500

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

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

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

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

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

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

The Division of Fleet Management manages and maintains the Commonwealth's vehicle fleet for use by state agencies and employees.

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

Policy

The Budget of the Commonwealth includes a cut to the fiscal year 2021 General Fund base budget in the General Administration appropriation unit of \$652,000 or approximately 8.5%. The Governor's budget restores a portion of that cut with \$600,000 of additional General Fund in fiscal year 2022.

The Governor's budget includes \$25,400 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

**Finance and Administration
Controller**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	5,576,700	5,622,800
Total General Fund	5,576,700	5,622,800
Restricted Funds		
Balance Forward	8,072,500	5,148,600
Current Receipts	10,985,300	10,985,300
Non-Revenue Receipts	2,443,500	2,733,700
Fund Transfers	-2,000,000	
Total Restricted Funds	19,501,300	18,867,600
TOTAL SOURCE OF FUNDS	25,078,000	24,490,400
EXPENDITURES BY CLASS		
Personnel Costs	10,525,700	10,488,100
Operating Expenses	9,403,700	9,325,100
TOTAL EXPENDITURES	19,929,400	19,813,200
EXPENDITURES BY FUND SOURCE		
General Fund	5,576,700	5,622,800
Restricted Funds	14,352,700	14,190,400
TOTAL EXPENDITURES	19,929,400	19,813,200
EXPENDITURES BY UNIT		
Controller	3,147,200	3,186,500
Local Government Services	772,100	706,900
Financial Management	4,769,100	4,704,800
Procurement Services	2,861,000	2,808,200
Customer Resource Center	5,555,800	5,610,700
State Risk and Insurance Services	2,824,200	2,796,100
TOTAL EXPENDITURES	19,929,400	19,813,200

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

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

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

The Office of Financial Management manages the state's investments and debt. This includes managing cash flow to maximize the return on state investments, making debt service payments, managing the sale of bonds, and reporting to the General Assembly on all investment and debt matters. The Office is responsible for developing a long-term debt plan for the Commonwealth, including the development of criteria for the issuance of debt, providing an evaluation of how much total state debt is justified, and evaluating revenue projections relative to proposed revenue bond issues. The

Office handles all investments on behalf of the General Fund, the Capital Construction Fund, the Road Fund, and approximately 50 other accounts.

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

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

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

Policy

The Budget of the Commonwealth includes a cut to the fiscal year 2021 General Fund base budget in the Office of the Controller of \$992,900 or nearly 15.5%.

The Governor's budget includes \$16,400 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

**Finance and Administration
Office of Inspector General**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	596,000	
Reorganization Adjustment	-312,800	
Total General Fund	283,200	

Restricted Funds

Balance Forward	574,200	286,300
Non-Revenue Receipts	385,800	387,900
Total Restricted Funds	960,000	674,200

TOTAL SOURCE OF FUNDS

	1,243,200	674,200
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EXPENDITURES BY CLASS

Personnel Costs	920,200	628,700
Operating Expenses	36,700	36,700
TOTAL EXPENDITURES	956,900	665,400

EXPENDITURES BY FUND SOURCE

General Fund	283,200	
Restricted Funds	673,700	665,400
TOTAL EXPENDITURES	956,900	665,400

EXPENDITURES BY UNIT

Office of Inspector General	956,900	665,400
TOTAL EXPENDITURES	956,900	665,400

Executive Order 2016-602, now codified in KRS 42.0147, established the Office of the Inspector General. The Office is responsible for conducting various investigations within the Executive Branch pursuant to KRS 45.131.

Policy

The Budget of the Commonwealth includes a cut to the fiscal year 2021 General Fund base budget in the Office of the Inspector General of \$211,900 or nearly 26.4%.

In accordance with Executive Order 2020-0994, the Special Investigations Division was transferred to the Department of Revenue from the Office of Inspector General to include \$312,800 General Fund in fiscal year 2021.

Finance and Administration**Debt Service**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	491,964,100	528,429,500
Total General Fund	491,964,100	528,429,500
Tobacco Fund		
Tobacco Settlement - Phase I	30,863,200	26,601,200
Total Tobacco Fund	30,863,200	26,601,200
TOTAL SOURCE OF FUNDS	522,827,300	555,030,700
EXPENDITURES BY CLASS		
Debt Service	513,120,700	543,302,400
TOTAL EXPENDITURES	513,120,700	543,302,400
EXPENDITURES BY FUND SOURCE		
General Fund	484,184,100	518,486,900
Tobacco Fund	28,936,600	24,815,500
TOTAL EXPENDITURES	513,120,700	543,302,400
EXPENDITURES BY UNIT		
Debt Service	513,120,700	543,302,400
TOTAL EXPENDITURES	513,120,700	543,302,400

Previously authorized State Property and Buildings Commission General Fund debt service for all agencies is consolidated in the Finance and Administration Cabinet. All new fiscal year 2022 General Fund debt service is reflected in budgets of the affected agencies.

Policy

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the General Fund. The amount of the General Fund lapse is \$7,780,000 in fiscal year 2021 and \$9,942,600 in fiscal year 2022. The amount of Tobacco Fund lapse is \$1,926,600 in fiscal year 2021 and \$1,785,700 in fiscal year 2022.

**Finance and Administration
Facilities and Support Services**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	4,002,000	4,099,800
Total General Fund	4,002,000	4,099,800
Restricted Funds		
Balance Forward	4,559,600	3,135,800
Current Receipts	54,058,800	52,295,500
Fund Transfers	-700,000	
Total Restricted Funds	57,918,400	55,431,300
Federal Fund		
CRF Receipts	445,900	
Total Federal Fund	445,900	
TOTAL SOURCE OF FUNDS	62,366,300	59,531,100
EXPENDITURES BY CLASS		
Personnel Costs	25,756,600	25,244,400
Operating Expenses	30,065,900	30,062,900
Debt Service	533,000	182,000
Capital Outlay	2,875,000	2,875,000
TOTAL EXPENDITURES	59,230,500	58,364,300
EXPENDITURES BY FUND SOURCE		
General Fund	4,002,000	4,099,800
Restricted Funds	54,782,600	54,264,500
Federal Fund	445,900	
TOTAL EXPENDITURES	59,230,500	58,364,300
EXPENDITURES BY UNIT		
Commissioner's Office	1,919,100	1,110,800
Facility Development and Efficiency	4,846,000	4,963,500
Real Property	1,046,100	1,174,900
Historic Properties	403,300	394,400
Building and Mechanical Services	49,736,600	49,472,400
State Surplus Property	1,006,000	978,400
Federal Surplus Property	273,400	269,900
TOTAL EXPENDITURES	59,230,500	58,364,300

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

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

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

information to state agencies, and administers procurement programs for new building construction, renovation, and mechanical, electrical, and HVAC systems. The Specialized Contracting Branch administers the advertising and awarding of state specialized construction projects and related support systems; provides procurement information to state agencies; and administers programs such as reclamation under the Abandoned Mines Lands program, the procurement of state-owned telephone switching systems, asbestos abatement projects, and master agreements for maintenance of elevators, escalators, and similar services. The Administrative Services Branch and the Pre-Audit Branch provide support services to the Division and Department.

The Office of Facility Development and Efficiency also includes the Division of Facility Efficiency which is responsible for managing the Guaranteed Energy Saving Performance Contracting program and for implementing the Commonwealth Energy Management and Control System (CEMCS). The CEMCS project is an aggressive effort to use an enterprise software platform to reduce energy use in state buildings.

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

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

The Office of Building and Mechanical Services, which includes the Division of Building Services and the Division of Mechanical Services, as authorized by KRS 42.027, provides services for all Finance and Administration Cabinet-operated buildings and for the state agencies occupying those facilities. The Office is responsible for several buildings in Frankfort including the Capitol, New Capitol Annex, Old Capitol, Old Capitol Annex, Human Resources Building, Executive Mansion, Old Governor's Mansion, 300 Building, State Office Building, KHEAA Building, Library and Archives Building, Central Lab Facility, the Kentucky History Center, the Transportation Cabinet building, and the new Mayo-Underwood Building. The Office also services buildings at the London Regional state office complex, the Spindletop Research Complex in Fayette County, and offices in Louisville and Richmond that were formerly owned and operated by Cabinet for Health and Family Services. Services provided include minor renovations; maintaining parking lots, sidewalks and ramps; janitorial and landscaping services; maintaining the heating, ventilating, and air conditioning systems; maintaining special equipment within the buildings as requested; roof repair; fire alarm and security systems; electrical systems; energy conservation; maintaining elevators and escalators; maintaining emergency power systems; and after-hours emergency services.

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

Recently, the Department entered into two public-private partnerships for the development of new state office space in Franklin County. The first, included in the 2014-2016 Executive Branch appropriations act, authorized the Department for Facilities and Support Services to construct a new state office building to house displaced state workers from the Capital Plaza Tower and privately leased space. The Department entered into an agreement with a private developer to construct, operate, and maintain the property at 300 Sower Boulevard in Franklin County for a period of 35 years, at which time the Commonwealth will take over ownership of the property. Construction was complete in the spring of 2016, and state employees began to occupy the new building shortly thereafter. Payments to the developer for amortization of the construction cost and for ongoing maintenance and operations are made by the Department for Facilities and Support Services in conjunction with the Office of Financial Management. The second project was authorized by Senate Bill 238

from the 2017 Regular Session of the General Assembly and was completed in the Fall of 2019. The Mayo-Underwood Building is on the former site of the Capital Plaza Tower in downtown Frankfort. Both new construction projects are consistent with the Cabinet's goal of reducing the Commonwealth's reliance on private leases.

Policy

The Governor's budget includes General Fund in the amount of \$182,000 in fiscal year 2022 for debt service on new bonds included in the capital budget.

The Budget of the Commonwealth includes a cut to the fiscal year 2021 General Fund base budget in the Facilities and Support Services budget unit of \$2,577,300 or nearly 43%. The Governor's budget restores a portion of that cut with \$400,000 of additional General Fund in fiscal year 2022.

The Governor's budget includes \$18,200 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

Finance and Administration
County Costs

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	19,743,500	19,898,500
Total General Fund	19,743,500	19,898,500
Restricted Funds		
Current Receipts	1,702,500	1,702,500
Total Restricted Funds	1,702,500	1,702,500
TOTAL SOURCE OF FUNDS	21,446,000	21,601,000
EXPENDITURES BY CLASS		
Personnel Costs	4,034,100	4,034,100
Operating Expenses	16,359,400	16,514,400
Grants Loans Benefits	1,052,500	1,052,500
TOTAL EXPENDITURES	21,446,000	21,601,000
EXPENDITURES BY FUND SOURCE		
General Fund	19,743,500	19,898,500
Restricted Funds	1,702,500	1,702,500
TOTAL EXPENDITURES	21,446,000	21,601,000
EXPENDITURES BY UNIT		
Public Defender Program	4,001,200	4,001,200
Witnesses	90,000	90,000
DUI Service Fees	1,052,500	1,052,500
Sheriffs Fees'	11,835,800	11,835,800
County Clerks (Make Tax Bills)	304,000	304,000
Board Of Assessment Appeals	40,000	40,000
Fugitive From Justice	1,052,000	1,052,000
Jury Fund	2,600,000	2,600,000
Sheriffs Expense Allowance	465,500	620,500
Premium On Sheriffs' Bonds	5,000	5,000
TOTAL EXPENDITURES	21,446,000	21,601,000

The County Costs program provides payment to local officials for the performance of functions required by state statutes. Payments under the County Costs program are statutorily mandated and are regarded as a necessary governmental expense.

KRS 31.185 requires the fiscal court or legislative body of an urban county government, containing less than ten circuit judges, to annually appropriate twelve and one-half cents (\$.125) per capita to the county as determined by the Council of Local Governments' most recent population statistics. The funds, which shall not lapse, shall be held in a special account to be administered by the Finance and Administration Cabinet, and shall be used to pay all court orders that have been entered into as a result of a needy defendant's motion for funding assistance. If the funds are depleted in any given year, any unpaid court orders will be paid as a judgment against the Commonwealth.

In accordance with KRS 421.015 and 421.250, circuit and district court clerks provide witnesses compensation with reimbursement being provided by the State Treasury upon claim accompanied by documentation.

The service fee imposed by KRS 189A.050 for persons convicted of driving under the influence of alcohol or other substances shall be disbursed among various state and local agencies to fund such programs as enforcement, indigent defense, and the traumatic brain injury trust fund.

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

Pursuant to KRS 133.240, county clerks are paid \$0.30 per tax bill for preparing property tax bills and \$1.00 for omitted assessments. The Finance and Administration Cabinet is responsible for remitting half of the allowed amount to the county clerk.

Pursuant to KRS 133.030, each member of a county board of assessment appeals is compensated \$100 per day for their services in hearing tax appeals and reviewing tax assessments. The Finance and Administration Cabinet refunds county fiscal courts for half of the board members' compensation.

As authorized by the County Judge Executive or the Governor, and pursuant to KRS 440.090 and 440.380, duly appointed officers are reimbursed by the Finance and Administration Cabinet for mileage and expenses incurred while traveling out of state and returning a fugitive from justice to Kentucky.

KRS 29A.170 and KRS 30A.110 require that all jurors in circuit and district court be paid a daily compensation of \$12.50 per day plus expenses. The Finance and Administration Cabinet administers this compensation and reimbursement program in cooperation with each county circuit court clerk office. Under KRS 29A.180, sequestered jurors are provided meals, housing, transportation, and security which are funded by the Finance and Administration Cabinet.

Pursuant to KRS 70.170, the Finance and Administration Cabinet administers the sheriffs' expense allowance program by issuing monthly checks to each of the 120 county sheriffs. The payments of \$300 per month are for expenses incurred in the performance of his or her official duties.

KRS 62.140 and KRS 62.155 requires the Commonwealth to reimburse each county sheriff for the cost of bond premiums required by law in the performance of his or her official duties.

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

Policy

Funds required to pay county costs are appropriated, and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet as a necessary governmental expense, subject to the conditions and procedures provided in the Appropriations Act.

The budget suspends the provisions of KRS 64.092(6) and includes a wage of \$9 per hour for court security officers.

The Budget of the Commonwealth suspends the provisions of KRS 70.170 in fiscal year 2021 and provides for a \$200 per month expense allowance for each sheriff performing duties required under KRS 70.150. The Governor's budget removes the suspension and provides an additional \$155,000 in fiscal year 2022 to fully fund the expense allowance at the statutory level of \$300 per month.

Finance and Administration
Commonwealth Office of Technology

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	15,122,900	2,414,000
Current Receipts	136,227,100	142,588,300
Fund Transfers	-14,044,400	
Total Restricted Funds	137,305,600	145,002,300
Federal Fund		
Current Receipts	249,400	150,400
CRF Receipts	3,500,000	
Total Federal Fund	3,749,400	150,400
TOTAL SOURCE OF FUNDS	141,055,000	145,152,700
EXPENDITURES BY CLASS		
Personnel Costs	71,367,100	81,607,200
Operating Expenses	56,060,800	53,569,800
Capital Outlay	11,213,100	8,088,400
TOTAL EXPENDITURES	138,641,000	143,265,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	134,891,600	143,115,000
Federal Fund	3,749,400	150,400
TOTAL EXPENDITURES	138,641,000	143,265,400
EXPENDITURES BY UNIT		
Commonwealth Office of Technology	10,053,500	6,385,000
Chief Information Security Officer	8,575,200	13,604,100
Infrastructure Services	85,232,800	88,776,900
KY Business One-Stop	1,895,000	1,887,200
Project Management	3,502,400	3,469,000
Architecture and Governance	29,382,100	29,143,200
TOTAL EXPENDITURES	138,641,000	143,265,400

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

COT consists of six units: Commissioner, Chief Information Security Officer, Architecture and Governance, IT Services and Delivery, Kentucky Business One-Stop, and Project Management.

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

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

The Office of Architecture and Governance is responsible for providing comprehensive application development services. These services are provided upon request to Commonwealth agencies and adhere to the structure of the Office's system development lifecycle process that follows industry best practices for software development.

The Office of IT Services and Delivery is responsible for operation of the Commonwealth enterprise computing and communications environment. The office offers day-to-day technical support and operation of Executive Branch IT resources and operates the Commonwealth Data Center. This includes oversight of shared IT infrastructure resources and services, including large-scale computing, server hosting, IT security, data and voice communications networks, and phone systems.

The Kentucky Business One-Stop office is responsible for project management, analysis, and application development for the Kentucky Business One-Stop Program on behalf of the Commonwealth. This office has created and established a one-stop electronic business portal that serves as a single, unified entry point for business owners to access initial and ongoing state services and complete reporting requirements related to the creation and ongoing operation of a business located in the Commonwealth.

The Office of Project Management is responsible for overseeing large and/or complex information technology projects across the Executive Branch for compliance with statewide strategies, policies, and standards.

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

Executive Order 2012-880 directed that operational control and management of all information technology infrastructure services for the Executive Branch be consolidated under COT. Infrastructure services include computing equipment, server, storage, network, desktop support, telephony, IT facilities and enterprise-level shared systems, IT security, disaster recovery and business continuity, database administration, software licensing, and related planning, administration, asset management, and procurement. The consolidation of IT infrastructure services required the transfer of 218 IT infrastructure employees from various state agencies to COT. The Executive Order also created the position of Chief Information Officer (CIO) as the head of COT and made the CIO a member of the Governor's Executive Cabinet.

Executive Order 2017-889, effective December 16, 2017, directed that the Executive Director of the Commonwealth Office of Technology would also serve as the Chief Information Officer of all Executive Branch agencies. The Commonwealth Office of Technology shall be the lead agency within the Executive Branch concerning delivery of information technology services, including application development and delivery.

Policy

The Budget of the Commonwealth directs the Commonwealth Office of Technology to maintain the rate and assessment schedule in effect in fiscal year 2020 for services rendered or materials furnished during fiscal year 2020-2021. Enterprise assessments and security assessments not directly related to specific rated services are not to exceed fiscal year 2019-2020 levels.

The Governor's budget includes additional Restricted Funds of \$1,000,000 in fiscal year 2022 to support the Commonwealth Office of Technology's cyber security efforts and Restricted Funds of \$4,143,300 in fiscal year 2022 for the Kentucky Online Gateway, a secure online portal that members of the public can access to conduct business with the Commonwealth.

Finance and Administration
Revenue

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation	99,714,100	111,407,800
Reorganization Adjustment	312,800	
Total General Fund	100,026,900	111,407,800
Tobacco Fund		
Tobacco Settlement - Phase I	250,000	250,000
Total Tobacco Fund	250,000	250,000
Restricted Funds		
Balance Forward	2,249,700	801,700
Current Receipts	12,386,000	12,556,100
Total Restricted Funds	14,635,700	13,357,800
Federal Fund		
Current Receipts	233,700	
Total Federal Fund	233,700	
Road Fund		
Regular Appropriation	3,773,800	3,675,300
Total Road Fund	3,773,800	3,675,300
TOTAL SOURCE OF FUNDS	118,920,100	128,690,900
EXPENDITURES BY CLASS		
Personnel Costs	83,887,400	93,390,000
Operating Expenses	34,231,000	34,762,300
TOTAL EXPENDITURES	118,118,400	128,152,300
EXPENDITURES BY FUND SOURCE		
General Fund	100,026,900	111,407,800
Tobacco Fund	250,000	250,000
Restricted Funds	13,834,000	12,819,200
Federal Fund	233,700	
Road Fund	3,773,800	3,675,300
TOTAL EXPENDITURES	118,118,400	128,152,300
EXPENDITURES BY UNIT		
Commissioner's Office	40,692,200	49,332,000
Property Valuation	7,653,900	7,588,400
Field Operations	14,798,500	14,885,400
Income Taxation	10,324,800	10,410,500
Sales and Excise Taxes	10,029,600	9,610,600
Registration and Operations	33,729,900	35,429,900
Office of Tax Policy & Regulation	889,500	895,500
TOTAL EXPENDITURES	118,118,400	128,152,300

The Department of Revenue is responsible for the accurate and equitable administration of all state revenue laws, and for the assessment and collection of over 40 separate state taxes. The Department aims to ensure the taxpayer's voluntary compliance with the revenue laws, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in assessing property for taxation.

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

The Office of Property Valuation monitors and evaluates the real property assessments produced by the 120 locally-elected Property Valuation Administrators (PVAs). The office is charged with assessing the property of public service

companies; collecting and distributing personal property taxes; and providing education, training, and technical support to the PVAs and sheriffs.

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

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

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

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

The Office of Tax Policy and Regulation is responsible for providing oral and written technical advice on Kentucky tax law; drafting proposed tax legislation and regulations; analyzing tax publications; providing expert witness testimony in tax litigation cases; providing consultation and assistance in protested tax cases; and conducting training and education programs.

Policy

In accordance with Executive Order 2020-0994, the Special Investigations Division was transferred to the Department of Revenue from the Office of Inspector General to include \$312,800 General Fund in fiscal year 2021.

The Governor's budget includes \$4,562,200 from the General Fund to support the cost of hiring additional staff to enhance the Department's revenue collection efforts in fiscal year 2022. These efforts are expected to generate additional General Fund revenue of \$12,100,000 in fiscal year 2022.

The Governor's budget includes \$6,044,700 from the General Fund to support the implementation of the Department's new Integrated Tax System in fiscal year 2022. Implementation of the new system is expected to generate additional General Fund revenue of \$5,000,000 in fiscal year 2022.

The Governor's budget includes \$245,000 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

The budget includes Phase I Tobacco Settlement Funds in the amount of \$250,000 in each year for the state's diligent enforcement of noncompliant nonparticipating manufacturers.

**Finance and Administration
Property Valuation Administrators**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	56,446,700	57,996,800
Total General Fund	56,446,700	57,996,800
Restricted Funds		
Balance Forward	400	400
Current Receipts	3,500,000	3,500,000
Total Restricted Funds	3,500,400	3,500,400
TOTAL SOURCE OF FUNDS	59,947,100	61,497,200
EXPENDITURES BY CLASS		
Personnel Costs	59,658,700	61,064,800
Operating Expenses	288,000	432,000
TOTAL EXPENDITURES	59,946,700	61,496,800
EXPENDITURES BY FUND SOURCE		
General Fund	56,446,700	57,996,800
Restricted Funds	3,500,000	3,500,000
TOTAL EXPENDITURES	59,946,700	61,496,800
EXPENDITURES BY UNIT		
Property Valuation Administrators	59,946,700	61,496,800
TOTAL EXPENDITURES	59,946,700	61,496,800

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

Policy

The Budget of the Commonwealth suspends the provisions of KRS 132.597 in fiscal year 2021 and provides for a \$200 per month expense allowance for each PVA. The Governor's budget removes the suspension and provides an additional \$313,100 in fiscal year 2022 to fully fund the expense allowance at the statutory level of \$300 per month.

The Governor's budget includes \$572,600 from the General Fund to support the statutory salary adjustment for PVAs in fiscal year 2022.

The Governor's budget includes \$151,900 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

Health and Family Services

Health and Family Services

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	2,902,696,700	2,900,241,400
Other	-25,245,400	
Total General Fund	<u>2,877,451,300</u>	<u>2,900,241,400</u>

Tobacco Fund

Tobacco Settlement - Phase I	26,039,100	26,025,000
Continuing Approp-Tob Settlement	14,647,600	
Total Tobacco Fund	<u>40,686,700</u>	<u>26,025,000</u>

Restricted Funds

Balance Forward	168,688,400	501,519,100
Current Receipts	873,332,700	880,082,700
Non-Revenue Receipts	553,326,700	439,701,500
Total Restricted Funds	<u>1,595,347,800</u>	<u>1,821,303,300</u>

Federal Fund

Balance Forward	18,707,300	
Current Receipts	12,273,266,400	11,986,387,500
CRF Receipts	270,106,100	
Total Federal Fund	<u>12,562,079,800</u>	<u>11,986,387,500</u>

TOTAL SOURCE OF FUNDS

<u>17,075,565,600</u>	<u>16,733,957,200</u>
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EXPENDITURES BY CLASS

Personnel Costs	1,036,250,300	1,024,134,600
Operating Expenses	147,096,200	137,183,100
Grants Loans Benefits	15,378,215,800	15,536,682,600
Debt Service	11,730,700	11,440,200
Capital Outlay	753,500	133,300
TOTAL EXPENDITURES	<u>16,574,046,500</u>	<u>16,709,573,800</u>

EXPENDITURES BY FUND SOURCE

General Fund	2,877,451,300	2,900,241,400
Tobacco Fund	40,686,700	26,025,000
Restricted Funds	1,093,828,700	1,796,919,900
Federal Fund	12,562,079,800	11,986,387,500
TOTAL EXPENDITURES	<u>16,574,046,500</u>	<u>16,709,573,800</u>

EXPENDITURES BY UNIT

General Administration and Program Support	112,621,900	113,102,800
Aging and Independent Living	93,840,700	72,984,400
Income Support	117,191,100	114,044,500
Public Health	675,641,800	488,385,800
Behavioral Health, Developmental & Intellectual Disabilities	485,766,200	501,050,000
Family Resource Centers and Volunteer Services	18,402,200	18,413,500
Community Based Services	1,430,802,800	1,378,008,300
Medicaid Services	13,578,029,900	13,971,083,100
Office for Children with Special Health Care Needs	19,854,400	19,418,600
Office of Health Data and Analytics	41,895,500	33,082,800
TOTAL EXPENDITURES	<u>16,574,046,500</u>	<u>16,709,573,800</u>

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

Health and Family Services
General Administration and Program Support

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	10,323,200	10,769,600
Total General Fund	10,323,200	10,769,600
Restricted Funds		
Balance Forward	5,335,000	4,534,900
Current Receipts	7,333,200	6,265,700
Non-Revenue Receipts	45,232,900	46,570,700
Total Restricted Funds	57,901,100	57,371,300
Federal Fund		
Balance Forward	4,990,500	
Current Receipts	43,942,000	48,932,500
Total Federal Fund	48,932,500	48,932,500
TOTAL SOURCE OF FUNDS	117,156,800	117,073,400
EXPENDITURES BY CLASS		
Personnel Costs	76,140,700	77,412,600
Operating Expenses	36,232,200	35,458,200
Grants Loans Benefits	50,000	50,000
Debt Service	199,000	182,000
TOTAL EXPENDITURES	112,621,900	113,102,800
EXPENDITURES BY FUND SOURCE		
General Fund	10,323,200	10,769,600
Restricted Funds	53,366,200	53,400,700
Federal Fund	48,932,500	48,932,500
TOTAL EXPENDITURES	112,621,900	113,102,800
EXPENDITURES BY UNIT		
Administrative Support	79,482,300	82,008,600
Inspector General	33,139,600	31,094,200
TOTAL EXPENDITURES	112,621,900	113,102,800

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

The Administrative Support function includes the Office of the Secretary, the Office of Public Affairs, the Office of Legal Services, the Office of Administrative Services, the Office of Application Technology Services, the Office of Human Resource Management, the Office of Legislative & Regulatory Affairs, the Office of Finance and Budget, and the Office of the Ombudsman and Administrative Review. These offices provide policy, administrative, legal, financial, technological, and personnel support services to the program areas of the Cabinet.

The Office of Inspector General provides support to other programs in the Cabinet for Health and Family Services as well as its programmatic functions of health care facility licensure and child care facility regulation.

The OIG has four major functions:

- Audits and Investigations
- Regulated Child Care
- Health Care Licensing
- Certificate of Need

Policy

The Governor's budget includes additional General Fund in the amount of \$148,700 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

The budget includes General Fund in the amount of \$182,000 in fiscal year 2022 for debt service on new bonds included in the capital budget.

The budget in each fiscal year includes General Fund resources in the amount of \$50,000 to support Special Olympics.

Health and Family Services
General Administration and Program Support

Administrative Support

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	2,000,000	2,608,600
Total General Fund	2,000,000	2,608,600

Restricted Funds

Balance Forward	100,000	100,000
Current Receipts	2,751,500	2,751,500
Non-Revenue Receipts	45,132,900	46,470,700
Total Restricted Funds	47,984,400	49,322,200

Federal Fund

Balance Forward	3,838,900	
Current Receipts	25,759,000	30,399,000
Total Federal Fund	29,597,900	30,399,000

TOTAL SOURCE OF FUNDS

	79,582,300	82,329,800
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EXPENDITURES BY CLASS

Personnel Costs	47,894,800	50,739,900
Operating Expenses	31,338,500	31,036,700
Grants Loans Benefits	50,000	50,000
Debt Service	199,000	182,000
TOTAL EXPENDITURES	79,482,300	82,008,600

EXPENDITURES BY FUND SOURCE

General Fund	2,000,000	2,608,600
Restricted Funds	47,884,400	49,001,000
Federal Fund	29,597,900	30,399,000
TOTAL EXPENDITURES	79,482,300	82,008,600

Administrative Support provides funding for nine organizational units within the Cabinet for Health and Family Services (CHFS) including the Office of the Secretary, the Office of Legal Services, the Office of Public Affairs, the Office of Human Resource Management, the Office of Legislative & Regulatory Affairs, the Office of Finance and Budget, the Office of Administrative Services, the Office of Application Technology Services, and the Office of the Ombudsman and Administrative Review.

The Office of the Secretary provides leadership, oversight and guidance in order for CHFS to deliver quality services that enhance the health, safety, and wellbeing of all people in the Commonwealth of Kentucky.

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

Administrative Services consists of Cabinet functions related to accounting, facilities management, and procurement; Accounting services supports and oversees the cabinet's accounting functions. Facility Services oversees the management of facilities, fixed assets and leased properties; Procurement services oversees grants and Memoranda of Agreement, personal services contracts, acquisition of commodities and services, IT procurement and requests for proposals.

Application Technology Services is responsible for providing CHFS agencies information technology (IT) support for cabinet and agency IT systems, including development, maintenance and operations, technical support (help desk), project management and oversight of all vendor developed/lead IT systems.

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

Legislative & Regulatory Affairs coordinates activities related to the Cabinet's public policy initiatives and administrative and legislative agendas with other governmental and private agencies. The office is responsible for coordination and oversight of over 660 regulations in the cabinet on behalf of the Office of the Secretary. This office develops, implements, and pursues the cabinet's legislative agenda including reviewing, evaluating, and analyzing all legislative, regulatory, and public policy proposals impacting the cabinet and responding to requests for public policy information from the cabinet. Each legislative session, CHFS and its departments provide comprehensive reviews, analysis, and feedback on approximately 200 bills and numerous amendments impacting the cabinet's departments and programs.

Finance and Budget manages the cabinet's \$14 billion annual budget in coordination with departments on behalf of the Office of the Secretary. This office reviews and coordinates activities related to budgetary and programmatic issues across agency lines within the cabinet as well as with other state agencies outside the cabinet, including the Governor's Office for Policy and Management, the Finance and Administration Cabinet, and the Legislative Research Commission. In addition, the office reviews legislation for fiscal impact on the cabinet and responds to budgetary requests for information from various sources.

Ombudsman and Administrative Review answers questions from recipients of CHFS programs and provides information to the public about CHFS programs. The Office also investigates customer complaints and works with CHFS management to resolve them. The Ombudsman advises CHFS management regarding patterns of complaints and recommends corrective action when appropriate. Staff conducts federally mandated management evaluation and access reviews for the food stamp program and assists in writing county and regional corrective action plans. The Ombudsman is responsible for determining administrative hearing eligibility related to service complaints regarding the Department for Community Based Services Protection and Permanency cases and requests to appeal child abuse and/or child neglect substantiations.

Health and Family Services
General Administration and Program Support
Inspector General

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	8,323,200	8,161,000
Total General Fund	8,323,200	8,161,000
Restricted Funds		
Balance Forward	5,235,000	4,434,900
Current Receipts	4,581,700	3,514,200
Non-Revenue Receipts	100,000	100,000
Total Restricted Funds	9,916,700	8,049,100
Federal Fund		
Balance Forward	1,151,600	
Current Receipts	18,183,000	18,533,500
Total Federal Fund	19,334,600	18,533,500
TOTAL SOURCE OF FUNDS	37,574,500	34,743,600
EXPENDITURES BY CLASS		
Personnel Costs	28,245,900	26,672,700
Operating Expenses	4,893,700	4,421,500
TOTAL EXPENDITURES	33,139,600	31,094,200
EXPENDITURES BY FUND SOURCE		
General Fund	8,323,200	8,161,000
Restricted Funds	5,481,800	4,399,700
Federal Fund	19,334,600	18,533,500
TOTAL EXPENDITURES	33,139,600	31,094,200

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

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

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

Health Care is responsible for inspecting, monitoring, licensing and certifying all health care facilities as defined by KRS 216.510 (1). On-site inspections are conducted of all health facilities and services throughout the state (including nursing homes, hospitals and laboratories) to determine compliance with state licensing standards and federal Medicare and Medicaid certification requirements. Allegations of abuse and neglect that may occur in a licensed health facility are also investigated.

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

Health and Family Services
Office for Children with Special Health Care Needs

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	3,863,100	5,851,900
Total General Fund	3,863,100	5,851,900
Restricted Funds		
Balance Forward	3,033,500	278,300
Current Receipts	8,734,300	8,762,700
Non-Revenue Receipts	-50,000	-50,000
Total Restricted Funds	11,717,800	8,991,000
Federal Fund		
Balance Forward	71,000	
Current Receipts	4,480,800	4,575,700
Total Federal Fund	4,551,800	4,575,700
TOTAL SOURCE OF FUNDS	20,132,700	19,418,600
EXPENDITURES BY CLASS		
Personnel Costs	15,937,100	15,757,900
Operating Expenses	2,279,500	2,772,700
Grants Loans Benefits	930,500	800,900
Capital Outlay	707,300	87,100
TOTAL EXPENDITURES	19,854,400	19,418,600
EXPENDITURES BY FUND SOURCE		
General Fund	3,863,100	5,851,900
Restricted Funds	11,439,500	8,991,000
Federal Fund	4,551,800	4,575,700
TOTAL EXPENDITURES	19,854,400	19,418,600
EXPENDITURES BY UNIT		
Children's Health Services	19,854,400	19,418,600
TOTAL EXPENDITURES	19,854,400	19,418,600

The Office for Children with Special Health Care Needs (OCSHCN), formerly the Commission for Children with Special Health Care Needs, provides comprehensive care to children and youth with special health care needs who are Kentucky residents; younger than 21 years of age; meet medical eligibility; and meet financial eligibility. OCSHCN's mission is to enhance the quality of life for Kentucky's children with special health care needs through quality service, leadership, advocacy, education and collaboration. OCSHCN supports the highest quality of life for Kentucky's children with special health care needs and their families through collaboration and creation of a more accessible community based system of support.

OCSHCN believes in working with partners including families on new initiatives to develop and promote a more robust system of care. OCSHCN continues to build collaborations to ensure more of Kentucky's most vulnerable children will have access to the care they need for a wide variety of direct, enabling, population-based and surveillance programs which provide specialized health care; early periodic screening diagnosis and treatment services; social services and support to children, youth, and his/her families.

The programs/services currently operating within OCSHCN are:

- **Support Services:** Outreaches to providers, schools, and the community through trainings, meetings, and participation in health fairs and educational symposiums. OCSHCN increases community and family engagement through the agency's Facebook page, Youth Advisory Committee, Parent Advisory Committee and Spanish speaking support groups. OCSHCN provides interpreters (at no cost to families) for those directly enrolled in OCSHCN services who have limited English proficiency.

- Family to Family: OCSHCN employs two family consultants who oversee family-to-family connections in each OCSHCN district office through a mentoring program called the Family-to-Family (F2F) Health Information Center. The mentors identify available community resources and educate families, children, and young adults about how to navigate and access those resources. Over the last few fiscal years, F2F had over 70 support parents across the state assisting over 1,000 families for various needs related to healthcare. OCSHCN utilizes data to identify areas of the Commonwealth where there may be gaps in services. Based on the data, outreach is increased and partnerships are pursued. To ensure a successful transition from pediatric to adult health care, OCSHCN works with the patient and their family to connect the patient with an adult health care provider prior to discharge from OCSHCN services at 21 years of age. OCSHCN partners with schools, state and local agencies and other community organizations, to encourage family centered decision-making, which leads to each child reaching his/her personal goals for the future. The transition administrator conducts regular follow-up calls to aged-out youth – of over 100 patients who have been contacted, 98% have successfully transitioned to adult health care providers.
- Clinical and Augmentative Services Program: Provides services to children with special needs under 21 years of age throughout the Commonwealth as authorized by KRS 200.460 - 200.499 and 902 KAR 4:100. Three new OCSHCN regulations became effective July 2019 and August 2019: Application to Clinical programs (911 KAR 1:010), Billing and fees (911 KAR 1:020) and Medical staff (911 KAR 1:060). The program provides preventative, diagnostic, and treatment services, which include: medical care; hospitalization; durable medical goods; care coordination/medical case management; therapy; transportation; and nutritional education. Diagnostic conditions eligible for direct service, care coordination/case management and/or financial assistance include: asthma (severe), autism spectrum disorder; cardiology, cerebral palsy; craniofacial anomalies, cleft lip & palate, cystic fibrosis, diabetes; hearing loss, hemophilia, neurology, ophthalmology, orthopedic, otology, rheumatology, scoliosis and spina bifida. The critical services provided enhances the quality of many children's lives enabling them to reach their full potential during their lives.
- Hemophilia Program: Mandated by KRS 200.550 and KRS 200.560. It is a unique program that provides care for both children and adults with hemophilia and related bleeding disorders. This program is designed to assist those people who require continuing treatment with blood derivatives or a manufactured product to avoid debilitating effects and premium assistance toward health insurance for qualified patients. The program is operated through partnership with both University of Louisville and the University of Kentucky. Together they provide clinical services and systems of intervention and education in order to provide a safety net for this vulnerable population and improve the quality of life for those enrolled in the program across the commonwealth.
- Foster Care: Provides children and youth safe and nurturing foster homes that cultivate trust and stability and provide for their health needs, as well as a service delivery system that supports access among our community's most vulnerable citizens, the children and youth who are medically complex and in foster care. Nurses stationed in child welfare offices (and those in regional OCSHCN offices) now convene individual health planning meetings and reviews, as well as conduct monthly home visits to approximately 140 medically complex children placed in out-of-home care throughout the state. Annually, over 1,500 visits are conducted by OCSHCN. Medical consultation is also available on behalf of any child in or at risk of placement in the child welfare system on an as-needed basis.
- Early Hearing Detection and Intervention (EHDI) Program: Mandated by KRS 216.2970 with the goal of ensuring that infants diagnosed with permanent hearing loss receive timely and appropriate services, and thereby live a greater quality of life. It strives to ensure that all infants born in a Kentucky hospital (with at least 40 births annually) receive a physiologic hearing screening prior to discharge, and that the results of the screen are shared with the parents, physicians, and OCSHCN for tracking and follow-up purposes. The program is designed to assist families in obtaining diagnostic follow-up and early intervention in a timely manner. EHDI supports statewide screening for the early detection of hearing disorders and referral for follow-up treatment. The program has strong partnerships with Kentucky birthing hospitals, resulting in a consistently high hearing screening rate (98%) prior to discharge.
- First Steps Point of Entry (POE) for KIPDA Region: Serves as the Local Lead Agency in the KIPDA Region for Kentucky's Early Intervention System (KEIS). KEIS is mandated by 20 US Code Chapter 33: Education of Individuals with Disabilities, Part 303 (Part C) –Early Intervention Program for Infants and Toddlers with Disabilities the program serve children from birth to age three that have significant developmental delay or a specific medically established risk condition that is known to cause a developmental delay. The Department for Public Health, which serves as the state lead agency, funds the POE for the KIPDA region. The POE ensures access to core services, which include screenings; service coordination; evaluation and assessment; individualized family service plan development; and implementation of procedural safeguards. The EHDI program expanded the Early Childhood Hearing Outreach in Kentucky that distributed Otoacoustic Emissions equipment to Part 303 (Part C) –Early Intervention Program for Infants and Toddlers with Disabilities (First Steps) point of entry staff, and provided training in service delivery and EHDI reporting procedures. OCSHCN district offices receive direct referrals from First Steps for any child at risk of hearing loss who cannot be screened or who fails the screening provided by First Steps.

Health and Family Services

Medicaid Services

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,061,886,000	1,981,924,100
Total General Fund	<u>2,061,886,000</u>	<u>1,981,924,100</u>
Restricted Funds		
Balance Forward	106,562,000	459,971,500
Current Receipts	337,197,400	346,522,000
Non-Revenue Receipts	510,845,400	387,926,400
Total Restricted Funds	<u>954,604,800</u>	<u>1,194,419,900</u>
Federal Fund		
Balance Forward	3,860,100	
Current Receipts	11,017,650,500	10,794,739,100
Total Federal Fund	<u>11,021,510,600</u>	<u>10,794,739,100</u>
TOTAL SOURCE OF FUNDS	<u>14,038,001,400</u>	<u>13,971,083,100</u>
EXPENDITURES BY CLASS		
Personnel Costs	180,359,400	180,649,800
Operating Expenses	8,839,100	8,818,800
Grants Loans Benefits	13,388,831,400	13,781,614,500
TOTAL EXPENDITURES	<u>13,578,029,900</u>	<u>13,971,083,100</u>
EXPENDITURES BY FUND SOURCE		
General Fund	2,061,886,000	1,981,924,100
Restricted Funds	494,633,300	1,194,419,900
Federal Fund	11,021,510,600	10,794,739,100
TOTAL EXPENDITURES	<u>13,578,029,900</u>	<u>13,971,083,100</u>
EXPENDITURES BY UNIT		
Medicaid Administration	237,705,600	238,069,300
Medicaid Benefits	13,340,324,300	13,733,013,800
TOTAL EXPENDITURES	<u>13,578,029,900</u>	<u>13,971,083,100</u>

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

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

KCHIP provides for comprehensive physical and behavioral health services for uninsured children up to 218 percent of the federal poverty level who are not otherwise eligible for Medicaid.

Health and Family Services

Medicaid Administration

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	59,304,800	59,328,000
Total General Fund	59,304,800	59,328,000

Restricted Funds

Balance Forward	13,953,800	
Current Receipts	414,300	414,300
Non-Revenue Receipts	-1,820,600	12,183,500
Total Restricted Funds	12,547,500	12,597,800

Federal Fund

Balance Forward	14,899,200	
Current Receipts	150,954,100	166,143,500
Total Federal Fund	165,853,300	166,143,500

TOTAL SOURCE OF FUNDS

	237,705,600	238,069,300
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EXPENDITURES BY CLASS

Personnel Costs	180,359,400	180,649,800
Operating Expenses	8,839,100	8,818,800
Grants Loans Benefits	48,507,100	48,600,700
TOTAL EXPENDITURES	237,705,600	238,069,300

EXPENDITURES BY FUND SOURCE

General Fund	59,304,800	59,328,000
Restricted Funds	12,547,500	12,597,800
Federal Fund	165,853,300	166,143,500
TOTAL EXPENDITURES	237,705,600	238,069,300

EXPENDITURES BY UNIT

Medical Assistance Administration	232,906,100	236,581,400
KCHIP Administration	4,799,500	1,487,900
TOTAL EXPENDITURES	237,705,600	238,069,300

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

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

Policy

The Governor's budget includes additional General Fund in the amount of \$8,900 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Health and Family Services**Medicaid Benefits**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,002,581,200	1,922,596,100
Total General Fund	2,002,581,200	1,922,596,100
Restricted Funds		
Balance Forward	92,608,200	459,971,500
Current Receipts	336,783,100	346,107,700
Non-Revenue Receipts	512,666,000	375,742,900
Total Restricted Funds	942,057,300	1,181,822,100
Federal Fund		
Balance Forward	-11,039,100	
Current Receipts	10,866,696,400	10,628,595,600
Total Federal Fund	10,855,657,300	10,628,595,600
TOTAL SOURCE OF FUNDS	13,800,295,800	13,733,013,800
EXPENDITURES BY CLASS		
Grants Loans Benefits	13,340,324,300	13,733,013,800
TOTAL EXPENDITURES	13,340,324,300	13,733,013,800
EXPENDITURES BY FUND SOURCE		
General Fund	2,002,581,200	1,922,596,100
Restricted Funds	482,085,800	1,181,822,100
Federal Fund	10,855,657,300	10,628,595,600
TOTAL EXPENDITURES	13,340,324,300	13,733,013,800
EXPENDITURES BY UNIT		
Medicaid Benefits	13,040,271,200	13,458,356,800
KCHIP Benefits	300,053,100	274,657,000
TOTAL EXPENDITURES	13,340,324,300	13,733,013,800

The Kentucky Medicaid program, under Title XIX of the Social Security Act and KRS 205.520, provides for preventive and remedial medical care for financially and medically indigent citizens in Kentucky who meet the income and resource criteria for Medicaid eligibility. The following services are currently provided by Kentucky's Medicaid program: Inpatient Hospital; Mental Hospital (for individuals under age 21 and age 65 and over); Renal Dialysis; Model Waiver II (home based services for individuals who are ventilator dependent); Psychiatric Residential Treatment Facilities (8-9 bed group homes for adolescents needing psychiatric residential services); Outpatient Hospital (including Emergency Room); Ambulatory Surgical Centers; HANDS (home visiting services for new and expectant parents); Specialized Children's Services Clinics (sexual abuse examinations); School-Based Services (Medicaid coverage for health services provided by schools to children with disabilities); Commission for Children with Special Health Care Needs; Intermediate Care Facility Services for Individuals with Intellectual Disabilities-ICFIID (residential habilitation for Medicaid recipients with intellectual disabilities); Nursing Facility Services (residential placement for the elderly and/or disabled); Preventative Services (health care) through the Local Health Departments; Early Intervention Services for Infants through age 2 with developmental problems; Early and Periodic Screening, Diagnosis and Treatment Services (EPSDT) which is preventive health care for children under 21 and coverage of any Federally-allowable, medically necessary Medicaid service for children, even if the service is not covered by the state's Medicaid plan; Chiropractic; X-ray and Laboratory Services; Physical, Occupational and Speech Therapy; Durable Medical Equipment (DME); Federally Qualified Health Centers (FQHC); Primary Care Centers (PCC); Community Mental Health Centers (CMHC); Rural Health Centers; Family Planning; Home Health services; Supports for Community Living (SCL) Waiver Services (long term community services and supports for individuals with intellectual disabilities); Home and Community Based (HCBS) Waiver Services (long term community services and supports for individuals who meet nursing facility level of care); Adult Day Health Care; Brain Injury Waiver Services (long term community services and supports for individuals with acquired brain injuries); Michelle P. Waiver services (long term community services and supports for individuals with intellectual or developmental disabilities); Nurse Anesthetist; Hospice; Transportation (Non-Emergency and Emergency/Ambulance); Pharmacy; Vision Care; Dental; Physician Services; Nurse Practitioner/Midwife; Audiology Services; Podiatry; Comprehensive Outpatient Rehabilitative Facilities (CORF); Distinct Psychiatric Units in hospitals; Distinct Rehabilitative Units in hospitals; Physicians Assistants; Private Duty Nursing Services; Behavioral health (mental health or substance use disorder services) provided by licensed

practitioners, practitioner groups and licensed organizations; Targeted Case Management for individuals with serious mental health or substance abuse disorders; Medicare Premiums (Medicare beneficiaries with incomes below the federal poverty level receive Medicaid assistance for payment of Medicare premiums, deductibles and cost sharing). These individuals are Qualified Medicare Beneficiaries (QMBs). Individuals at the lowest income levels are entitled to full Medicaid benefits. Medicare beneficiaries with income levels slightly higher than poverty receive Medicaid assistance for payment of Medicare premiums. These individuals are Specified Low-Income Medicare Beneficiaries (SLMBs).

Effective January 1, 2014, the federal Patient Protection and Affordable Care Act (ACA) changed the basis for Medicaid eligibility from eligibility categories tied to deprivation to income-based eligibility, with household income for most beneficiaries determined by the Modified Adjusted Gross Income (MAGI) reported on income tax returns. ACA also simplified and streamlined eligibility processes for most beneficiaries. ACA required states with Medicaid benchmark benefit packages, including Kentucky, to align their Medicaid benefits with ten essential health benefits defined by the benchmark plan adopted for the state's health benefit exchange (the 2012 Anthem PPO plan for Kentucky). This required Kentucky to add substance use treatment services and private duty nursing to its benefit package for all Medicaid beneficiaries. Prior to ACA, Kentucky Medicaid only covered substance use treatment for children and pregnant women. Kentucky adopted the adult Medicaid eligibility expansion which extends Medicaid eligibility to individuals in households with income at or below 138% of the federal poverty level (FPL).

Kentucky Medical Assistance Program (KMAP) Recipient Groups

Based on the eligibility changes in ACA, individuals who are eligible for KMAP benefits are classified into two groups: the Modified Adjusted Gross Income (MAGI) eligibility group and the non-MAGI eligibility group.

The **MAGI eligibility group** includes children and non-disabled adults under age 65. Specifically, this group includes children, pregnant women, caretaker relatives of children eligible for Medicaid, the adult Medicaid expansion eligibility group and former foster care children who are eligible for Medicaid up to age 26. Eligibility for each of these groups is based on the following income levels: pregnant women and infants under one year of age – 200% of the Federal Poverty Level (FPL); children from one to eighteen years of age: 147% FPL; and the adult Medicaid expansion eligibility group: 138% FPL. Former foster care children are eligible for Medicaid up to age 26 regardless of their income.

The **non-MAGI eligibility group includes** aged, blind and disabled individuals whose eligibility is associated with their health status and who are subject to resource requirements as well as income limits in establishing Medicaid eligibility.

Projecting Benefits Cost

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

Provider Taxes

Although the majority of the funds that the Commonwealth uses to match federal Medicaid dollars are derived from the General Fund, approximately 21 percent of the program's fiscal year 2021 and 10 percent of the program's fiscal year 2022 expenditure match will be secured from dedicated provider assessments. The assessments are levied on hospitals, home health agencies, Intermediate Care Facilities for Persons with Intellectual Disabilities, providers of alternative community services and long-term care facilities. The recommended budget assumes continuation of the current level of provider tax collections to maintain existing reimbursement levels for hospitals established in state fiscal year 2006.

Disproportionate Share Hospital (DSH) Payments

The budget includes funding for Disproportionate Share Hospital (DSH) payments equal to the maximum amount established by federal law. Disproportionate Share Hospital payments to state mental hospitals are budgeted in each year of the biennium. This budget includes funds transferred from the university teaching hospitals to be used as state matching funds for the portion of DSH funds received by those facilities.

Managed Care

The budget request assumes that Medicaid services are provided statewide by five (5) contracted Managed Care Organizations (MCOs). Recipients in long term care facilities and waiver programs are excluded from managed care enrollment.

Benefit Match Rate

The budget request assumes a federal medical assistance percentage (FMAP) of 78.19 for state fiscal year 2020-2021 and 72.58 percent for fiscal year 2021-2022 for eligibility groups other than the ACA Medicaid expansion group for most budget items. The FMAP for the Medicaid expansion eligibility group authorized by the ACA dropped from 93 percent in calendar year (CY) 2019 to 90 percent in CY 2020 (impacting six months of fiscal year 2019-2020) and beyond. The federal Medicaid match rate for KCHIP dropped from 100 percent to 91.77 percent beginning October 1, 2019 and to 80.44 percent beginning October 1, 2020.

Kentucky Children's Health Insurance Program (KCHIP)

The Kentucky Children's Health Insurance program was initiated under Title XXI of the Social Security Act and currently serves eligible children up to 213 percent of the federal poverty level.

A phase-out of the enhanced FMAP for CHIP began September 30, 2019 when the 23 percentage point enhancement was decreased to 11.5 percentage points for federal fiscal year 2020. The matching rate reverted to the regular enhanced FMAP for federal fiscal year 2021 and beyond.

Policy

The budget accommodates the following estimated average monthly enrollment for fiscal year 2021 and fiscal year 2022.

**Medicaid Enrollment
Actual FY 2020
Projections FY 2021 and FY 2022**

	MCO (Traditional Medicaid)	MCO (Medicaid Expansion)	MCO (KCHIP)	Fee For Service (FFS)	Grand Total
FY 2020	699,403	458,669	90,122	137,065	1,385,259
FY 2021	752,260	455,035	93,599	277,402	1,578,296
FY 2022	762,625	462,193	94,957	167,885	1,487,660

Due to the coronavirus public health emergency, the Families First Coronavirus Response Act provides states with a 6.2% enhancement to the federal medical assistance percentage (FMAP) which is assumed to be effective through June 30, 2021. The budget includes a state fiscal year 2021 FMAP of 78.19% for Medicaid eligibility groups, 87.61% for the Kentucky Children’s Health Insurance Program eligibility group, and 90% for the Medicaid expansion eligibility group. The budget includes a state fiscal year 2022 FMAP of 72.58% for Medicaid eligibility groups, 80.81% for the Kentucky Children’s Health Insurance Program eligibility group, and 90% for the Medicaid expansion eligibility group.

The Governor’s budget recommendation includes \$3,513,400 from the General Fund for 50 additional slots in the Supports for Community Living Waiver program and 250 additional slots in the Michelle P. Waiver program in fiscal year 2022.

The Governor’s budget recommendation includes \$1,000,000 from the General Fund to support enrollment initiatives related to underrepresented populations in fiscal year 2022.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	171,573,900	192,252,700
Other	-13,000,000	
Total General Fund	158,573,900	192,252,700
Tobacco Fund		
Tobacco Settlement - Phase I	1,916,000	1,995,200
Continuing Approp-Tob Settlement	1,326,600	
Total Tobacco Fund	3,242,600	1,995,200
Restricted Funds		
Balance Forward	8,467,500	5,814,800
Current Receipts	212,194,600	210,701,800
Non-Revenue Receipts	549,500	562,200
Total Restricted Funds	221,211,600	217,078,800
Federal Fund		
Balance Forward	281,300	
Current Receipts	95,271,600	95,546,900
CRF Receipts	13,000,000	
Total Federal Fund	108,552,900	95,546,900
TOTAL SOURCE OF FUNDS	491,581,000	506,873,600
EXPENDITURES BY CLASS		
Personnel Costs	91,446,200	87,904,600
Operating Expenses	12,911,800	12,595,600
Grants Loans Benefits	369,876,500	389,291,600
Debt Service	11,531,700	11,258,200
TOTAL EXPENDITURES	485,766,200	501,050,000
EXPENDITURES BY FUND SOURCE		
General Fund	158,573,900	192,252,700
Tobacco Fund	3,242,600	1,995,200
Restricted Funds	215,396,800	211,255,200
Federal Fund	108,552,900	95,546,900
TOTAL EXPENDITURES	485,766,200	501,050,000
EXPENDITURES BY UNIT		
Community Behavioral Health	150,877,000	155,802,900
Community Developmental and Intellectual Disabilities	23,419,400	23,506,300
General Support	27,193,600	46,019,600
Residential	284,276,200	275,721,200
TOTAL EXPENDITURES	485,766,200	501,050,000

The Department for Behavioral Health, Developmental and Intellectual Disabilities operates behavioral health, substance use disorder, developmental and intellectual disabilities programs. Services are provided in the community and in state-owned, state-operated and contracted residential facilities. Approximately 800 inpatients are cared for daily in the facilities operated or contracted by the Cabinet, and over 175,000 more are treated as outpatients in the community setting by the 14 Regional Boards for Mental Health and Intellectual Disability (Community Mental Health Centers) established by KRS 210.

Policy

The Governor's budget includes additional General Fund in the amount of \$78,400 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	49,404,600	51,454,700
Total General Fund	49,404,600	51,454,700
Tobacco Fund		
Tobacco Settlement - Phase I	1,916,000	1,995,200
Continuing Approp-Tob Settlement	1,326,600	
Total Tobacco Fund	3,242,600	1,995,200
Restricted Funds		
Balance Forward	7,712,900	5,712,900
Current Receipts	7,672,600	8,672,600
Non-Revenue Receipts	1,349,500	1,349,500
Total Restricted Funds	16,735,000	15,735,000
Federal Fund		
Balance Forward	195,500	
Current Receipts	87,012,200	92,330,900
Total Federal Fund	87,207,700	92,330,900
TOTAL SOURCE OF FUNDS	156,589,900	161,515,800
EXPENDITURES BY CLASS		
Personnel Costs	5,462,500	5,519,300
Operating Expenses	319,200	319,200
Grants Loans Benefits	145,095,300	149,964,400
TOTAL EXPENDITURES	150,877,000	155,802,900
EXPENDITURES BY FUND SOURCE		
General Fund	49,404,600	51,454,700
Tobacco Fund	3,242,600	1,995,200
Restricted Funds	11,022,100	10,022,100
Federal Fund	87,207,700	92,330,900
TOTAL EXPENDITURES	150,877,000	155,802,900
EXPENDITURES BY UNIT		
Community Alcohol and Drug Services	88,235,800	94,337,700
Community Mental Health Services	62,641,200	61,465,200
TOTAL EXPENDITURES	150,877,000	155,802,900

Community Mental Health Services

The Community Mental Health Services program provides services and support to Kentuckians with mental health conditions in an effort to improve their ability to function in the community. The Department for Behavioral Health, Developmental and Intellectual Disabilities contracts with 14 Regional Community Mental Health Centers (CMHCs) and other local entities to provide these services and supports. In addition, the Community Mental Health Services program has targeted funds to the most vulnerable citizens with behavioral health conditions. These include:

- Adults with severe mental illness (KRS 210, KRS 202A),
- Children/youth with severe emotional disabilities (KRS 200.501 to KRS 200.509), and
- Uninsured or underinsured individuals with behavioral health disorders.

In accordance with KRS 210.410, CMHCs must provide mentally ill persons and persons who abuse drugs and alcohol with specific services such as: consultation and educational services to help individuals understand their illnesses and treatment options; community support programs to assist individuals with mental health conditions in developing skills that allow them to live independently within the community; outpatient services; emergency services; and inpatient services, which are generally made available through referrals to crisis stabilization units or state or community hospitals.

State and Federal funds are used to provide psychiatric screening and assessment services, case management services, psychotropic medications, housing, and employment support services for adults with severe mental illness and children with severe emotional disabilities. Funds are also provided for unique services and supports designed to “wraparound” an adult or child who is at risk of psychiatric hospitalization.

Funding is used to support promotion of mental “wellness” and early intervention assessment and treatment services. Suicide prevention for youth, adults and older adults is an important focus of the Department as well as services to individuals, and their families, dealing with behavioral health issues related to or exasperated by military service.

Funding is used to support statewide needs assessment and planning, monitoring of services provided, training and technical assistance for providers and other community partners (child welfare, law enforcement, education), and procurement and administration of federal and other funds for the provision of effective, community-based services and supports. Integrated (physical and behavioral health) healthcare delivery is necessary for achieving optimal outcomes.

Community Alcohol and Drug Services

The Community Alcohol and Drug Services Program provides quality treatment, prevention, and education services to citizens suffering from, or at-risk of, substance use disorders (tobacco, alcohol and prescription or illegal drugs). Services are provided through contracts with the CMHCs and other state, local, and private non-profit providers. Substance abuse prevention and treatment services are provided pursuant to KRS 222. The receipts from alcohol intoxication fines are received pursuant to KRS 431.100. Other statutes under which the program operates include: KRS 189A (Driving Under the Influence assessment, education, and treatment) and KRS 218A.410 (Drug Property subject to forfeiture).

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

As the State Substance Abuse Authority and the State Opiate Replacement Authority, the Department is tasked with leading the Kentucky Opioid Response Effort (KORE) and collaborating with other departments within the Cabinet, the Office of Drug Control Policy, and other state and local agencies in the effort to eradicate addiction.

Policy

The budget in each fiscal year provides Phase I Tobacco Settlement Funds in the amount of \$500,000 for the Kentucky Rural Mental Health and Suicide Prevention Pilot Program.

The budget in each fiscal year sets aside \$450,000 of General Fund and includes an additional \$450,000 in each fiscal year of General Fund to support services provided by The Healing Place.

The budget includes Phase I Tobacco Settlement Funds in the amount of \$1,416,000 in fiscal year 2021 and \$1,495,200 in fiscal year 2022 for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	17,545,300	17,602,600
Total General Fund	17,545,300	17,602,600
Restricted Funds		
Balance Forward	98,700	101,900
Current Receipts	483,800	483,800
Non-Revenue Receipts	2,200,000	2,212,700
Total Restricted Funds	2,782,500	2,798,400
Federal Fund		
Balance Forward	-1,506,000	
Current Receipts	4,699,500	3,216,000
Total Federal Fund	3,193,500	3,216,000
TOTAL SOURCE OF FUNDS	23,521,300	23,617,000
EXPENDITURES BY CLASS		
Personnel Costs	2,916,400	2,984,600
Operating Expenses	550,100	550,100
Grants Loans Benefits	19,952,900	19,971,600
TOTAL EXPENDITURES	23,419,400	23,506,300
EXPENDITURES BY FUND SOURCE		
General Fund	17,545,300	17,602,600
Restricted Funds	2,680,600	2,687,700
Federal Fund	3,193,500	3,216,000
TOTAL EXPENDITURES	23,419,400	23,506,300

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

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

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

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	27,193,600	46,019,600
Total General Fund	<u>27,193,600</u>	<u>46,019,600</u>
TOTAL SOURCE OF FUNDS	<u>27,193,600</u>	<u>46,019,600</u>
EXPENDITURES BY CLASS		
Personnel Costs	5,170,400	5,206,300
Operating Expenses	264,200	264,200
Grants Loans Benefits	<u>21,759,000</u>	<u>40,549,100</u>
TOTAL EXPENDITURES	<u>27,193,600</u>	<u>46,019,600</u>
EXPENDITURES BY FUND SOURCE		
General Fund	<u>27,193,600</u>	<u>46,019,600</u>
TOTAL EXPENDITURES	<u>27,193,600</u>	<u>46,019,600</u>

General Support includes the Commissioner's Office, the Division of Administration and Financial Management, the Division of Program Integrity and the Office of Autism. This unit's activities include policy and budget development, proactive program monitoring, standards development, contract development and implementation, oversight of personnel and staffing, Autism Spectrum Disorder support, legislative monitoring and management decision-making for the overall direction of the Department.

Policy

The Budget of the Commonwealth includes General Fund in the amount of \$23,274,100 in fiscal year 2021 for Regional Mental Health/Mental Retardation Boards to assist with employer contributions for the Kentucky Employees Retirement System. The Governor's budget recommendation includes additional General Fund in the amount of \$18,790,100 in fiscal year 2022 to cover 100% of the increased costs of the fixed allocation non-hazardous retirement plan's employer contributions.

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	77,430,400	77,175,800
Other	-13,000,000	
Total General Fund	64,430,400	77,175,800
Restricted Funds		
Balance Forward	655,900	
Current Receipts	204,038,200	201,545,400
Non-Revenue Receipts	-3,000,000	-3,000,000
Total Restricted Funds	201,694,100	198,545,400
Federal Fund		
Balance Forward	1,591,800	
Current Receipts	3,559,900	
CRF Receipts	13,000,000	
Total Federal Fund	18,151,700	
TOTAL SOURCE OF FUNDS	284,276,200	275,721,200
EXPENDITURES BY CLASS		
Personnel Costs	77,896,900	74,194,400
Operating Expenses	11,778,300	11,462,100
Grants Loans Benefits	183,069,300	178,806,500
Debt Service	11,531,700	11,258,200
TOTAL EXPENDITURES	284,276,200	275,721,200
EXPENDITURES BY FUND SOURCE		
General Fund	64,430,400	77,175,800
Restricted Funds	201,694,100	198,545,400
Federal Fund	18,151,700	
TOTAL EXPENDITURES	284,276,200	275,721,200

Residential Services provides inpatient care in the areas of psychiatric hospitalization, intermediate care for persons with developmental and intellectual disabilities, nursing facility care, and forensic psychiatry for approximately 800 individuals each day.

Inpatient psychiatric services are provided for adults through four psychiatric hospitals: Eastern State Hospital in Lexington with an average daily census (ADC) of 102; Central State Hospital in Louisville with an ADC of 54; and Western State Hospital in Hopkinsville with an ADC of 112. The ARH Psychiatric Facility located in Hazard, owned and operated by Appalachian Regional Healthcare, Inc., with an ADC of 57, provides acute inpatient psychiatric services through a contract with the Department. Eastern State Hospital is operated under a management contract with the University of Kentucky.

Glasgow Nursing Facility with an ADC of 68 and Western State Nursing Facility with an ADC of 93 provide quality care to adults with severe and persistent mental illness who require a skilled nursing facility's level of care.

Ten facilities provide intermediate care for individuals with developmental and intellectual disabilities who are unable to live unassisted in their communities: the Oakwood Community Center in Somerset with an ADC of 108, Outwood in Dawson Springs with an ADC of 32, Hazelwood in Louisville with an ADC of 67, Bingham Gardens located in Louisville with an ADC of 23, Del Maria in Fern Creek with an ADC of 8, the Meadows in Mount Washington with an ADC of 7, and Windsong in Crestwood with an ADC of 6. Residents are assisted in self-care skills and community living skills and are provided specialized services to promote their personal growth.

The Department has established three specialty clinics in support of individuals with developmental and intellectual disabilities living in the community, who may have transitioned from a facility placement. Moving from a facility placement to a community placement creates a gap in services that can negatively impact clients and jeopardize a successful

placement. These clinics provide a vast array of specialized services including medical, dental and therapeutic services on an outpatient basis, avoiding institutionalization. These three specialty clinics are located on the campuses of Bingham Gardens, Hazelwood Center, and Oakwood.

Forensic psychiatric and competency evaluation services are provided at the Kentucky Correctional Psychiatric Center within the Luther Luckett Correctional Complex in LaGrange with an ADC of 62. Pretrial services are provided for persons with felony charges who are referred by district and circuit courts for evaluation of competency to stand trial. The correctional component may serve some post-convicted females in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

Policy

The Budget of the Commonwealth includes General Fund in the amount of \$275,000 in fiscal year 2021 for debt service to support bonds as set forth in Part II, Capital Projects Budget.

The budget includes General Fund in the amount of \$11,256,700 in fiscal year 2021 and \$11,258,200 in fiscal year 2022 for lease payments for Eastern State Hospital.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$13,000,000 and replaces it with federal funds from the Coronavirus Relief Fund.

Health and Family Services

Public Health

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	78,915,500	124,536,100
Other	-12,245,400	
Total General Fund	66,670,100	124,536,100
Tobacco Fund		
Tobacco Settlement - Phase I	11,873,100	13,029,800
Continuing Approp-Tob Settlement	12,996,000	
Total Tobacco Fund	24,869,100	13,029,800
Restricted Funds		
Balance Forward	12,262,800	11,770,500
Current Receipts	87,640,200	87,075,200
Non-Revenue Receipts	-3,507,000	-2,907,000
Total Restricted Funds	96,396,000	95,938,700
Federal Fund		
Balance Forward	-8,997,600	
Current Receipts	271,268,600	263,303,000
CRF Receipts	237,206,100	
Total Federal Fund	499,477,100	263,303,000
TOTAL SOURCE OF FUNDS	687,412,300	496,807,600
EXPENDITURES BY CLASS		
Personnel Costs	71,936,100	71,965,700
Operating Expenses	23,577,100	13,566,000
Grants Loans Benefits	580,128,600	402,854,100
TOTAL EXPENDITURES	675,641,800	488,385,800
EXPENDITURES BY FUND SOURCE		
General Fund	66,670,100	124,536,100
Tobacco Fund	24,869,100	13,029,800
Restricted Funds	84,625,500	87,516,900
Federal Fund	499,477,100	263,303,000
TOTAL EXPENDITURES	675,641,800	488,385,800
EXPENDITURES BY UNIT		
General Health Support	347,830,600	154,605,300
Women's Health	10,024,900	9,846,700
Prevention and Quality Improvement	29,115,200	23,005,000
Epidemiology and Health Planning	60,283,400	47,179,500
Maternal and Child Health	189,947,500	210,870,900
Laboratory Services	11,886,700	11,675,400
Public Health Protection and Safety	26,553,500	31,203,000
TOTAL EXPENDITURES	675,641,800	488,385,800

The Department for Public Health's (DPH) mission is to improve the health and safety of all people in Kentucky through Prevention, Promotion and Protection. DPH is responsible for carrying out the core public health functions of:

- Assessment of health status and programs;
- Science-based health policy development; and
- Assurance of health services, codes, and programs to meet the needs of Kentuckians.

Pursuant to KRS 211.025 and 211.180, DPH, with its seven divisions, enforces public health laws and regulations, assists local boards of health and health departments, and acts to protect and improve health. It does so by formulating, promoting, establishing, and executing policies, plans, and programs "relating to all matters of public health", partnering with 61 local health departments (LHDs) covering 120 counties as well as other local, state and federal agencies.

The department's focus is improving the health status of the population. Due in part to public health efforts, fewer Kentuckians smoke, a greater number of colon cancers are prevented, teen pregnancy rates are down, and deaths from cardiovascular disease are decreasing.

The department strives to protect and improve the health and quality of life of each of over 4.4 million Kentuckians every day by administering approximately 150 distinct programs and services, which are as varied as immunizations, newborn screening, women's cancer prevention, radon control and the regulation of tattoo parlors. A sizable part of the state's economy is regulated by the actions of the department including the operation of food retail services, food manufacturing, radiation health services, hotels and pools. In fiscal year 2019, the public health system in Kentucky provided clinical services to an average of about 433,000 unduplicated patients. Many public health services are unavailable from any other source or are unattainable from another source at low or no cost.

The department relies on LHDs to carry out many public health activities required by statute, regulation, or participation in federal grant awards. Federal monies support over half of the department's yearly budget. The majority of these awards are allocated to the community level for the performance of services. LHDs may also choose to perform enhanced services based on community health needs and for which the availability of funding allows.

The department consists of seven divisions: Administration and Financial Management to include the Commissioner's Office, Women's Health, Prevention and Quality Improvement, Epidemiology and Health Planning, Maternal and Child Health, Laboratory Services, and Public Health Protection and Safety.

A healthy population can help create a more robust workforce and contribute to driving down societal costs for healthcare. Kentucky's public health system, which touches numerous lives daily with its wide array of programs and messages, is critical to protecting and improving the state's health through its myriad programs and services many of which are performed only by public health agencies.

Policy

The Governor's budget includes additional General Fund in the amount of \$58,700 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Health and Family Services

Public Health

General Health Support

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	34,480,500	79,889,500
Other	-12,245,400	
Total General Fund	22,235,100	79,889,500
Restricted Funds		
Balance Forward	4,516,600	3,795,400
Current Receipts	3,593,900	2,993,900
Non-Revenue Receipts	-2,900,000	-2,300,000
Total Restricted Funds	5,210,500	4,489,300
Federal Fund		
Balance Forward	-9,447,500	
Current Receipts	96,922,200	71,600,000
CRF Receipts	236,705,700	
Total Federal Fund	324,180,400	71,600,000
TOTAL SOURCE OF FUNDS	351,626,000	155,978,800
EXPENDITURES BY CLASS		
Personnel Costs	8,600,600	8,452,300
Operating Expenses	2,882,400	240,400
Grants Loans Benefits	336,347,600	145,912,600
TOTAL EXPENDITURES	347,830,600	154,605,300
EXPENDITURES BY FUND SOURCE		
General Fund	22,235,100	79,889,500
Restricted Funds	1,415,100	3,115,800
Federal Fund	324,180,400	71,600,000
TOTAL EXPENDITURES	347,830,600	154,605,300

The General Health Support Program includes two organizational units: the Commissioner and Administration and Financial Management.

The Commissioner is responsible for the leadership, management, oversight, and policy direction of the Department for Public Health. The Commissioner advises the heads of major agencies in state government on policies, plans, and programs relating to matters of public health. This includes actions necessary to respond to extraordinary events in order to safeguard the health of the citizens of the Commonwealth. The Commissioner serves as the State Health Officer for the Commonwealth. The Commissioner's role includes the coordination of public health emergency response capabilities with federal and other state agencies and involvement in the statewide management of anti-terrorist (nuclear, biologic, chemical) activities. The Commissioner provides leadership in transforming the role of public health in Kentucky to new models as more uninsured citizens have opportunities for healthcare coverage under the new insurance marketplace and expanded Medicaid coverage.

The Chief Nursing Officer for Public Health, located in the Commissioner's Office, provides nurse administration consultation and technical assistance to the Commissioner, executive staff, and state and local health departments including approximately 800 nurses and APRNs who practice in local health departments across the state. This guidance includes nursing scope of practice issues, the development and implementation of clinical protocols, nursing education and clinical competencies as well as public health nursing workforce development initiatives.

The Office of Health Equity functionally operates through the Commissioner's Office. The Office is currently funded with a grant from the Centers for Disease Control and Prevention and seeks to eliminate health disparities in the state of Kentucky specifically those social, cultural, and environmental factors that contribute to adverse health outcomes. The Office serves in an advisory capacity to all divisions across the Department of Public Health, Local Health Departments, and other partners.

Quality improvement, performance management, and national accreditation efforts continue to be a focus of the department. The goal of this program is for participants to make fundamental changes in their organizations and practices so that they can improve the delivery of public health services and create a culture of continuous quality improvement. The ten (10) essential public health services and Public Health Accreditation Board (PHAB) are the driving forces to achieve minimum standards and measures for public health.

The Division of Administration and Financial Management provides all resource support to the department. This includes approximately 400+ department-level personnel and more than 2,800 Local Health Department personnel represented by the 61 Kentucky LHDs in all 120 counties. The division provides all budget and accounting support, payments, grant allocation, fee collection, procurement, and contracting support. The division plays a vital role in providing effective and efficient training that enhances workforce abilities of the department, LHDs, public health preparedness, and other public health system partners. The division develops the department's biennial budget and oversees LHDs' fiscal planning and administrative management functions. The division works in concert with the other divisions in the department to plan, program, execute, manage, and report the financial activities of the department and LHDs.

The division is also responsible for overseeing the day-to-day operations of the 61 LHDs. This responsibility includes conducting training on medical coding and billing practices, local health personnel procedures, and financial operations. Additionally, this division has the responsibilities for personnel management; medical records and forms management, reporting of clinical and community-based services, operating the online local health network that tracks more than three (3) million services to approximately 433,000 patients, policy interpretation, and the local Board of Health appointment process. The division is the primary liaison between the department and LHDs.

Policy

The Budget of the Commonwealth includes General Fund in the amount of \$25,394,600 in fiscal year 2021 for Local and District Health Departments to assist with employer contributions for the Kentucky Employees Retirement System. The Governor's budget recommendation includes General Fund in the amount of \$33,527,100 in fiscal year 2022 to cover 100% of the increased costs of the fixed allocation non-hazardous retirement plan's employer contributions.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$12,245,400 and replaces it with federal funds from the Coronavirus Relief Fund.

The Governor's budget includes an additional \$12,000,000 from the General Fund to support the local health departments (LHD's). COVID-19 has shown that the Commonwealth has not effectively invested in its public health system. The pandemic has revealed areas where the capacity of the local health departments and the statewide public health infrastructure is insufficient. Moreover, decreases in funding for public health has eroded the infrastructure of the ready capacity to adequately respond to infectious disease outbreaks and other public health emergencies.

Additional funding is needed to improve foundational infrastructure, including regional epidemiology capacity and local health department infrastructure to target evolving and emergent threats. These funds will be used to assist local health departments secure resources needed to address infectious diseases, such as COVID-19, TB, HIV, hepatitis, etc., and to support activities such as vaccinations, pharmaceuticals, and other resources that may be needed should Kentucky experience a public health emergency.

The additional funding will provide resources to contend with the following public health shortfalls:

- Lack of sufficient epidemiologic capacity locally and regionally
- Lack of necessary clinical staff
- Lack of adequate epidemiologic depth at the state health department
- Gaps in laboratory capacity
- Declining number of public health personnel overall
- Need for increased electronic data infrastructure, such as electronic case reporting

Health and Family Services

Public Health

Women's Health

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	470,000	483,200
Total General Fund	470,000	483,200

Tobacco Fund

Continuing Approp-Tob Settlement	211,700	
Total Tobacco Fund	211,700	

Restricted Funds

Balance Forward	6,200	3,800
Current Receipts	600	600
Total Restricted Funds	6,800	4,400

Federal Fund

Balance Forward	61,900	
Current Receipts	9,278,300	9,361,000
Total Federal Fund	9,340,200	9,361,000

TOTAL SOURCE OF FUNDS

	10,028,700	9,848,600
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EXPENDITURES BY CLASS

Personnel Costs	2,404,900	2,432,300
Operating Expenses	276,400	276,400
Grants Loans Benefits	7,343,600	7,138,000
TOTAL EXPENDITURES	10,024,900	9,846,700

EXPENDITURES BY FUND SOURCE

General Fund	470,000	483,200
Tobacco Fund	211,700	
Restricted Funds	3,000	2,500
Federal Fund	9,340,200	9,361,000
TOTAL EXPENDITURES	10,024,900	9,846,700

The Division of Women’s Health (DWH), in partnership with key stakeholders, provides leadership to improve the physical and socio-emotional health, safety, and well-being of Kentucky’s women, including those with low incomes, diverse ethnic or racial backgrounds and isolated populations with limited access to care. The Division also represents Kentucky for the federal Health Resources Service Administration (HRSA) Office of Women’s Health. The DWH includes the following programs:

The Kentucky Women’s Cancer Screening Program (KWCSF) provides breast and cervical cancer screenings and diagnostic case management and treatment referral services to reduce cancer morbidity and mortality among Kentucky’s medically underserved, low income, and uninsured women. The Kentucky Women’s Cancer Screening program is funded by a federal grant from the Centers for Disease Control and Prevention (CDC). The CDC grant requires the program to provide appropriate referrals for medical treatment; assure appropriate follow-up services and case management; develop and disseminate public information and education programs for the detection and control of breast and cervical cancers; improve the education, training, and skills of health professionals; monitor the quality of screening procedures for breast and cervical cancers; and evaluate activities through appropriate surveillance. In the past, this program has primarily been contracted to local health departments (LHDs). Through Kentucky’s Public Health Transformation initiative, the LHDs will be allowed, at their discretion, to opt out of providing these services and the department will secure other partners to provide the services such as Federally Qualified Health Centers, Rural Health Clinics, and other community providers.

The Breast Cancer Research and Education Trust Fund program, is funded by revenue collected from breast cancer license plate purchases and the State Income tax form optional checkbox. Funds collected through these methods are distributed to community-based affiliates through an annual Request for Proposal process. Projects awarded support breast cancer research, education, treatment, screening, and awareness in Kentucky.

The Title X Family Planning program provides individuals with the information and means to exercise personal decisions to determine the number and spacing of their children. Title X family planning clinics play a critical role in assuring access to voluntary, confidential family planning services for low-income or uninsured families. Charges to participants are at no cost or at a reduced cost based on their household income. Family Planning services are offered in LHDs and clinics targeting special populations (e.g. males, Hispanics, and adolescents). Title X supported clinics also provide a number of preventive health services such as patient education and counseling, breast and pelvic examinations, cervical cancer screenings, sexually transmitted disease prevention, human immunodeficiency virus (HIV) screenings, preconception counseling, and pregnancy diagnosis. The Title X Family Planning program is funded through the federal Office of Population Affairs, Health and Human Services agency. Through the Public Health Transformation initiative, the department will secure non-LHD providers for these services if the LHD declines participation.

The Abstinence Education Grant Program provides abstinence education to middle school students (fifth through eighth grade) to encourage students to choose abstaining from sexual activity as the best choice to achieve optimal health and well-being. This program provides students with knowledge about the physical and emotional benefits of abstaining from sexual activity until adulthood and equips them with refusal skills and decision-making skills to accomplish this goal.

The Personal Responsibility Education Program provides ready-for-adulthood education to teenagers age 13-18 in middle and high school. Two programs are utilized to provide age-appropriate, abstinence-based, comprehensive sexuality education and other positive youth development subjects. One program is delivered in the classroom setting for 5-10 days and the other program is an after-school program delivered throughout the school year. Curriculum delivered in the classroom includes sexual health subjects and information on healthy relationships, self-esteem, goal setting and decision making skills. Additionally, the afterschool curriculum includes lessons on values and community and 20 hours of community-service learning each year.

Health and Family Services
Public Health
Prevention and Quality Improvement

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	9,989,000	9,990,200
Total General Fund	9,989,000	9,990,200
Tobacco Fund		
Tobacco Settlement - Phase I	2,989,100	4,034,600
Continuing Approp-Tob Settlement	5,315,300	
Total Tobacco Fund	8,304,400	4,034,600
Restricted Funds		
Balance Forward	1,077,200	760,900
Current Receipts	183,700	183,700
Non-Revenue Receipts	500,000	500,000
Total Restricted Funds	1,760,900	1,444,600
Federal Fund		
Balance Forward	95,400	
Current Receipts	9,726,400	8,038,300
Total Federal Fund	9,821,800	8,038,300
TOTAL SOURCE OF FUNDS	29,876,100	23,507,700
EXPENDITURES BY CLASS		
Personnel Costs	4,339,800	4,377,700
Operating Expenses	833,200	833,200
Grants Loans Benefits	23,942,200	17,794,100
TOTAL EXPENDITURES	29,115,200	23,005,000
EXPENDITURES BY FUND SOURCE		
General Fund	9,989,000	9,990,200
Tobacco Fund	8,304,400	4,034,600
Restricted Funds	1,000,000	941,900
Federal Fund	9,821,800	8,038,300
TOTAL EXPENDITURES	29,115,200	23,005,000

The Prevention and Quality Improvement program is comprised of two subprograms: Chronic Disease Prevention and Health Care Access.

The mission of the Prevention and Quality Improvement (PQI) program is to deliver programs and services which can be implemented at the local level including chronic disease management, clinical and community education/promotion, self-management education, quality improvement, health care access for low income Kentuckians, and health risk behavior data analysis through the Kentucky Behavioral Risk Factor Surveillance System in order to effectively prioritize health issues and implement appropriate evidence-based interventions. The program's activities cover the spectrum of population-based and personal preventive health services, delivered through a wide range of health partners and health care organizations.

The PQI division provides leadership and facilitates partnerships with key stakeholders in order to improve care and services with a special focus on populations with low incomes, diverse ethnicity and racial backgrounds, and underserved populations with limited access to care. Division staff support partners who provide clinical and community based services and provide technical assistance in infrastructure building through policy development and implementation, providing data and surveillance activities, and developing appropriate disease management strategies.

The PQI division is also involved in the departmental preparations to apply for national accreditation by the Public Health Accreditation Board (PHAB). Key division staff are working on domain teams for public health accreditation activities. Division staff also serve on the department accreditation readiness team, strategic plan committee, State Health Improvement Plan committee, and State Health Assessment committee, and provide data through the Behavioral Risk Factor Surveillance System (BRFSS) to all local health departments in Kentucky for their own accreditation efforts.

The Chronic Disease Prevention Branch utilizes evidence-based programming and interventions to reduce morbidity and mortality from chronic diseases. Programs include asthma, community health action teams, community health worker, comprehensive cancer, pediatric cancer, colon cancer, chronic obstructive pulmonary disease, diabetes, heart disease and stroke, obesity prevention, and tobacco prevention. The Branch provides partial funding to local health departments for capacity building, which will lead to sustainable interventions in order to improve health status at the community level through local coalitions, health systems improvement strategies, and by increasing community-clinical linkages for access to screening and disease self-management.

The Health Care Access Branch provides a departmental focus on primary care and administers federal grants and programs relative to primary care. Through these programs, approximately 120 additional physicians are serving Kentucky's medically underserved population. The Branch is responsible for determining areas of Kentucky that meet the criteria for Health Professional Shortage Area and Medically Underserved Area. The Branch is also responsible for the Charitable Health Program, National Health Service Corps Program, Kentucky Physician Care Program, J-1 VISA Program, Kentucky Prescription Assistance Program (KPAP) and Kentucky Spinal Cord and Head Injury Research Board.

The Prevention and Quality Improvement Division, including both branches, is working toward alignment with Kentucky's public health transformation principles. In order to ensure continuity of services for Kentuckians, in those geographic areas in which these programs are not identified as local community priorities and will no longer be provided by the LHD, the division is seeking non-traditional partners. Many programs have been in alignment with transformation principles for years and are serving as guidance for others.

Policy

The budget includes Phase I Tobacco Settlement Funds in the amount of \$2,000,000 in fiscal year 2021 and \$2,989,600 in fiscal year 2022 for Smoking Cessation.

The budget includes Phase I Tobacco Settlement Funds in the amount of \$989,100 in fiscal year 2021 and \$1,045,000 in fiscal year 2022 for Early Childhood Oral Health.

The budget in each fiscal year includes General Fund resources in the amount of \$2,500,000 for the Kentucky Pediatric Cancer Research Trust Fund.

The budget in each fiscal year includes General Fund resources in the amount of \$500,000 for the Kentucky Colon Cancer Screening Program.

Health and Family Services
Public Health
Epidemiology and Health Planning

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	3,110,600	3,222,000
Total General Fund	3,110,600	3,222,000
Restricted Funds		
Balance Forward	756,900	
Current Receipts	19,744,500	19,758,700
Non-Revenue Receipts	-325,000	-325,000
Total Restricted Funds	20,176,400	19,433,700
Federal Fund		
Balance Forward	-1,356,500	
Current Receipts	37,852,500	24,555,500
CRF Receipts	500,400	
Total Federal Fund	36,996,400	24,555,500
TOTAL SOURCE OF FUNDS	60,283,400	47,211,200
EXPENDITURES BY CLASS		
Personnel Costs	30,100,700	30,213,300
Operating Expenses	11,432,600	4,213,700
Grants Loans Benefits	18,750,100	12,752,500
TOTAL EXPENDITURES	60,283,400	47,179,500
EXPENDITURES BY FUND SOURCE		
General Fund	3,110,600	3,222,000
Restricted Funds	20,176,400	19,402,000
Federal Fund	36,996,400	24,555,500
TOTAL EXPENDITURES	60,283,400	47,179,500

The mission of the Division of Epidemiology and Health Planning is to provide quality epidemiological and vital records services, public health planning, and reportable disease prevention and control services in order to promote, protect, and plan for the health and safety of Kentuckians.

To accomplish these responsibilities, the Division conducts activities in three areas:

- The Infectious Disease Branch, which includes disease surveillance, prevention, and control activities related to vaccine-preventable diseases, sexually transmitted diseases, tuberculosis, adult viral hepatitis, HIV/AIDS, healthcare associated infections, and other reportable diseases,
- The Immunization Branch, which includes providing vaccines for children-enrolled health care providers at no cost, enforcing school and child care immunization regulations, providing immunization education and training for health care providers and the general public, coordinating surveillance and control efforts for vaccine-preventable diseases, and promoting vaccine safety, and
- The Office of Vital Statistics, which collects and preserves mandatory records of vital events including births, deaths, marriages, and divorces.

The Sexually Transmitted Disease (STD) Section is designed to reduce the occurrence and prevent the transmission and debilitating complications of sexually transmitted diseases. The STD Section provides educational materials, staff training, program planning and evaluation services, technical consultation, and selected antibiotics to all local health departments (LHDs) and other selected health care providers.

The Tuberculosis (TB) Control Section aims to reduce the number of cases and deaths due to TB by preventing non-infected individuals from becoming infected, keeping those infected without disease from progressing to disease, and by attempting to maintain infected individuals with disease as non-infectious.

The Reportable Disease Program is responsible for case confirmation, oversight of disease investigations, and surveillance for reportable diseases such as meningitis, hepatitis, diarrheal diseases, foodborne illnesses, and vector-borne diseases.

The HIV/AIDS Branch seeks to identify and track cases of HIV and AIDS, prevent the disease by raising awareness and promoting risk reduction behaviors, and connect HIV-positive clients to care. The HIV Prevention Program focuses on testing, awareness of one's status, and strategic intervention activities to reduce HIV transmission for at-risk populations. The HIV/AIDS Services program assists HIV-positive clients with case management, in addition to providing life-saving medications and insurance continuation for qualified clients, as a payor of last resort.

The Adult Viral Hepatitis Prevention Program is a federally funded program that focuses on the prevention of viral hepatitis in adults caused by hepatitis A, hepatitis B, and hepatitis C viruses.

The Healthcare Associated Infection (HAI) Program establishes an infrastructure within the Kentucky Department for Public Health to develop statewide activities focused on the prevention of HAIs within healthcare facilities.

The Immunization Branch provides financial support and vaccines to LHDs and other providers for the provision of over one million immunizations each year to about 600,000 persons, primarily ages 0-18 years. Immunization rates are tracked in schools, day care facilities, LHD clinics, and the general child population. This branch also operates the Kentucky Immunization Registry.

The Office of Vital Statistics is responsible for the registration, certification, and issuance of vital records (birth, death, marriage, and divorce certificates) in Kentucky. The program's primary responsibility is the maintenance and security of these vital records as well as responding to specific requests for vital statistics data.

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	20,710,700	20,752,000
Total General Fund	20,710,700	20,752,000

Tobacco Fund

Tobacco Settlement - Phase I	8,884,000	8,995,200
Continuing Approp-Tob Settlement	7,469,000	
Total Tobacco Fund	16,353,000	8,995,200

Restricted Funds

Balance Forward	4,703,300	2,079,300
Current Receipts	48,332,300	48,335,900
Non-Revenue Receipts	218,000	218,000
Total Restricted Funds	53,253,600	50,633,200

Federal Fund

Balance Forward	1,316,000	
Current Receipts	100,393,500	132,079,500
Total Federal Fund	101,709,500	132,079,500

TOTAL SOURCE OF FUNDS

	192,026,800	212,459,900
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EXPENDITURES BY CLASS

Personnel Costs	8,952,700	8,929,700
Operating Expenses	697,400	697,400
Grants Loans Benefits	180,297,400	201,243,800
TOTAL EXPENDITURES	189,947,500	210,870,900

EXPENDITURES BY FUND SOURCE

General Fund	20,710,700	20,752,000
Tobacco Fund	16,353,000	8,995,200
Restricted Funds	51,174,300	49,044,200
Federal Fund	101,709,500	132,079,500
TOTAL EXPENDITURES	189,947,500	210,870,900

The Maternal and Child Health (MCH) division promotes and safeguards the health of all Kentuckians, with an emphasis on at-risk mothers, infants, children, and adolescents. The division's goal is to help those at risk of adverse health effects achieve the highest level of health and wellness possible through public health surveillance, education, nutrition, perinatal care, early childhood promotion and intervention, well-child care, injury prevention, coordinated school health, and selected primary and preventive care activities.

The Program Support Branch is responsible for public health surveillance systems including the Neonatal Abstinence Reporting, Pregnancy Risk Assessment Monitoring System, and the Sudden Unexpected Infant Death Registry. The Kentucky Birth Surveillance Registry, which is required by KRS 211.651-.670, identifies children in Kentucky who are at risk for serious medical conditions and developmental delays, and works closely with the Newborn Screening and Case Management program to ensure infants get appropriate and timely follow-up to mitigate adverse outcomes, and in some cases, prevent early death.

The Early Childhood Development Branch is required, by KRS 211.689-.690, to provide early childhood initiatives such as home visitation (Health Access Nurturing Development Services [HANDS]), childcare health consultation, early childhood mental health services for children, Kentucky Strengthening Families, and Help Me Grow. HANDS is a voluntary statewide home visitation program designed to assist overburdened parents during the prenatal period until the child's third birthday. Home visitation services include education and information on prenatal and postnatal health, early brain development, family self-sufficiency, home safety, and parent-child interactive curriculum activities.

Kentucky Early Intervention System (KEIS), within the Early Childhood Development Branch, referred to as First Steps, provides case management and coordination of services for infants and toddlers between birth and three years of age with developmental disabilities or developmental delays. These early intervention services include services such as physical therapy, occupational therapy, speech therapy, hearing and vision services, and other services as needed to meet the child's developmental needs. First Steps services are provided in the home or other community settings, unless it is not feasible to do so, and are subject to a sliding fee scale unless the family has documented an inability to pay. Families and other interested parties access the First Steps program locally through 15 points of entry covering the state. Children served by First Steps transition at age three to the local education agency or other community supports.

The Child and Family Health Improvement Branch provides oversight to services and activities including prenatal care, child and adolescent preventive health, childhood lead poisoning prevention, child fatality review and injury prevention, maternal mortality review, and coordinated school health. This branch also houses the division's infant mortality efforts, including the safe sleep campaign. The Newborn Metabolic Screening and Case Management program identifies children in Kentucky who are at risk for serious medical conditions and developmental delays, and works closely with the Birth Surveillance Registry.

The Nutrition Services Branch administers the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); Clinical Nutrition Services, Breastfeeding Peer Counselor Program; and the WIC Farmer's Market Nutrition Program. The Women, Infants and Children program is funded wholly by the US Department of Agriculture and provides food packages and nutrition education to low-income pregnant and postpartum women, infants, and children at nutritional risk, and sets standards for nutrition services. Nutritionists in local health departments provide medical nutrition therapy and follow-up nutrition care for mothers and children with special nutrition needs.

Policy

The budget in each fiscal year includes additional General Fund resources in the amount of \$1,100,000 and sets aside \$750,000 of General Fund for the Kentucky Poison Control Center and COVID-19 Hotline.

The budget in each fiscal year includes Phase I Tobacco Settlement Funds in the amount of \$7,000,000 for the Health Access Nurturing Development Services (HANDS) Program.

The budget includes Phase I Tobacco Settlement Funds in the amount of \$942,000 in fiscal year 2021 and \$997,600 in fiscal year 2022 for the Healthy Start initiatives.

The budget includes Phase I Tobacco Settlement Funds in the amount of \$942,000 in fiscal year 2021 and \$997,600 in fiscal year 2022 for Early Childhood Mental Health.

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation

5,620,000 5,622,300

Total General Fund

5,620,000 5,622,300

Restricted Funds

Balance Forward

519,000 323,000

Current Receipts

6,820,700 6,824,600

Non-Revenue Receipts

-1,000,000 -1,000,000

Total Restricted Funds

6,339,700 6,147,600

Federal Fund

Balance Forward

-1,800

Current Receipts

251,800 227,400

Total Federal Fund

250,000 227,400

TOTAL SOURCE OF FUNDS

12,209,700 11,997,300

EXPENDITURES BY CLASS

Personnel Costs

5,908,000 5,846,900

Operating Expenses

5,973,700 5,823,500

Grants Loans Benefits

5,000 5,000

TOTAL EXPENDITURES

11,886,700 11,675,400

EXPENDITURES BY FUND SOURCE

General Fund

5,620,000 5,622,300

Restricted Funds

6,016,700 5,825,700

Federal Fund

250,000 227,400

TOTAL EXPENDITURES

11,886,700 11,675,400

The Division of Laboratory Services (DLS) performs sophisticated state of the art chemical, biological, and molecular laboratory testing. In partnership with federal, state, and local entities, testing performed at the state public health laboratory supports critical activities like disease investigation, control, prevention and surveillance; food safety; and environmental health and protection. Leveraging expertise and resources, DLS serves as a reference center for hospitals and local health departments across the Commonwealth.

DLS detects and identifies a wide variety of microorganisms (bacterial and viral) and toxic chemical substances that pose a threat to public health. These include infectious agents related to food-borne disease outbreaks, seasonal influenza, and high-risk and high mortality diseases like antibiotic resistant tuberculosis, hospital-associated pneumonia, and sepsis. This requires the use of technology such as Next-Generation Sequencing (NGS) to look for relatedness between organisms that are identified from human or food sources. DLS also tests for environmental contaminants like pesticides in fruits or vegetables sold at farmers markets and bacterial contamination in commercial dairy products. When DLS identifies hospital-associated infections or dangerous, emerging infectious pathogens such as the Zika or Ebola virus, methods for their detection are rapidly deployed. Timely and precise detection of these biological agents is essential for effectively limiting spread and harm to the public.

DLS tests packages and/or substances with possible links to chemical or biological terrorism in a highly secured biosafety level 3 laboratory with specialized protocols developed and distributed by the Centers for Disease Control and Prevention (CDC) as a part of the Laboratory Response Network (LRN). These facilities and protocols are not available to other laboratories in the state making DLS a reference laboratory for Kentucky. DLS' specially trained and skilled scientists develop and maintain capacity for testing for low incidence or high risk diseases (e.g. botulism, rabies, etc.) which may be unavailable in the private sector.

DLS performs testing for heritable conditions in newborns that may be undetectable by physical examination or by other clinical signs or symptoms. DLS performs initial laboratory screening for the identification of metabolic, endocrine, hemoglobin, and other disorders. In July 2018, DLS added X-linked Adrenoleukodystrophy to its screening panel through a collaboration with Mayo Clinic Laboratories. Additionally, in August 2019 screening for Spinal Muscular Atrophy was

implemented bringing the total number of disorders on the panel to 55. DLS also began providing paid courier service to birthing hospitals in 2017 in order to meet national timeliness requirements for newborn screening. To meet the timeliness requirements, DLS instituted a six-day workweek. Timeliness is critical for newborn screening as there are treatments or preventive measures that work only if initiated early after birth. DLS is regulated by CLIA (Clinical Laboratory Improvement Amendments) and is accredited by the College of American Pathologists. In January 2017, the laboratory received accreditation as a food-testing laboratory. Other agencies that routinely inspect and/or certify DLS include the CDC, U.S. Department of Homeland Security, U.S. Department of Transportation, Environmental Protection Agency, and American Industrial Hygiene Association.

DLS performs testing for the Department for Public Health (DPH) and Occupational Safety and Health Administration (OSHA), often requiring very specific laboratory support. Workload is largely driven by state program needs in compliance with applicable state statutes and/or regulations.

Health and Family Services
Public Health
Public Health Protection and Safety

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	4,534,700	4,576,900
Total General Fund	4,534,700	4,576,900
Restricted Funds		
Balance Forward	683,600	4,808,100
Current Receipts	8,964,500	8,977,800
Total Restricted Funds	9,648,100	13,785,900
Federal Fund		
Balance Forward	334,900	
Current Receipts	16,843,900	17,441,300
Total Federal Fund	17,178,800	17,441,300
TOTAL SOURCE OF FUNDS	31,361,600	35,804,100
EXPENDITURES BY CLASS		
Personnel Costs	11,629,400	11,713,500
Operating Expenses	1,481,400	1,481,400
Grants Loans Benefits	13,442,700	18,008,100
TOTAL EXPENDITURES	26,553,500	31,203,000
EXPENDITURES BY FUND SOURCE		
General Fund	4,534,700	4,576,900
Restricted Funds	4,840,000	9,184,800
Federal Fund	17,178,800	17,441,300
TOTAL EXPENDITURES	26,553,500	31,203,000

The Division of Public Health Protection and Safety provides a variety of environmental health services to the general public and other local and state agency partners. These services range from monitoring exposure to radiation to ensuring sanitation of food, milk, and various public facilities including hotels, swimming pools, tattoo studios and others. These programs provide technical consultation, guidance and training to the sixty-one (61) local health departments (LHDs) and approximately 740 LHD environmental registered sanitarians, and regulatory oversight to thousands of Kentucky's regulated businesses. The Program's mission is to promote a healthier, safer public through prevention, education, communication, and regulation.

The Radiation Health Branch inspects and issues over 720 licenses to users of radioactive materials. The branch monitors the transportation of radioactive waste throughout the Commonwealth, and is mandated and equipped to respond to radiological emergencies 24 hours a day. The branch registers and inspects more than 4,000 facilities with 10,715 X-Ray tubes, conducts reviews and inspections of approximately 164 mammography facilities, and approves approximately 65 shielding plans for facilities. The branch also operates a radiation health laboratory which collects and analyzes approximately 5,000 environmental samples for radiologic contamination annually and conducts over 6,000 analyses on the samples. This branch provides monitoring for radiologic sites such as the Maxey Flats Disposal Site and the Paducah Gaseous Diffusion Plant. Approximately 17,700 quality control analyses are conducted annually.

The Milk Safety Branch operates under Kentucky Revised Statutes Chapter 217C, to prevent adulteration, misbranding, and false advertising of milk and milk products and protects the public from disease transmission through milk products. This mandate is achieved through inspections of dairy farms, dairy plants, micro-processors, distributors, milk haulers, and other entities improving the quality of milk that is produced and sold to the public. This branch also monitors the development of product standards of identity and legal labeling for all dairy products as mandated by the U.S. Food and Drug Administration (FDA) and the U.S. Department of Agriculture. Kentucky adopted the 2017 edition of the Pasteurized Milk Ordinance, a federally mandated ordinance which ensures certain quality standards and which allows milk produced and processed in Kentucky to be produced, processed, transported and sold to all other forty-nine states.

The Food Safety Branch provides regulatory oversight to Kentucky's multi-billion dollar food industry. The branch provides training and technical consultation to local health department (LHD) employees who inspect food service

establishments, retail food stores, vending machine companies, tattoo studios, body piercing facilities, boarding homes, tanning facilities, and bed and breakfast establishments in order to prevent the spread of communicable diseases and injuries. The branch also directly regulates food manufacturing and storage programs and the farmer's market for program compliance with state regulations. The branch responds to and investigates food recalls and works closely with the federal FDA on outbreak investigation involving regulated foods. The Food Safety Branch is also actively involved during natural and man-made disasters to protect the food supply.

The Environmental Management Branch is responsible for the oversight and regulatory requirements involving public facilities, including hotels/motels, public restrooms, schools, state confinement facilities, public swimming and bathing facilities, mobile home/recreational vehicle parks/communities, and youth camps through annual operating permits and routine inspections as required by law. The branch provides technical assistance and training to the sixty-one (61) LHDs which provide direct inspection of the regulated entities. The branch is also responsible for conducting initial certification and ongoing specialized trainings to LHD environmental staff, providing continuing education for septic system installers, approving septic system components and experimental designs, providing consumer education on such issues as mold and bedbugs, operating a radon education program, and providing support for both the rabies control program and issues regarding private water sources. The branch additionally is responsible for maintaining certifications and tracking continuing education for certified radon professionals.

This branch ensures that public health nuisances (illegal garbage dumps, accumulation of trash and garbage, rodent infestations, mosquito infestations, and untreated sewage) are investigated and abated by LHD inspectors. Through its education, investigation, permitting, and inspection activities, the Environmental Management Branch has a direct effect on protecting the lives of the public as well as, the operation of most private business entities.

The Public Safety Branch is responsible for the regulation and certification of lead abatement professionals and clearance testing of mitigated properties. This branch also oversees the public swimming pool construction program and the methamphetamine contaminated properties program. Public Safety provides epidemiological support for disease cluster investigations and supports statistical and standardized reporting of environmental data. This branch houses the CDC funded program that provides data to the Environmental Public Health Tracking Network to establish links between the environment and health outcomes.

The Public Health Emergency Preparedness Branch is responsible for enhancing the capacity of the Department for Public Health (DPH), local public health departments, and the health care system to prevent, prepare for, respond to, and recover from the adverse health effects of public health emergencies. DPH is the lead agency for the Federal Emergency Management Agency (FEMA) Emergency Support Function #8 (ESF-8) for coordination of public health and medical-related preparedness, and this branch works with 38 external ESF-8 partners to conduct response and recovery activities for emergencies, exercises, and planned events. The state ESF-8 Plan builds capacity for:

- Community/Healthcare Preparedness and Recovery,
- Community/Healthcare System Recovery,
- Emergency Operations Coordination,
- Emergency Public Information and Warning,
- Fatality Management,
- Information Sharing,
- Mass Care,
- Medical Countermeasure Dispensing,
- Medical Material Management and Distribution,
- Medical Surge,
- Non-Pharmaceutical Interventions,
- Public Health Laboratory Testing,
- Public Health Surveillance and Epidemiological Investigation,
- Responder Safety and Health, and
- Volunteer Management.

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	11,348,900	11,358,300
Total General Fund	11,348,900	11,358,300
Federal Fund		
Balance Forward	156,200	
Current Receipts	6,897,100	7,055,200
Total Federal Fund	7,053,300	7,055,200
TOTAL SOURCE OF FUNDS	18,402,200	18,413,500
EXPENDITURES BY CLASS		
Personnel Costs	2,026,500	2,041,300
Operating Expenses	153,800	150,200
Grants Loans Benefits	16,221,900	16,222,000
TOTAL EXPENDITURES	18,402,200	18,413,500
EXPENDITURES BY FUND SOURCE		
General Fund	11,348,900	11,358,300
Federal Fund	7,053,300	7,055,200
TOTAL EXPENDITURES	18,402,200	18,413,500
EXPENDITURES BY UNIT		
Family Resource and Youth Services Center	11,404,600	11,413,600
Serve Kentucky	6,997,600	6,999,900
TOTAL EXPENDITURES	18,402,200	18,413,500

The Department for Family Resource Centers and Volunteer Services is comprised of two separate programs: Family Resource and Youth Service Centers and Serve Kentucky.

Policy

The Governor's budget includes additional General Fund in the amount of \$5,500 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	11,066,900	11,075,900
Total General Fund	11,066,900	11,075,900
Federal Fund		
Balance Forward	65,700	
Current Receipts	272,000	337,700
Total Federal Fund	337,700	337,700
TOTAL SOURCE OF FUNDS	11,404,600	11,413,600
EXPENDITURES BY CLASS		
Personnel Costs	1,167,800	1,180,300
Operating Expenses	20,800	17,200
Grants Loans Benefits	10,216,000	10,216,100
TOTAL EXPENDITURES	11,404,600	11,413,600
EXPENDITURES BY FUND SOURCE		
General Fund	11,066,900	11,075,900
Federal Fund	337,700	337,700
TOTAL EXPENDITURES	11,404,600	11,413,600

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

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

In fiscal year 2019-2020, the Division of FRYSC will complete initial training for all FRYSC coordinators in order to implement the Standards of Quality for Family Strengthening and Support. Adoption of these standards will benefit children and families by enhancing the quality of the support provided by FRYSC as they respond to students' Adverse Childhood Experiences. Adopted by the National Family Support Network, the standards are the first to integrate operationalize the Principles of Family Support Practice and the Strengthening Families Approach with its research-based and evidence-informed protective factors. DFRYSC will continue ongoing training for new coordinators and full integration of the standards into FRYSC practice as part of the overall plan for data driven decision-making and evaluation.

In accordance with all appropriation bills since the Kentucky Education Reform Act was passed in 1990, the General Fund amounts for the FRYSC program are transferred to the Cabinet for Health and Family Services, Department for Family Resource Centers and Volunteer Services, to be administered.

Policy

The budget in each fiscal year includes General Fund in the amount of \$48,889,000 to be transferred from Kentucky Department for Education to support Family Resource and Youth Services Centers.

Health and Family Services
Family Resource Centers and Volunteer Services
Serve Kentucky

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	282,000	282,400
Total General Fund	<u>282,000</u>	<u>282,400</u>
Federal Fund		
Balance Forward	90,500	
Current Receipts	6,625,100	6,717,500
Total Federal Fund	<u>6,715,600</u>	<u>6,717,500</u>
TOTAL SOURCE OF FUNDS	<u>6,997,600</u>	<u>6,999,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	858,700	861,000
Operating Expenses	133,000	133,000
Grants Loans Benefits	6,005,900	6,005,900
TOTAL EXPENDITURES	<u>6,997,600</u>	<u>6,999,900</u>
EXPENDITURES BY FUND SOURCE		
General Fund	282,000	282,400
Federal Fund	6,715,600	6,717,500
TOTAL EXPENDITURES	<u>6,997,600</u>	<u>6,999,900</u>

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

The majority of federal funds received by Serve Kentucky are contracted to community organizations that, in turn, receive local matching funds, which include cash and in-kind services. AmeriCorps members provide: household budget training; home renovation assistance; life skills training; and services to help senior citizens live independently. They train volunteers, serve the homeless, mentor at-risk youth, and offer assistance to victims of natural disasters. In addition, participants tutor children in math and reading and provide drug abuse prevention education in elementary and secondary schools. Children tutored by AmeriCorps members tend to advance a minimum of two reading levels during the school year. Since AmeriCorps began in 1994, more than 13,000 Kentuckians and have served more than 20 million hours and have qualified for education awards totaling more than \$47.4 million.

**Health and Family Services
Income Support**

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation	13,616,600	13,616,600
Total General Fund	13,616,600	13,616,600
Restricted Funds		
Balance Forward	5,443,800	5,446,200
Current Receipts	12,929,900	12,940,400
Non-Revenue Receipts	126,000	126,000
Total Restricted Funds	18,499,700	18,512,600
Federal Fund		
Balance Forward	17,163,100	
Current Receipts	73,357,900	87,486,500
Total Federal Fund	90,521,000	87,486,500
TOTAL SOURCE OF FUNDS	122,637,300	119,615,700
EXPENDITURES BY CLASS		
Personnel Costs	50,330,400	47,182,300
Operating Expenses	8,493,000	8,493,000
Grants Loans Benefits	58,321,500	58,323,000
Capital Outlay	46,200	46,200
TOTAL EXPENDITURES	117,191,100	114,044,500
EXPENDITURES BY FUND SOURCE		
General Fund	13,616,600	13,616,600
Restricted Funds	13,053,500	12,941,400
Federal Fund	90,521,000	87,486,500
TOTAL EXPENDITURES	117,191,100	114,044,500
EXPENDITURES BY UNIT		
Disability Determinations	55,851,700	54,876,300
Child Support	61,339,400	59,168,200
TOTAL EXPENDITURES	117,191,100	114,044,500

The Department for Income Support (DIS) is responsible for administering the Child Support Enforcement and Disability Determination Services. DIS's mission is to facilitate vital income supports for Kentucky's families.

DIS provides services to citizens in all counties of the Commonwealth. DIS's Child Support Enforcement program ensures that children are financially supported by parents who are legally obligated to pay child support. Services are provided in each county through contracts established with local county attorneys. DIS's Disability Determination Services determines medical eligibility for residents of the Commonwealth who apply for Social Security and Supplemental Security Income disability benefits from the federal government.

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**Restricted Funds**

Non-Revenue Receipts	126,000	126,000
Total Restricted Funds	126,000	126,000

Federal Fund

Balance Forward	-1,057,700	
Current Receipts	56,783,400	54,750,300
Total Federal Fund	55,725,700	54,750,300

TOTAL SOURCE OF FUNDS

	55,851,700	54,876,300
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EXPENDITURES BY CLASS

Personnel Costs	36,790,300	35,813,700
Operating Expenses	4,223,900	4,223,900
Grants Loans Benefits	14,791,300	14,792,500
Capital Outlay	46,200	46,200
TOTAL EXPENDITURES	55,851,700	54,876,300

EXPENDITURES BY FUND SOURCE

Restricted Funds	126,000	126,000
Federal Fund	55,725,700	54,750,300
TOTAL EXPENDITURES	55,851,700	54,876,300

Disability Determination Services (DDS) makes disability determinations on behalf of the Commissioner of the U.S. Social Security Administration (SSA) for residents of Kentucky. Applicant eligibility for Supplemental Security Income and Social Security Disability Income is based on federal guidelines and regulations. DDS also reevaluates the claims of disability recipients who have been selected by the SSA for a periodic review of their medical condition Face-to-face evidentiary hearings are conducted for those individuals who appeal an unfavorable review of their continuing eligibility.

The Disability Determination Services workload depends upon a number of factors including: Congressional mandates; legal actions, or other initiatives; the number of individuals who apply for disability benefits through the Social Security Administration (SSA); and the number of claims that SSA selects for continuing review.

Health and Family Services**Income Support****Child Support**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	13,616,600	13,616,600
Total General Fund	13,616,600	13,616,600
Restricted Funds		
Balance Forward	5,443,800	5,446,200
Current Receipts	12,929,900	12,940,400
Total Restricted Funds	18,373,700	18,386,600
Federal Fund		
Balance Forward	18,220,800	
Current Receipts	16,574,500	32,736,200
Total Federal Fund	34,795,300	32,736,200
TOTAL SOURCE OF FUNDS	66,785,600	64,739,400
EXPENDITURES BY CLASS		
Personnel Costs	13,540,100	11,368,600
Operating Expenses	4,269,100	4,269,100
Grants Loans Benefits	43,530,200	43,530,500
TOTAL EXPENDITURES	61,339,400	59,168,200
EXPENDITURES BY FUND SOURCE		
General Fund	13,616,600	13,616,600
Restricted Funds	12,927,500	12,815,400
Federal Fund	34,795,300	32,736,200
TOTAL EXPENDITURES	61,339,400	59,168,200

The Child Support Enforcement (CSE) program under Title IV-D of the Social Security Act (PL 93-647) is designed to ensure that children are financially supported by parents who are legally obligated to pay child support. Both the state and federal governments share costs to conduct this program. States that receive federal funds for a Temporary Assistance for Needy Families (TANF) program are required to operate a child support enforcement program. State statutes governing the operation of this program were enacted under the Kentucky Child Support Recovery Act and are contained in KRS 205.710 - KRS 205.802 and KRS 403.405-407.

Nearly 300,000 of Kentucky's families rely on the CSE program for assistance. The services provided by the program promote family self-sufficiency by securing income critical to maintaining financial stability.

The core functions of the program includes: locating parents; establishing paternity; establishing, enforcing, and modifying child support and/or medical support orders; and collecting and disbursing child support payments. In addition to traditional judicial processes, state and federal laws allow the Child Support Program to accomplish its' mission through administrative processes such as in-hospital paternity establishment, wage assignments, liens and levies on personal property and assets, and offsetting tax refunds and unemployment benefits. The Child Support Program maintains program administration contracts with 117 county officials to provide child support collection locally in all 120 counties.

One hundred twelve (112) County Attorneys are contracted by the CSE to provide services locally in all 120 counties. The program also contracts with private vendors to obtain new hire information from employers, obtain asset information from financial institutions and/or insurance companies, conduct DNA testing and analysis to establish paternity, and to process child support payments. These functions cannot be performed by agency staff due to their specialized or technical nature.

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

The CSE program receives incentive payments from the federal government based on program performance in five program areas as established by the Personal Responsibility Work and Opportunity Reconciliation Act (PRWORA) of 1996 (PL 104-193): Paternity Establish Performance for Title IV-D and Statewide; Support Order Performance; Current Payment Performance; Arrearage Payment Performance; and Cost-Effectiveness Performance. To be eligible for incentive awards, states must meet performance criteria in each of the five program areas with a degree of data reliability at a confidence level of 95%, as measured by an annual federal data reliability audit. Performance incentive funds are restricted to program use per 45 CFR 305.35(a).

PRWORA requires that each state expend a base amount of state funds per federal fiscal year from other revenue sources on Title IV-D activities prior to utilizing federal performance incentives. For Kentucky, the annual expenditure requirement is \$9,373,007. The Deficit Reduction Act of 2005 disallowed use of federal performance incentives as state matching funds for Federal Financial Participation. After excluding the amounts earned as performance incentives and amounts collected as fees from program expenditures, the Federal Financial Percentage for the remaining expenditures is 66%. Kentucky must provide the remaining 34% in state matching funds of at least \$9,373,007.

Policy

The budget in each fiscal year includes General Fund resources in the amount of \$6,500,000 to replace reduced Temporary Assistance for Needy Families (TANF) receipts, which are recouped as program income and reused as federal matching funds to operate Child Support Enforcement.

**Health and Family Services
Community Based Services**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	505,418,400	514,083,600
Total General Fund	505,418,400	514,083,600

Tobacco Fund

Tobacco Settlement - Phase I	12,250,000	11,000,000
Continuing Approp-Tob Settlement	325,000	
Total Tobacco Fund	12,575,000	11,000,000

Restricted Funds

Balance Forward	26,728,700	13,110,900
Current Receipts	204,621,500	205,150,100
Non-Revenue Receipts	-16,061,000	-15,962,700
Total Restricted Funds	215,289,200	202,298,300

Federal Fund

Balance Forward	3,452,700	
Current Receipts	689,778,400	650,626,400
CRF Receipts	17,400,000	
Total Federal Fund	710,631,100	650,626,400

TOTAL SOURCE OF FUNDS

	1,443,913,700	1,378,008,300
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EXPENDITURES BY CLASS

Personnel Costs	482,884,700	490,751,300
Operating Expenses	51,134,500	52,165,300
Grants Loans Benefits	896,783,600	835,091,700
TOTAL EXPENDITURES	1,430,802,800	1,378,008,300

EXPENDITURES BY FUND SOURCE

General Fund	505,418,400	514,083,600
Tobacco Fund	12,575,000	11,000,000
Restricted Funds	202,178,300	202,298,300
Federal Fund	710,631,100	650,626,400
TOTAL EXPENDITURES	1,430,802,800	1,378,008,300

EXPENDITURES BY UNIT

Family Support	402,669,600	403,663,700
Energy	82,286,600	47,286,600
Child Care	183,570,100	159,770,100
Family and Community Services	762,276,500	767,287,900
TOTAL EXPENDITURES	1,430,802,800	1,378,008,300

The Department for Community Based Services (DCBS) is responsible for administering the following programs: Family Support (including Temporary Assistance to Needy Families; Supplementation Nutrition Assistance Program; Medicaid and health insurance affordability program eligibility; and State Supplementation for aged, blind or disabled individuals); Energy Assistance; Child Care; and Family and Community Based Services (including Family Based Services, Adult Services and Alternatives for Children).

These programs benefit Kentuckians who are without sufficient resources to meet their basic needs. DCBS's mission is to preserve the family as a unit when possible and protect individuals from abuse, neglect, and/or exploitation with safety and permanency as the paramount goals.

Policy

The Governor's budget includes additional General Fund in the amount of \$1,090,500 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	146,325,400	147,083,000
Total General Fund	146,325,400	147,083,000

Restricted Funds

Balance Forward	98,300	
Current Receipts	1,687,100	1,731,300
Non-Revenue Receipts	28,049,900	28,148,200
Total Restricted Funds	29,835,300	29,879,500

Federal Fund

Balance Forward	66,610,500	
Current Receipts	159,898,400	226,701,200
Total Federal Fund	226,508,900	226,701,200

TOTAL SOURCE OF FUNDS

	402,669,600	403,663,700
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EXPENDITURES BY CLASS

Personnel Costs	226,697,400	228,503,800
Operating Expenses	19,000,200	19,827,100
Grants Loans Benefits	156,972,000	155,332,800
TOTAL EXPENDITURES	402,669,600	403,663,700

EXPENDITURES BY FUND SOURCE

General Fund	146,325,400	147,083,000
Restricted Funds	29,835,300	29,879,500
Federal Fund	226,508,900	226,701,200
TOTAL EXPENDITURES	402,669,600	403,663,700

EXPENDITURES BY UNIT

Supplemental Nutrition Assistance Program	161,219,300	162,196,900
Medical Assistance	60,412,400	60,412,400
State Supplementation	21,414,600	21,431,100
TANF	159,623,300	159,623,300
TOTAL EXPENDITURES	402,669,600	403,663,700

The Division of Family Support (DFS) consists of the following programs: Temporary Assistance to Needy Families (TANF); Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps; eligibility determination for Medicaid and for health insurance premium assistance; and State Supplementation Program for persons who are aged, blind, or have a disability. The Division also provides direct eligibility services for the Simplified Assistance for the Elderly, the Kentucky Children's Health Insurance Program (K-CHIP) and medical assistance for guardianship cases. The programs administered by the DFS are designed to promote self-sufficiency, job training assessment, and the delivery of basic essential services for families and children who need assistance. Programs are accessible to all residents of Kentucky counties. Each local office has the responsibility to determine eligibility, provide facts and information of available benefits, as well as the regulatory limitations of available benefits, and maintain case record information. Application can be made by the individual, their parent, statutory benefit payee, committee, guardian, power of attorney or authorized representative, as applicable.

With the implementation of the new eligibility system in December 2015, the DFS is establishing a new program integrity section. The staff within this section will be responsible for resolving computer matches with federal and state interfaces and researching national databases related to unreported income, prior fraud disqualifications and conducting case reviews. The purpose of this section is to enhance efforts in detecting fraud and increasing program accuracy rates.

The National Voter Registration Act of 1993, also known as the Motor-Voter Act, requires agencies that deliver services to persons with disabilities or provide benefits under the Temporary Assistance for Needy Families/Kentucky Transitional Assistance Program, Special Supplemental Nutrition Programs for Women, Infants and Children (WIC), Medicaid, or

SNAP, as well as Armed Forces Recruiting Stations and driver licensing stations to make available voter registration applications to their clients. Since DFS administers two of these programs, it distributes voter registration forms, provides assistance in completing these forms, and ensures completed forms reach the proper state election office for processing in order to comply with this mandate.

Temporary Assistance for Needy Families (TANF)

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) amended and combined Title IV-A Aid for Families with Dependent Children (AFDC) and Title IV-F Job Opportunities and Basic Skills Training Program (JOBS) of the Social Security Act to provide block grants to states for TANF. These federal funds support the program's administrative and benefit expenditures that include personnel, operating, and indirect costs; contracts with partnering agencies; cash assistance subsidies; supportive services; child care; and transportation. A Maintenance of Effort (MOE) requirement mandates that states spend at least 80 percent of fiscal year 1994 expenditures on the program each year. For Kentucky, this amount is \$71,913,000 per year.

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

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

Safety Net Services are available to former K-TAP families who lose cash assistance as a result of time limits of 60 months in a lifetime or failure to comply with requirements of the KWP. Families with an income at or below 200 percent of the federal poverty level can access temporary benefits to meet basic needs such as shelter, food, clothing, or utilities. Following a qualifying event, a total of \$635 may be authorized for four months during a 12-month period.

The Family Alternatives Diversion Program (FAD) provides an alternative for families, who, while otherwise eligible, choose not to receive K-TAP cash assistance. A maximum of \$1,300 is available to assist the family with immediate needs such as food, shelter, transportation, etc. These benefits may be authorized for a three-month period. FAD may be approved once during a 24-month period and no more than twice in a lifetime.

The Kinship Care Program provides financial assistance and support services to non-parental blood or marital relatives caring for children who cannot remain in the home of their parents due to abuse, neglect, or the death of both parents. Effective April 1, 2013, the Department for Community Based Services (DCBS) issued a moratorium impacting a child's initial eligibility for the Kinship Care Program; however, the moratorium did not apply to previously existing beneficiaries. A one-time relative placement support benefit and K-TAP are available to address a child's immediate and ongoing needs, respectively, upon placement by the DCBS with a qualified relative caregiver as an alternative to foster care.

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

Medicaid Eligibility and Health Insurance Affordability

DCBS determines eligibility for the Medicaid program under a contract with the Department for Medicaid Services. The Medicaid program is authorized under Title XIX of the U.S. Social Security Act and KRS 205.520. Subsequent amendments to this act required federal/state funding to address medical care for persons receiving benefits for subsistence needs, those designated as categorically needy, and the medically indigent only. Currently, the categorically needy designation includes individuals who receive Supplemental Security Income

(SSI) administered by the Social Security Administration; participants in the State Supplementation program for aged, blind, and disabled recipients; and low-income families meeting requirements for Modified Adjusted Gross Income Medicaid Aid to Families with Dependent Children (AFDC) State Plan in effect as of July 16, 1996.

The Department provides eligibility determination services for health insurance premium assistance program via the state-based American Health Benefit Exchange (Kentucky Health Benefit Exchange) established in accordance with P.L. 111-148, as amended, and 42 U.S.C. 18031.

State Supplementation

The State Supplementation Program, authorized by KRS 205.245 and 921 KAR 2:015, provides financial support to aged, blind, or disabled individuals who have insufficient income to meet their needs in a licensed personal care home or family care home; purchase caretaker services designed to prevent institutionalization, or reside in a community-integrated private residence as an individual with serious mental illness. To be eligible, persons must meet the criteria of the Social Security Income program related to age, blindness or disability as well as additional requirements associated with citizenship, Kentucky residency, enumeration, and special needs. There is also a \$2,000 per individual (\$3,000 per couple) limit on resources. State supplementation payment amounts are determined by subcontracting countable income from the standard of need living arrangement costs.

Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, helps low-income persons purchase food for a nutritional diet. SNAP, authorized by the Food and Nutrition Act 2008 (PL 110-246) and KRS 194A.050, is designed to promote the general welfare and safeguard the health and well-being of the nation's population by raising nutritional levels among low-income households. SNAP benefits are a work support and serve as a stimulant to the economy. A household is defined as any individual, family, or group of people living with each other who buy and prepare food together. To qualify, each household must meet eligibility standards.

The SNAP Employment and Training Program (E&T) is designed to assist SNAP recipients obtaining employment that leads to self-sufficiency. Able Bodied Adult Without Dependents (ABAWDs) must participate and comply with work requirements in order to maintain their SNAP eligibility. Participants needing assistance to comply can volunteer to be placed in an E&T component. Only ABAWDs residing in areas of the state that are waived from work requirements due to high unemployment rates can continue receiving SNAP benefits without meeting the work requirements. These designated areas are adjusted every year. ABAWDs living in counties not exempt will be required to meet work requirements and can choose to participate in the SNAP E&T program to meet the requirements. Additionally, other SNAP recipients can choose to participate in SNAP E&T in counties where services are available.

Policy

The budget in each fiscal year includes General Fund resources for the following programs:

- \$1,000,000 to support the operations of the Family Scholar House.
- \$2,200,000 to support an increase in the reimbursements provided to personal care homes which provide services to individuals diagnosed with a mental illness or intellectual disability.

The Governor's budget recommendation includes General Fund in the amount of \$7,014,300 in fiscal year 2022 for an additional 76 Social Workers in Child Protective Services with \$1,000,000 focused on workforce retention to maintain well-trained, skilled, healthy and knowledgeable workforce.

**Health and Family Services
Community Based Services**

Energy

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Federal Fund		
Balance Forward	690,000	
Current Receipts	66,596,600	47,286,600
CRF Receipts	15,000,000	
Total Federal Fund	82,286,600	47,286,600
TOTAL SOURCE OF FUNDS	82,286,600	47,286,600
EXPENDITURES BY CLASS		
Personnel Costs	80,400	80,400
Operating Expenses	13,600	13,600
Grants Loans Benefits	82,192,600	47,192,600
TOTAL EXPENDITURES	82,286,600	47,286,600
EXPENDITURES BY FUND SOURCE		
Federal Fund	82,286,600	47,286,600
TOTAL EXPENDITURES	82,286,600	47,286,600

The Low Income Home Energy Assistance Program (LIHEAP), authorized by PL 94-385 and 921 KAR 4:116, is a federally subsidized program that assists low-income households to meet the cost of energy expenses. Eligibility criteria include income that does not exceed 130 percent of the Federal Poverty Level (FPL), resources which total less than \$2,000 (\$3,000 if at least one person in the household is either age 60 year or older or disabled, or \$4,000 for a household member with a catastrophic illness which requires liquid resources to be readily accessed on a regular basis for living and medical expenses) and the responsibility for home heating expenses. This program is divided into two components. The subsidy component assists recipients with home heating costs for which they are responsible either by direct payment or as an undesignated portion of their rent. The crisis component assists eligible households experiencing a home energy emergency involving imminent loss of heating energy. Services include accepting applications, determining eligibility, implementing outreach components, and coordinating this program with other energy assistance initiatives. Extrapolations from the most recent census data report that over 537,000 Kentucky households are eligible for assistance based on income levels that do not exceed 130% FPL.

Federal program rules also allow the use of a portion of the state's LIHEAP grant for the weatherization assistance program; a federally funded program to help low-income households meet the cost of energy expenses through energy conservation repairs to their homes. It is designed to reduce energy consumption, lower heating bills, and ensure the health and safety of those whose annual income is at or below 200 percent of FPL. Funds are provided to conduct energy audits, heat system safety tests and repairs, reduce air infiltration, install insulation, and perform other energy-related conservation measures. While a house is allowed to receive this assistance only one time, a dwelling may be re-weatherized if this service was provided prior to October 1, 1993.

The weatherization assistance program was co-housed with LIHEAP in the DCBS energy budget until April 2009, when it was reorganized to the Finance and Administration Cabinet (FAC), where the Kentucky Housing Corporation (KHC) is designated to administer the program. During the 2020-2022 biennium, DCBS anticipates transfer of 15% of the state LIHEAP allocation to KHC for weatherization activities performed in accordance with a combination of LIHEAP and Department of Energy rules.

**Health and Family Services
Community Based Services**

Child Care

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	26,390,000	26,390,000
Total General Fund	26,390,000	26,390,000
Tobacco Fund		
Tobacco Settlement - Phase I	9,750,000	9,750,000
Total Tobacco Fund	9,750,000	9,750,000
Restricted Funds		
Balance Forward	408,600	
Current Receipts	-335,500	73,100
Total Restricted Funds	73,100	73,100
Federal Fund		
Balance Forward	-348,600	
Current Receipts	146,705,600	123,557,000
CRF Receipts	1,000,000	
Total Federal Fund	147,357,000	123,557,000
TOTAL SOURCE OF FUNDS	183,570,100	159,770,100
EXPENDITURES BY CLASS		
Personnel Costs	10,103,600	10,103,600
Operating Expenses	1,139,200	1,139,200
Grants Loans Benefits	172,327,300	148,527,300
TOTAL EXPENDITURES	183,570,100	159,770,100
EXPENDITURES BY FUND SOURCE		
General Fund	26,390,000	26,390,000
Tobacco Fund	9,750,000	9,750,000
Restricted Funds	73,100	73,100
Federal Fund	147,357,000	123,557,000
TOTAL EXPENDITURES	183,570,100	159,770,100

The Child Care Program administers the child care assistance subsidy program, the ALL STARS quality rating system, as well as a professional development framework for child care providers. The primary funding services for the program include the federal Child Care Development Fund, state General Fund and Tobacco Settlement-Phase I funds.

The Child Care Development Fund (CCDF) was created by Congress in August 1996 as part of the federal welfare reform legislation. Child care services delivered through CCDF are designed to promote, expand, and improve the quality of care for children in Kentucky and ensure that families most in need are aware of and have access to available, quality child care which is developmentally appropriate, affordable, and safe. The Cabinet for Health and Family Services' approach to service delivery combines the efforts of Cabinet staff and other service providers to address a family's needs in a comprehensive fashion thereby maximizing the likelihood that a family will achieve positive outcomes. The Division of Child Care (DCC) serves Kentucky's most vulnerable children prioritizing children receiving child protective or preventive services, Temporary Assistance for Needy Families (TANF) recipients and persons transitioning off TANF, children with special needs, families experiencing homelessness, and teen parents. Children of low income working families are also eligible for child care assistance.

On November 19, 2014, the Child Care and Development Block Grant (CCDBG) Act of 2014 was signed into law at the federal level. This reauthorizes the child care program for the first time since 1996 and represents an historic re-envisioning of the CCDF program. The new law makes significant advancements by defining health and safety requirements for child care providers, outlining family-friendly eligibility policies, and ensuring parents and the general public have transparent information about the child care choices available to them. The sweeping changes of the Child Care and Development Block Grant and Kentucky's participation in the federally funded Preschool Development Grant provide Kentucky's Division of Child Care with the unique opportunity to realign the current system and advance quality child care in the state to meet the complex needs of Kentucky's poorest families.

The originally unfunded mandated changes of the CCDBG Act of 2014 required additional funding in order to come into compliance with federal law. While some changes were straightforward to implement, others have been more complex, requiring additional time for planning and implementation. The Division of Child Care has successfully implemented the required changes, including the new background check requirements for childcare staff. The additional forty-two million dollars in federal funding awarded to Kentucky in 2018 allowed for increases to the child care subsidy program and increased financial assistance with the federal background check program.

CCDF reauthorization increased the minimum quality set-aside from 4% to 9% over a phase-in period of 5-years. Beginning FFY 2018, the quality set-aside increases to 8% of the aggregate funds expended by the Lead Agency for quality activities. These activities include childcare health and safety requirements, the tiered quality rating and improvement system, and early care and education professional development. The infant & toddler set-aside remains at least 3% of CCDF and must be spent on activities to improve the quality of care for infants and children. The 3% infant and toddler set-aside began in FFY 2018 and is in addition to the 8% quality set-aside.

The Child Care Assistance Program is one of the support services directed at: (1) eliminating barriers to work and education for parents; (2) strengthening and maintaining client families; (3) providing early educational opportunities for at-risk children; (4) preventing or remedying abuse, neglect or exploitation of children; (5) preventing family dissolution; and (6) preventing out of home placements; These services are provided by subsidized child care through the CCDF for full and part-day care by licensed providers, certified family child care homes and registered providers. Childcare services are intended to supplement, but not supplant, the parents' responsibility for the child's protection, development, and supervision. Children with special needs and child protective services cases are the top priority for the DCC. In addition, childcare is also used to support low-income working parents and TANF client's efforts to find and keep jobs and transition off public assistance. Licensed centers and homes, certified family childcare homes, and registered providers that meet enrollment requirements and health and safety guidelines are reimbursed for services at approved rates for eligible, enrolled families.

Regulation and Monitoring of Child Care Providers: The Office of Inspector General (OIG), Division of Regulated Child Care ensures that licensed and certified childcare providers meet minimum health, safety, and quality standards. DCBS contracts with OIG to conduct on-site inspections, monitor, license center-based providers, and certify family childcare home providers. OIG is also contracted to investigate complaints against licensed and certified providers, as well as to conduct fraud investigations. State statute stipulates that an individual caseload of 1:50 be maintained for continuation of quality services; however, the current average individual caseload is 1:74.

Tiered Quality Rating and Improvement System: The Kentucky ALL STARS Program is part of Kentucky's Early Childhood Initiative and is a quality rating system that places major emphasis on raising the quality level of early care and education in childcare settings. This program is mandatory for child care centers and in-home programs that wish to receive child care subsidy funds. Kentucky ALL STARS monetary incentives and rewards are granted to childcare providers based on environmental scoring using identified characteristics associated with positive outcomes for children and families. These scores are also combined with a list of program standards in order to achieve a STAR rating of 1 to 5. Through the provision of technical assistance, providers work to achieve quality indicators in their Environmental Rating Scale. STARS Levels 2 through 5 surpasses the minimum licensing or certification requirements that all programs must meet per regulations. STARS Levels 3 through 5 are considered high-quality programs and can receive higher levels of reimbursement. Programs are assessed in the following areas: staff/child ratios, group size, curriculum, family involvement, training and education of staff, regulatory compliance, and personnel practices. As of June 30, 2019, there were 30,082 children receiving subsidized child care and 30,082 enrolled in STARS Rated facilities. The number of ALL STARS rated providers in June 30, 2018 was 2,122 and as of June 30, 2019 was 2,073. Beginning in 2017, the ALL STARS program became mandatory in order to receive federal subsidy funds, so only a small number of programs throughout the state opt out of the ALL STAR program. Out of the 2,065 number of centers with an ALL STAR rating, 46% are considered high quality with a STAR rating between 3 and 5.

Initiatives to promote the Kentucky ALL STARS program are contracted with the University of Kentucky Human Development Institute. The University of Kentucky coordinates the Quality Enhancement Program with twenty-eight (28) Quality Coaches and five (5) Technical Assistance Quality Consultants, to recruit, train, and provide technical assistance to providers when preparing to enter the program and throughout provider participation in the program. A total of thirteen STARS Raters conduct environment assessments on all participating programs.

The Professional Development System is also part of Kentucky's Early Childhood Initiative. The Division has put in place the "Kentucky Childhood Professional Development Framework" which addresses the needs for education, training and credentialing of early care professionals in Kentucky and represents a culmination of months of planning and input from multiple stakeholders across the state. The Framework identifies individual core competencies, credentials, scholarships, grants, awards and training criteria to early care and education professionals. Additionally, targeted quality set-asides under CCDF are being utilized to promote and improve the quality of infant/toddler training opportunities, enhance professional development activities, improve education in child care programs, improve staff and child interactions, increase parental involvement, and facilitate regulatory compliance to all child care programs. As of June 30, 2019, there were 2,298 active Director's Credentials, 708 Trainer's Credentials, and 804 active Commonwealth Child Care Credential. In addition, noted during SFY 2019, 20,527 child care provider/staff received early care and education training for a total of 54,119 sessions totaling 437,813 credit hours of training for all participants in attendance.

As mandated by state legislation in 1992, childcare resource and referral agencies (CCR&R's) provide services across the Commonwealth of Kentucky. The Cabinet contracts with the University of Kentucky, Human Development Institute for coordination and management of the CCR&R Network ensuring services throughout the fifteen (15) Area Development Districts (ADD) covering 120 counties in Kentucky to coordinate statewide core services as outlined in KRS 199.8992. The CCR&R network of services was restructured during SFY 16 to a childcare service hub model. The Regional CCR&R Network of Services system realigns current staff positions with the addition of eight (8) Regional Child Care Administrators to provide technical assistance, resources and coordination of professional development education to increase the quality of early care and education services across the commonwealth.

Collaborative Efforts continue between the Division of Child Care and key stakeholders in order to ensure that outcomes will focus on continuing quality improvements in early learning environments. These efforts include partnerships with Head Start, the Department of Education, the Department for Public Health Division of Maternal and Child Health, Kentucky Out-of-School Alliance, Governor's Office of Early Childhood, and other government and quasi-government agencies that share the common goal of increasing professionalism in Early Care and Education, promoting quality care, and supporting early learning guidelines.

Annual Training Requirements: Licensed Child Care Type I and II directors and staff are required to complete nine hours of cabinet-approved early care and education training within the first year of employment (after completing a six-hour state-mandates orientation to the childcare profession), including one and one-half (1 1/2) hours of pediatric abusive head trauma training. And 15 hours of cabinet-approved early care and education training annually, including one and one half (1 1/2) hours of pediatric head trauma training completed once every five years.

Certified Family Child Care Home providers are required to complete nine hours of cabinet-approved early care and education training annually, including one and one-half (1 1/2) hours of pediatric abusive head trauma training completed once every five years.

Policy

The budget in each fiscal year includes Phase I Tobacco Settlement Funds in the amount of \$9,750,000 for the Early Childhood Development Program.

The budget in each fiscal year includes \$10,600,000 in the base General Fund budget for the Child Care Assistance Program to provide services to families at or below 160 percent of the federal poverty level.

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

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	332,703,000	340,610,600
Total General Fund	332,703,000	340,610,600

Tobacco Fund

Tobacco Settlement - Phase I	2,500,000	1,250,000
Continuing Approp-Tob Settlement	325,000	
Total Tobacco Fund	2,825,000	1,250,000

Restricted Funds

Balance Forward	26,221,800	13,110,900
Current Receipts	203,269,900	203,345,700
Non-Revenue Receipts	-44,110,900	-44,110,900
Total Restricted Funds	185,380,800	172,345,700

Federal Fund

Balance Forward	-63,499,200	
Current Receipts	316,577,800	253,081,600
CRF Receipts	1,400,000	
Total Federal Fund	254,478,600	253,081,600

TOTAL SOURCE OF FUNDS

	775,387,400	767,287,900
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EXPENDITURES BY CLASS

Personnel Costs	246,003,300	252,063,500
Operating Expenses	30,981,500	31,185,400
Grants Loans Benefits	485,291,700	484,039,000
TOTAL EXPENDITURES	762,276,500	767,287,900

EXPENDITURES BY FUND SOURCE

General Fund	332,703,000	340,610,600
Tobacco Fund	2,825,000	1,250,000
Restricted Funds	172,269,900	172,345,700
Federal Fund	254,478,600	253,081,600
TOTAL EXPENDITURES	762,276,500	767,287,900

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

The subprograms contained in Family and Community Services are Family Based Services, Adult Services, and Alternatives for Children. The legal authority for the program is in KRS Chapters 199, 200, 209 (Adult Protection), and 600-645, and in Titles IV, XIX and XX of the Social Security Act.

Family Based Services provided by Department for Community Based Services (DCBS) staff are designed to offer maximum in-home services in order to preserve the family unit while keeping safety of all family members as the primary goal. This approach to the delivery of community-based services focuses on individuals in the context of the family. Services in this context are intended to strengthen and maintain families and prevent family dissolution and out-of-home placement. The Family Based Services approach emphasizes the role of the community/partners in protecting children and serving families.

Child Protective Services are specialized services aimed at safeguarding the rights and welfare of abused, neglected or dependent children; aiding parents or other responsible for the care, custody or supervision of children in recognizing and remedying conditions detrimental to the welfare of their children; and identifying conditions that contribute to the neglect, abuse, or dependency of children. Child Protective Services are both preventive and corrective in nature. This includes intake/investigation of reports of neglect, abuse, or dependency and the provision of treatment to those families in need. DCBS staff provides direct in-home services as well as serving in a case manager role and networking community resources. DCBS is mandated to receive and investigate reports of the abuse or neglect of children.

Family Preservation programs (FPP) are services providing short term crisis intervention and intensive in-home services to families who have a child or children at imminent risk of removal from their home in accordance with KRS 200.575 – 200.605 and Title IV-B, subpart 2 of the Family Preservation and Support Act and the Adoption and Safe Families Act (ASFA). FPP services are delivered through contracts with nonprofit agencies and are available for families in all of Kentucky's 120 counties. DCBS child protective services are the primary source of referrals for FPP. All eligible referrals are screened and approved through a regional DCBS staff person. Family Reunification Services follow the same basic service model with less intensive in-home services over longer duration to facilitate the successful return of children from out of home care to their home and decrease the likelihood of repeated placements. Preservation and reunification services, Families and Children Together Safely use the same basic model to serve children at significant risk of removal. Family Preservation and Reunification services provide services responsive to the family's needs, which includes 24 hour availability and flexible or client assistance funds for families needing assistance to meet financial as well as concrete needs that would otherwise add to the risk of out of home placement of the children. These family preservation and reunification programs furnish comprehensive services designed to enable families to solve their own problems by learning new skills, accessing other community resources, and developing a greater support network.

Through implementation of The Family First Prevention Services Act (FFPSA) of 2018, Kentucky is in the process of expanding its Sobriety Treatment and Recovery Teams (START) and Kentucky Strengthening and Empowering Parents (KSTEP) programs. Along with FPP, these programs work with families to mitigate issues when a child is at imminent risk for removal. The advent of FFPSA adds prevention services to Title IV-E of the Social Security Act, which was previously exclusive to adoption and foster care.

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

Juvenile Services in the community provide an array of preventive and treatment services for children adjudicated as status offenders under KRS 630. Because status offender behaviors such as running away from home, being beyond parental control and truancy are most often indicative of prior abuse or neglect of the child, services are targeted at prevention of further abuse or neglect and interventions to curb the child's negative behaviors. Community based treatment is most effective with status offenders and may include, but not limited to, family and individual counseling, family preservation, substance abuse prevention, school services, and community mental health services. Out-of-home care and residential treatment services may also be used, but only in cases where community resources have been exhausted or the child is at high risk. Appropriate services may be provided directly by DCBS or arranged through local mental health centers, Family Resource Youth Service Centers, community partnerships, private child care agencies, and/or other private providers in the community. Children's advocacy centers provide services to victims of child sexual abuse and their non-offending caregivers.

Adult Services includes protection and self-support. Adult services are directed toward preserving the vulnerable individual's independence to the maximum degree possible and protecting him/her from abuse, neglect or exploitation pursuant to KRS Chapters 209. The elements of adult services are: Adult protection; Interdisciplinary evaluations to determine an adult's degree of disability and need for guardianship; Services provided by spouse abuse centers and crisis centers; Alternate care (also called placement and movement) which involves assisting individuals with a protective need with appropriate community and institutional placements; Preventive services for adults which entails assessment, planning, and guidance to individuals referred by courts, the Cabinet's Ombudsman, neighbors, state and federal legislators or through a self-referral. The latter often involves securing food, shelter, clothing, and medical treatment; Services provided by rape crisis centers; Certification for batterer intervention program providers; and General Adult Services.

Pursuant to KRS 209.030(2), any person, including but not limited to a physician, law enforcement officer, nurse, social worker, Cabinet personnel, coroner medical examiner, alternate care facility employee, or caretaker, having reasonable cause to suspect that an adult as defined in KRS 209.020 has suffered abuse, neglect or exploitation, shall report or cause reports to be made to the CHFS. Death of the adult does not relieve an individual of the responsibility for reporting the circumstances surrounding the death. DCBS is required to investigate the reports that meet definitions of adult abuse, neglect, or exploitation in KRS 209, notify local law enforcement officials and other authorized agencies as defined in KRS 209.020(17), offer appropriate protection and support services, and maintain case records.

Alternate Care services, also referred to as Placement and Movement, are essential in providing preventive and protective services. For individuals no longer able to care for themselves or be cared for at home, long-term care facility placement is often the best alternative or only solution. When a protective need has been identified, DCBS is involved in placement and movement of individuals into, between, and out of facilities. Placement and Movement denotes assistance provided to Medicaid eligible individuals. Alternate Care denotes assistance to non-Medicaid eligible individuals.

There are a number of Kentuckians needing alternate care/placement and movement services each year. However, the majority of these individuals have family or friends who are able to assist them in finding appropriate alternate care living arrangements. The DCBS assists those individuals/families who are not able to locate appropriate placements. Alternate Care Services help ensure that persons are not inappropriately placed in a level of care exceeding their need and, thus, promote cost effectiveness. These services also help ensure that persons assisted receive the care they require.

Spouse abuse shelter services are available in each of the 15 Area Development Districts and are provided under a contract between DCBS and the Kentucky Coalition Against Domestic Violence. A portion of the marriage license fee as authorized by KRS 209A.045 provides part of the funding for this element.

Rape crisis centers services are available throughout the state and are provided under a contract with the Kentucky Association of Sexual Assault Programs (KASAP), which is the statewide coalition of Rape Crisis Centers.

Batterer intervention program (BIP) provider's certification is administered by DCBS. This responsibility includes recruiting and training providers, monitoring and oversight, and maintaining a provider list for the Administrative Office of the Courts. The legal basis is KRS 403.7505 and 922 KAR 5:020. Currently there are 76 certified BIP providers working in 56 counties. Each certified provider strives to enhance and promote the safety of victims and their children by offering the following services in response to domestic violence: Court-ordered batterer intervention for offenders; Assessment of offenders for mental health issues, substance abuse problems, and referral to appropriate resources; Service coordination between the criminal justice system, DCBS, and/or victim advocacy groups; and, Collection and submission of data about the offender population.

Alternatives for Children supports the Family Based Services subprogram by providing an essential child welfare service - placement resources for children who must live apart from their family due to the tragedy of physical abuse, sexual abuse, neglect, maltreatment, or special medical circumstances. These services occur through the following elements: family foster care, private childcare, adoption, Intensive Family Based Support Services, and clinical services. The legal authority for Alternatives for Children includes KRS Chapters 199; 600; and 620; Titles IV-B and IV-E of the Social Security Act; and the Social Services Block Grant.

The trauma of childhood abuse or neglect often leads to emotional and behavioral problems that are difficult to manage. In recent years an increasing proportion of children have had more severe problems which require more specialized treatment services (such as mental health, intellectual and/or developmental disabilities, or sexual abuse) and medical care that, in turn, has added to the cost of care. Adoption provides permanent families for children who cannot return home.

Family Foster Care provides a planned, goal-directed service in which the care of children and youth takes place in the home of an agency-approved family. Its' value is the ability to respond to the unique, individual needs of infants, children, youth, and their families through the strength of family living, as well as family and community supports. The goal of family foster care is to provide opportunities for healing, growth, and development leading to healthier children and families with safe and nurturing relationships intended to be permanent. Effective June 27, 2019, DCBS implemented KRS 620.142 to assist relatives and fictive kin caregivers of abused, neglected, or dependent children to reduce barriers to approval and allow for financial assistance to these caregivers. Foster Parent Training, provided by DCBS staff and contractors, is required of all foster parents. Foster parents must complete 15 hours of curricula in addition to web-based training requirements prior to approval and are required to attend annual in-service training. Parents serving Care Plus or medically complex homes are required to complete additional training prior to approval and on an annual basis.

Relative or Fictive Kin Placement is used as an alternative to foster care via a prevention plan or through temporary or permanent custody, given by the court to the relative or CHFS. This placement requires criminal background checks on all adult household members; home evaluations; 1.5 hours training regarding pediatric abusive head trauma (if child is five years of age or younger); monthly home visits to caregiver's home; and guardian ad litem services. At this time, all placements which qualify and meet DCBS guidelines are eligible for monthly stipends paid with general fund. These caregivers may also qualify for those services received by foster parents. The department provides case management activities that seek to utilize a least restrictive placement, assist parent/caretakers in reunifying with their child(ren), providing supportive services to the relative and achieving alternative permanency for the child if reunification is not possible. If CHFS is granted custody of the child, all applicable out of home care standard of practices (SOPs) are utilized. If the child is placed on a prevention plan with a relative or in the custody of the relative, in home SOPs are applicable. Fictive kin are individuals who are not related to a child by birth, marriage, or adoption and may be utilized when a child is removed from their home of origin and when no family members or relatives are identified as an appropriate

placement option for a child.

Independent Living services are specialized services designed to enhance the self-sufficiency skills of older children currently or formerly in foster care, private child care, and other state funded living arrangements. Services are provided both directly by staff and by contract agencies. Services include formal classroom and experiential life skills trainings; room and board assistance for aged-out youth 18-21 years of age; educational assistance for post-secondary education; the opportunity to both mentor and be mentored on post-secondary campuses and in the community; transitional planning; and provision of youth conferences. The loss of the Independent Living services would result in children leaving the foster care system unprepared to enter the world as productive, tax-paying adults. Rather is the likelihood they would enter the criminal, homeless, or adult services population increasing the poverty in Kentucky.

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

Adoption is the legal process by which a child becomes a child of a person or persons other than his/her biological parents. It is a complex social and emotional experience that ensures permanency and well-being for children. DCBS provides services prior to adoption in order to bring children and families together and services after adoption to provide support to the family structure.

Intensive Family Based Services (IFBSS) are cost-effective, home-based alternatives to institutionalization for children who are dually diagnosed. Services are provided through contracts with local comprehensive care centers or other appropriate contractors including private childcare programs. These services are designed to meet the needs of individual children and his/her families and may include, but are not limited to, in-home services, family therapy, respite care, behavior management and consultation, and individual counseling. DCBS retains case responsibility for clients receiving these services.

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

Policy

The Budget of the Commonwealth includes \$1,498,900 in the base General Fund budget in fiscal year 2020-2021 for domestic violence shelters, rape crisis centers, and child advocacy centers to assist with employer contribution rates for the Kentucky Employees Retirement System. The employer contribution rates for quasi-governmental entities like these centers are frozen at 49.47 percent. Senate Bill 249 reset the amortization period of the Kentucky Employer Retirement System non-hazardous plan's unfunded liability to 30 years from the 24 years remaining on the prior amortization period.

In fiscal year 2021-22, due to the shift to a fixed allocation method of funding the Kentucky Employers Retirement System's non-hazardous retirement plan, the employer contribution costs for these centers will not only be less than in fiscal year 2020-21, it will decrease sufficiently that no General Fund subsidy will be necessary.

The budget includes Phase I Tobacco Settlement Funds in the amount of \$2,500,000 in fiscal year 2021 and \$1,250,000 in fiscal year 2022 for the Early Childhood Adoption and Foster Care Supports Program.

The budget in each fiscal year includes General Fund in the base budget for the following programs:

- \$1,000,000 for Relative Placement Support Benefit
- \$550,000 for dually licensed pediatric facilities
- \$50,000 for family counseling and trauma remediation in Jefferson County and surrounding Kentucky counties

Increased General Fund resources were provided in each fiscal year for the operational costs of the following programs:

- \$500,000 for the Fostering Success Program, an increase of \$125,000
- \$500,000 each for Domestic Violence Shelters and Rape Crisis Centers, an increase of \$250,000
- \$500,000 in new funding for Child Advocacy Centers

Health and Family Services
Aging and Independent Living

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS		
General Fund		
Regular Appropriation	45,269,700	45,362,500
Total General Fund	45,269,700	45,362,500
Restricted Funds		
Balance Forward	592,200	592,000
Current Receipts	2,529,900	2,507,500
Non-Revenue Receipts	286,600	286,600
Total Restricted Funds	3,408,700	3,386,100
Federal Fund		
Balance Forward	-865,200	
Current Receipts	44,119,500	24,832,000
CRF Receipts	2,500,000	
Total Federal Fund	45,754,300	24,832,000
TOTAL SOURCE OF FUNDS	94,432,700	73,580,600
EXPENDITURES BY CLASS		
Personnel Costs	24,940,900	19,033,500
Operating Expenses	1,832,800	1,520,900
Grants Loans Benefits	67,067,000	52,430,000
TOTAL EXPENDITURES	93,840,700	72,984,400
EXPENDITURES BY FUND SOURCE		
General Fund	45,269,700	45,362,500
Restricted Funds	2,816,700	2,789,900
Federal Fund	45,754,300	24,832,000
TOTAL EXPENDITURES	93,840,700	72,984,400
EXPENDITURES BY UNIT		
Aging and Independent Living	74,112,800	59,204,200
Guardianship	19,727,900	13,780,200
TOTAL EXPENDITURES	93,840,700	72,984,400

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

Policy

The Governor's budget includes additional General Fund in the amount of \$47,700 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Health and Family Services
Aging and Independent Living
Aging and Independent Living
Revised **Recommended**
FY 2021 **FY 2022**

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation	33,094,100	33,132,400
Total General Fund	33,094,100	33,132,400
Restricted Funds		
Balance Forward	200	
Current Receipts	1,491,500	1,468,700
Total Restricted Funds	1,491,700	1,468,700
Federal Fund		
Balance Forward	-877,100	
Current Receipts	37,904,100	24,603,100
CRF Receipts	2,500,000	
Total Federal Fund	39,527,000	24,603,100
TOTAL SOURCE OF FUNDS	74,112,800	59,204,200
EXPENDITURES BY CLASS		
Personnel Costs	6,367,800	6,402,100
Operating Expenses	700,800	388,400
Grants Loans Benefits	67,044,200	52,413,700
TOTAL EXPENDITURES	74,112,800	59,204,200
EXPENDITURES BY FUND SOURCE		
General Fund	33,094,100	33,132,400
Restricted Funds	1,491,700	1,468,700
Federal Fund	39,527,000	24,603,100
TOTAL EXPENDITURES	74,112,800	59,204,200

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

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

The services administered to achieve these goals include:

- Title III Older Americans Act Nutritional Services provided through agreements with the AAA's include the Nutritional Services Incentive Program: For persons age 60 years and older, provides congregate meals at senior centers and home-delivered meals to the homebound elderly in each Kentucky county
- Senior Community Service Employment Program (Older Americans Act Title V): Employs persons age 55 years and older who have incomes at or below 125% of the poverty level in part-time non-profit community work, such as senior citizens centers, with the goal of skill development and eventual placement in unsubsidized employment.
- State Health Insurance Assistance Program (SHIP): (Section 4360 OBRA 1990, PL 101-508) provides benefits counseling and application assistance to Medicare eligible persons and those likely to be eligible for the Low-Income subsidy program, Medicare savings program, and Medicare Part D prescription drug program.

- Long-Term Care Ombudsman Program (Older Americans Act Title IIC, 910 KAR 1:210) receives and investigates all complaints from residents of nursing homes and personal care homes in Kentucky. Collects and analyzes data related to complaints and conditions in long-term care facilities to identify and resolve problems, and submits information to appropriate licensing agencies to ensure compliance with regulations.
- Aging and Disability Resource Center (ADRC) (Sec 1110 SS Act and 42 USC 3031-3033) provides a single point of entry to all long term services and supports with the goal to empower individuals to make informed choices and streamline access to services.
- Older Americans Act In-Home Services and Homecare Program (KRS 205.4460, 910 KAR 1:170 -180): Provides in-home services to persons 60 years and older who have functional or physical limitations and are at risk of institutionalization. Services include personal care, home health aide, home-repairs, and respite.
- Homecare Program: This program is offered statewide through the AAA and provides supports and services for daily needs as well as coordination among caregivers and provider agencies to help adults at risk of institutional care remain in their own homes.
- Hart Supported Living (KRS 210.770-795): This program provides grants for a broad category of flexible, individualized services that, when combined with natural unpaid or other eligible paid supports, provide the necessary assistance to: enable a disabled person to live in a home of the person's choice, typical of those living arrangements for persons without disabilities; encourages integrated participation in the community; promotes rights and autonomy; enhances the skills and competencies in living in the community; and enables the acceptance in the community by promoting home ownership or leasing arrangements.
- Personnel Care Attendant Program (PCAP) for Physically Disabled Adults (KRS 205.900): A state funded program that provides personal care assistant services to adults with severe physical disabilities, who have functional loss of two or more limbs and need services to prevent institutionalization or to leave an institutional setting.
- Adult Day and Alzheimer's Respite (KRS 209): Provides programs for day-long care and supervision for persons 60 years and older who, because of physical, mental, and/or psychological limitations, cannot remain in their own homes alone during the day.
- Kentucky Family Caregiver Program (910 KAR 1:260): Supports grandparents, of any age, who are primary full-time caregivers for a grandchild no older than 18 years of age. Services include information and assistance, counseling, support groups, and training. Provides financial assistance in the form of a voucher to be utilized for the child's safety, stability, and welfare. To the extent funds are available, the maximum total assistance shall be up to \$500 per grandchild in any one fiscal year.
- Family Caregiver Support Program: A federally funded program serving family and informal caregivers who provide care to people 60 years and older or an individual of any age with Alzheimer's or a related diagnosis, as well as grandparents and other relatives 55 years and older who provide care to children up to age 19. Services include information and assistance, counseling, support groups, training, respite, and limited financial assistance.
- Traumatic Brain Injury (TBI) Trust Fund Program (KRS 211.476, KRS 42.320): A state program that provides services to assist children and adults with brain injuries to maintain living in the community. The TBI Trust Fund Program is a funding source of last resort for Kentucky residents. The TBI Trust Fund draws funds primarily from court fees, traffic school fees, and DUI service fees. The fund can also accept contributions and grants. The program is overseen by a board of directors to ensure that individuals with a brain injury and their families are provided services and supports to promote independence and personal productivity.
- Traumatic Brain Injury Behavioral Program (KRS 189A.050 and KRS 42.320): This program is funded through DUI fees and serves individuals who are in need of intense neurobehavioral services that are not available in Kentucky and are placed out-of-state.
- Adult Day Certification (KRS 205.950): The Department for Aging and Independent Living certifies Adult Day Social Model programs to assure quality standards are met for the client.
- Assisted Living Certification (KRS 194A.707): The Department of Aging and Independent Living certifies Social Model Assisted Living Communities to assure compliance with state statutes and regulations. The cost of administering the program is partially covered through fees charged to social assisted living communities.
- Alzheimer's disease and Related Advisory Council (KRS 194.600-609): This governor-appointed council oversees information and resources related to policy and services affecting the sixty thousand (60,000) residents of Kentucky with dementia, and the caregivers and families of the residents.
- Health Promotion/Disease Preventive: Provides disease prevention, education and assistance in training and care of elderly Kentuckians on health related issues.

- Supportive Services: For persons aged 60 years and older, that includes: assessment/case management; transportation; escort to medical facilities, stores and other service delivery points; information assistance and referral; homecare and other in-home services; health promotion; visiting and telephone reassurance; legal assistance; counseling; education; advocacy; respite; preventive health services; elder abuse prevention programs; supportive services for families of elderly victims of Alzheimer's and related disorders.
- Participant Directed Services (PDS): Allows people eligible for services through Medicaid waiver services to choose his/her own providers for nonmedical waiver services. Provider choice gives members greater flexibility in the delivery of services received. Kentucky Medicaid members may participate if he/she currently receive or are eligible for services through the: Home and Community Based Waiver; Supports for Community Living Waiver; Acquired Brain Injury Acute Waiver; Long-Term Care Brain Injury Waiver; or the Michelle P Waiver.

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

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	12,175,600	12,230,100
Total General Fund	12,175,600	12,230,100
Restricted Funds		
Balance Forward	592,000	592,000
Current Receipts	1,038,400	1,038,800
Non-Revenue Receipts	286,600	286,600
Total Restricted Funds	1,917,000	1,917,400
Federal Fund		
Balance Forward	11,900	
Current Receipts	6,215,400	228,900
Total Federal Fund	6,227,300	228,900
TOTAL SOURCE OF FUNDS	20,319,900	14,376,400
EXPENDITURES BY CLASS		
Personnel Costs	18,573,100	12,631,400
Operating Expenses	1,132,000	1,132,500
Grants Loans Benefits	22,800	16,300
TOTAL EXPENDITURES	19,727,900	13,780,200
EXPENDITURES BY FUND SOURCE		
General Fund	12,175,600	12,230,100
Restricted Funds	1,325,000	1,321,200
Federal Fund	6,227,300	228,900
TOTAL EXPENDITURES	19,727,900	13,780,200

Kentucky's Adult Guardianship Program is administered as authorized in KRS 210.290 and 387.500-387.910. The Department for Aging and Independent Living (DAIL) operates state guardianship from a central office for fiduciary and benefits, as well as direct service staff in nine regions across the state. Guardianship serves individuals in every county. This program provides a legal relationship between a court-appointed adult who assumes the responsibility of being the guardian for an individual under guardianship. An individual under guardianship is a person who has been declared "legally disabled" by the court and is no longer able to care for his/her personal and/or financial needs.

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

- Full Guardianship/Full Conservator – In this category the Cabinet is responsible for both the personal and financial needs of the individual under guardianship. A court has found the individual under guardianship fully disabled and all personal and financial rights are removed except the right to vote. The judge decides whether or not an individual under guardianship retains the right to vote.
- Personal Guardian – A court finds the individual under guardianship fully disabled in his/her personal affairs and appoints a personal guardian who is responsible for only personal affairs of the individual under guardianship.
- Conservator – A court finds the individual under guardianship fully disabled in managing his/her financial affairs and appoints a conservator who is responsible for financial or fiduciary affairs of the individual under guardianship.
- Limited Guardian – A limited guardian may be appointed if the disabled person is declared partially disabled and can manage some personal needs but may need assistance with others. In this case, the court will also decide which civil rights the person can retain and which are given to the guardian. These may include the right to vote, the right to drive a car, the right to make medical decisions and the right to determine where to live.
- Limited Conservator – A limited conservator may be appointed if the disabled person only needs help with managing some financial or fiduciary affairs. In this case, the court will also decide which civil rights the person can retain and which are given to the conservator. They may include the right to sell property and the right to sign legal documents such as checks, marriage licenses, or wills.

**Health and Family Services
Office of Health Data and Analytics**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	481,400	486,000
Total General Fund	481,400	486,000
Restricted Funds		
Balance Forward	262,900	
Current Receipts	151,700	157,300
Non-Revenue Receipts	15,904,300	23,149,300
Total Restricted Funds	16,318,900	23,306,600
Federal Fund		
Balance Forward	-1,404,800	
Current Receipts	26,500,000	9,290,200
Total Federal Fund	25,095,200	9,290,200
TOTAL SOURCE OF FUNDS	41,895,500	33,082,800
EXPENDITURES BY CLASS		
Personnel Costs	40,248,300	31,435,600
Operating Expenses	1,642,400	1,642,400
Grants Loans Benefits	4,800	4,800
TOTAL EXPENDITURES	41,895,500	33,082,800
EXPENDITURES BY FUND SOURCE		
General Fund	481,400	486,000
Restricted Funds	16,318,900	23,306,600
Federal Fund	25,095,200	9,290,200
TOTAL EXPENDITURES	41,895,500	33,082,800
EXPENDITURES BY UNIT		
Division of Health Benefit Exchange	5,653,900	7,593,500
Division of Health Information	34,595,200	23,987,900
Division of Analytics	1,646,400	1,501,400
TOTAL EXPENDITURES	41,895,500	33,082,800

The Office of Health Data and Analytics was created by Executive Order 2018-325 on May 16, 2018 and codified by 2019 Kentucky Acts Chapter 90. The Office is comprised of three divisions: the Division of Health Benefit Exchange administers qualified health plans on the state based market using the federal platform; the Division of Health Information oversees the Kentucky Health Information Exchange (KHIE), which is the electronic transmission of clinical records and public health registries among medical providers and health information organizations to improve the cost, safety, timeliness, and effectiveness of health care; the Division of Data Analytics provides enterprise analytic services to inform effective program implementation and provide strategic information to the policy-making process.

Policy

The Governor's budget includes additional General Fund in the amount of \$1,500 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Health and Family Services
Office of Health Data and Analytics
Division of Health Benefit Exchange

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	85,400	
Non-Revenue Receipts	5,118,500	7,165,000
Total Restricted Funds	5,203,900	7,165,000
Federal Fund		
Current Receipts	450,000	428,500
Total Federal Fund	450,000	428,500
TOTAL SOURCE OF FUNDS	5,653,900	7,593,500
EXPENDITURES BY CLASS		
Personnel Costs	5,254,700	7,194,300
Operating Expenses	399,200	399,200
TOTAL EXPENDITURES	5,653,900	7,593,500
EXPENDITURES BY FUND SOURCE		
Restricted Funds	5,203,900	7,165,000
Federal Fund	450,000	428,500
TOTAL EXPENDITURES	5,653,900	7,593,500

The Division of Health Benefit Exchange serves as a marketplace to facilitate the purchase and sale of qualified health plans (QHPs) in the individual market. It assists qualified small employers to enroll their employees in qualified health plans offered in the small group market, enables eligible individuals to receive premium tax credits and cost sharing reductions, and enables eligible small businesses to receive tax credits. Health Benefit Exchange is responsible for the certification of qualified health plans and stand-alone dental plans; the processing of consumer appeals and complaints; consumer assistance efforts including outreach, education and training; and oversight of the navigator, in-person assister, and certified application counselor program. Additionally, KHBE is responsible for purchases, budgets, contracts, financial reporting/audits, any questions regarding the Small Business Health Options Program (SHOP) enrollment and invoicing activities, and the close out operations of the Kentucky Access Program (state high risk pool).

Health and Family Services
Office of Health Data and Analytics
Division of Health Information

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	171,900	
Non-Revenue Receipts	10,793,100	15,991,600
Total Restricted Funds	10,965,000	15,991,600
Federal Fund		
Balance Forward	-1,413,200	
Current Receipts	25,043,400	7,996,300
Total Federal Fund	23,630,200	7,996,300
TOTAL SOURCE OF FUNDS	34,595,200	23,987,900
EXPENDITURES BY CLASS		
Personnel Costs	33,486,300	22,879,000
Operating Expenses	1,108,900	1,108,900
TOTAL EXPENDITURES	34,595,200	23,987,900
EXPENDITURES BY FUND SOURCE		
Restricted Funds	10,965,000	15,991,600
Federal Fund	23,630,200	7,996,300
TOTAL EXPENDITURES	34,595,200	23,987,900

The Division of Health Information oversees the Kentucky Health Information Exchange (KHIE), which is a statewide exchange that includes a master patient index, record locator service, security, provider/user authentication, logging, and audits. The system includes patient demographics, lab results, immunizations, radiology and other transcribed reports, historical patient diagnoses, encounters, and procedures. KHIE acts as a data intermediary for public health reporting to the state immunization and cancer registries, reporting of syndromic surveillance data, and reportable labs/diseases. KHIE also provides Direct Secure Messaging, a simple, secure, scalable, standards-based way for KHIE participants to send authenticated, encrypted health information directly to known, trusted recipients using an Internet based Healthcare Information Service Provider (HISP).

Health and Family Services
Office of Health Data and Analytics
Division of Analytics

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	481,400	486,000
Total General Fund	481,400	486,000
Restricted Funds		
Balance Forward	5,600	
Current Receipts	151,700	157,300
Non-Revenue Receipts	-7,300	-7,300
Total Restricted Funds	150,000	150,000
Federal Fund		
Balance Forward	8,400	
Current Receipts	1,006,600	865,400
Total Federal Fund	1,015,000	865,400
TOTAL SOURCE OF FUNDS	1,646,400	1,501,400
EXPENDITURES BY CLASS		
Personnel Costs	1,507,300	1,362,300
Operating Expenses	134,300	134,300
Grants Loans Benefits	4,800	4,800
TOTAL EXPENDITURES	1,646,400	1,501,400
EXPENDITURES BY FUND SOURCE		
General Fund	481,400	486,000
Restricted Funds	150,000	150,000
Federal Fund	1,015,000	865,400
TOTAL EXPENDITURES	1,646,400	1,501,400

The Division of Analytics is responsible for oversight, strategic direction, and coordination of data analysis initiatives for all departments that regulate health care and social services to ensure the consistency, quality, and validity of the analyses prior to its use in operational and policy decisions. Furthermore, KRS 194A.101 provides the authority to review all data requests received by the Cabinet from the public, review the requests for content to determine the Cabinet's response and approve the release of the requested information. Finally, the division facilitates the process of data integration for analysis through inter-agency and cross-cabinet data sharing agreements to improve collaboration and identify best practices.

Justice and Public Safety

Justice and Public Safety

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	953,585,700	925,637,500
Current Year Appropriation	250,000	
Continuing Approp-General Fund	100	
Other	-145,016,900	
Total General Fund	808,818,900	925,637,500

Tobacco Fund

Tobacco Settlement - Phase I	3,516,600	4,836,100
Continuing Approp-Tob Settlement	5,727,600	
Total Tobacco Fund	9,244,200	4,836,100

Restricted Funds

Balance Forward	56,572,800	51,830,500
Current Receipts	56,631,000	56,344,900
Non-Revenue Receipts	112,357,800	115,664,700
Fund Transfers		-5,452,100
Total Restricted Funds	225,561,600	218,388,000

Federal Fund

Balance Forward	-9,216,400	775,100
Current Receipts	84,330,100	71,387,300
CRF Receipts	131,933,900	
Total Federal Fund	207,047,600	72,162,400

Road Fund

Regular Appropriation	108,100,200	110,925,000
Other	-30,000,000	
Total Road Fund	78,100,200	110,925,000

TOTAL SOURCE OF FUNDS

	1,328,772,500	1,331,949,000
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EXPENDITURES BY CLASS

Personnel Costs	728,453,200	740,311,100
Operating Expenses	158,590,500	156,560,400
Grants Loans Benefits	375,076,100	382,409,600
Debt Service	1,723,500	1,897,700
Capital Outlay	12,323,600	12,311,600
TOTAL EXPENDITURES	1,276,166,900	1,293,490,400

EXPENDITURES BY FUND SOURCE

General Fund	808,818,900	925,637,500
Tobacco Fund	9,244,200	4,836,100
Restricted Funds	173,731,100	180,153,700
Federal Fund	206,272,500	71,938,100
Road Fund	78,100,200	110,925,000
TOTAL EXPENDITURES	1,276,166,900	1,293,490,400

EXPENDITURES BY UNIT

Justice Administration	97,895,700	92,965,000
Criminal Justice Training	81,806,200	92,644,700
Juvenile Justice	121,474,500	122,090,000
State Police	281,895,900	288,310,100
Corrections	618,061,500	622,840,100
Public Advocacy	75,033,100	74,640,500
TOTAL EXPENDITURES	1,276,166,900	1,293,490,400

The Kentucky Justice Cabinet was established in 1974 and was renamed the Justice and Public Safety Cabinet in 2007. The Cabinet is responsible for criminal justice services throughout the Commonwealth of Kentucky, including law enforcement, law enforcement training, adult and juvenile incarceration, and public advocacy. The Cabinet provides overall leadership, policy direction and training for six departments and multiple public agencies and boards, with a focus on prevention, treatment, law enforcement and preparing offenders for reentry into society with acquired skills to facilitate non-criminal behavior.

The Cabinet is comprised of six departments:

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

The mission of the Justice and Public Safety Cabinet is to ensure the safety and security of Kentucky communities through a fair and impartial administration of taxpayer resources. The approach centers on protecting citizens, restoring victims and reforming wrongdoers, all in a focused environment where everything is measured for accountability and performance. The Cabinet seeks the best possible return from our public safety investment, using evidence-based programs, fiscal discipline, and data-driven strategies. Likewise, the Cabinet is committed to holding offenders to the highest standards of personal accountability and responsibility.

The vision of the Justice and Public Safety Cabinet is to remain a national leader in criminal justice while focusing our limited resources on the most effective strategies to reduce crime and protect public safety. This involves a comprehensive effort to right-size corrections, enhance re-entry programs, and reinvest any savings into law enforcement, community supervision, and better drug interventions. The Cabinet will empower and support victims, and demand that offenders learn productive skills to support themselves after release.

Justice and Public Safety**Justice Administration**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	31,925,600	35,522,800
Current Year Appropriation	250,000	
Reorganization Adjustment	2,961,600	
Total General Fund	35,137,200	35,522,800

Tobacco Fund

Tobacco Settlement - Phase I	3,516,600	4,836,100
Continuing Approp-Tob Settlement	5,727,600	
Total Tobacco Fund	9,244,200	4,836,100

Restricted Funds

Balance Forward	3,327,600	1,023,700
Current Receipts	5,829,500	5,168,700
Non-Revenue Receipts	261,100	2,246,500
Total Restricted Funds	9,418,200	8,438,900

Federal Fund

Balance Forward	-4,667,800	
Current Receipts	49,787,600	45,134,100
Total Federal Fund	45,119,800	45,134,100

TOTAL SOURCE OF FUNDS

	98,919,400	93,931,900
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EXPENDITURES BY CLASS

Personnel Costs	21,112,700	20,673,100
Operating Expenses	1,950,300	1,962,800
Grants Loans Benefits	74,832,700	70,329,100
TOTAL EXPENDITURES	97,895,700	92,965,000

EXPENDITURES BY FUND SOURCE

General Fund	35,137,200	35,522,800
Tobacco Fund	9,244,200	4,836,100
Restricted Funds	8,394,500	7,472,000
Federal Fund	45,119,800	45,134,100
TOTAL EXPENDITURES	97,895,700	92,965,000

EXPENDITURES BY UNIT

Secretary	12,344,200	12,455,400
Office of Drug Control Policy	14,507,500	10,087,000
Medical Examiner Program	5,497,000	5,335,900
Parole Board	1,232,900	1,260,700
Grants	47,084,200	46,992,800
Motorcycle Training Program	398,100	
Access to Justice	500,000	500,000
Substance Abuse Initiatives	16,331,800	16,333,200
TOTAL EXPENDITURES	97,895,700	92,965,000

Under the authority of KRS 15A, the Department of Justice Administration (DJA), within the Justice and Public Safety Cabinet (JPSC) provides leadership, strategic planning and administrative support for all agencies within the Justice Cabinet. The functions located within DJA are outlined below.

Per KRS 15A.020, the Office of the Secretary provides a variety of administrative, financial, investigative and legal functions that perform key oversight activities for the Department and the Cabinet. The associated offices and branches are outlined below:

Office of the Secretary, which is headed the Deputy Secretary, appointed pursuant to KRS 12.050, and is responsible for the direct administrative support for the Secretary.

The Office of Financial Management Services (OFMS) is responsible for all matters relating to budgeting, fiscal function, administrative services and procurement oversight for the Justice and Public Safety Cabinet.

The Office of Legal Services is dedicated to providing quality legal services for the Justice and Public Safety Cabinet. As one of the largest Cabinets in state government and responsibility for the Commonwealth's criminal justice services, the Justice and Public Safety Cabinet and its employees face a wide range of legal issues every day. Attorneys in the office provide legal assistance to the Cabinet's officers, employees, and departments on a myriad of issues, such as employment and administrative law matters, regulatory and statutory interpretation, legislative initiatives, and a wide range of civil legal questions. They also provide representation before administrative bodies and in state and federal court in any matters that involve the Cabinet.

The mission of the Internal Investigations Division is to serve the citizens of the Commonwealth of Kentucky by receiving and investigating certain limited allegations involving abuse of juveniles committed to, or in the custody of, the Department of Juvenile Justice and investigating administrative violations within the Justice and Public Safety Cabinet as determined by the Cabinet Secretary. Allegations that meet certain criteria are assigned for investigation. Investigations are conducted for administrative purposes and if criminal violations are discovered, the allegation is referred to law enforcement. The duties of the office have expanded to include investigating allegations within the Justice and Public Safety Cabinet with the exception of the Kentucky State Police and with certain restrictions in the Department of Public Advocacy.

The Office of Legislative and Intergovernmental Services is responsible for all matters relating to the provision of support to the Criminal Justice Council, legislative liaison services, and functions and duties vested in the Criminal Justice Council as described in KRS 15A.030.

The Child Fatality and Near Fatality External Review Panel was created and established by Kentucky Revised Statutes 620.055 for the purpose of conducting comprehensive reviews of child fatalities and near fatalities suspected to be the result of abuse or neglect. The Panel is a twenty-member multidisciplinary team of professionals including representatives from the medical, social services, mental health, legal, and law enforcement communities, as well as others who work with and on behalf of Kentucky's children. The Panel reviews official records and other relevant information received from a variety of sources: The Cabinet for Health and Family Services, the Department for Juvenile Justice, medical records including autopsy reports, law enforcement records and records held by a Family, Circuit or District Court. The purpose of these reviews is to become aware of systemic deficits and to make recommendations for improvements to help prevent child fatalities and near fatalities due to abuse or neglect.

The Office of Human Resource Management (OHRM) provides functional oversight and supervision of all human resources activities within the Justice and Public Safety Cabinet.

The Office of Communications is established within the Office of the Secretary and responsible for delivering transparent communications regarding matters pertaining to justice and public safety. The communications office is tasked with exploring innovative strategies and opportunities to build proactive communications through electronic and print media outlets, social media and public outreach. The director will collaborate with the Justice and Public Safety Cabinet's departments and agencies to ensure timely notification to the public as programs and services are implemented that have a direct impact on public safety while ensuring proper protocols are followed and direct oversight is given with all essential communication needs.

Pursuant to KRS 15A.020, the Justice and Public Safety Cabinet is responsible for housing the Office of the Kentucky State Medical Examiner, which is headed by the Chief Medical Examiner for the Commonwealth of Kentucky. The office is responsible for all matters relating to forensic pathology and forensic toxicology. Recognized as national leaders in their respective field, the scientific staff members of the Kentucky Office of the Medical Examiner provide death investigation services and forensic autopsy services for deaths that occur in Kentucky when authorized by County Coroners or the Court. All deaths that are sudden or unexpected or occur from other than natural causes must be reported to the County Coroner, who then may authorize a postmortem examination by the Kentucky Medical Examiner's Office. The goal of the Medical Examiner's Office is to assist county coroners, families, law enforcement agencies and the legal system by determining a scientifically unbiased and logical cause and manner of death.

The Kentucky Parole Board is an independent, autonomous agency attached in administrative capacity to the Justice & Public Safety Cabinet under KRS 439.330. The Kentucky Parole Board consists of nine full-time members whose primary responsibility is to grant and revoke parole for adult felony offenders incarcerated in Kentucky correctional institutions. The purpose of the Parole Board is to determine if, when and under what circumstances the best interest of society will be served by allowing an offender to serve a portion of his/her sentence in the community under supervision and conditions of parole. Parole is the process that endeavors to reintegrate the offender from incarceration back into society, before restoring complete freedom.

The Justice and Public Safety Cabinet is responsible for establishing the Criminal Justice Council (CJC) pursuant to KRS 15A.075. Since its creation in 1998, the Kentucky Criminal Justice Council has established a neutral forum for discussion of systemic issues by a diverse group of state and local criminal justice professionals. As a statewide criminal justice coordinating body, the Council works to develop a better understanding of the nature of crime across the different regions of the state; to develop clearer goals and system priorities; to promote coordination among the components of the justice system; and to promote effective utilization of limited resources.

Under the provisions of KRS 15A.150, the Justice and Public Safety Cabinet shall administer all state and federally funded grant programs related to criminal justice. The Grants Management Division, located within Justice Administration, serves as the designated State Administering Agency for criminal justice and victim service-related discretionary and formula grants issued by the U.S. Department of Justice as well as certain state funds for similar purposes. Originally established in 1968 as part of the Kentucky Crime Commission, the division is now located within the Office of the Secretary, Kentucky Justice and Public Safety Cabinet (KJPSC). Major current funding administered includes: Byrne Memorial Justice Assistance Grants (JAG), Victims of Crime Act (VOCA), Violence Against Women Act (VAWA), Comprehensive Opioid, Stimulant, and Substance Abuse Program (COSSAP) and Coronavirus Emergency Supplemental Funding (CESF) programs. The Division also manages Discretionary grant awards for forensic science projects, PREA compliance and training, substance abuse treatment and training, rape kit backlog testing, and projects from the Office for Victims of Crime. Programs are administered according to funding source guidelines, applicable statutes, state and agency priorities and policies. The Division also provides grants-related support for other KJPSC Departments and Agencies.

In August of 2004, a 51-member team of state, federal and local officials in substance abuse prevention-education, treatment and enforcement recommended the creation of the Office of Drug Control Policy (ODCP). Pursuant to KRS 15A.020 the Justice and Public Safety Cabinet is responsible for housing the ODCP which is tasked to coordinate Kentucky's response to substance abuse. The goal of the ODCP is to change the way substance abuse is handled, reduce the problem and make the Commonwealth a model for other states. They have joined prevention/education, treatment, and law enforcement in a united effort to confront the epidemic and have made great strides.

The Access to Justice Foundation is a poverty law resource center dedicated to providing opportunity for quality civil legal assistance for low-income Kentuckians. This is accomplished by supporting Kentucky's four Legal Services programs and pro bono lawyers and promoting awareness in the legal community of the need for volunteers to assist poor Kentuckians in civil matters.

KRS 15A.350 requires that the Justice and Public Safety Cabinet establish a motorcycle safety education program which provides instructor training courses, instructor approval, and rider training courses for novice riders that are held at locations throughout the state. The program provides the following: rider training courses for experienced riders; activities to increase the awareness of a motorcyclist's knowledge of the effects of alcohol and drug use; driver improvement efforts; licensing improvement efforts; program promotion activities; enhancement of the public's awareness of motorcycles; and enhancement of motorcycle safety through education.

Policy

The budget provides \$16,331,800 in fiscal year 2021 and \$16,333,200 in fiscal year 2022 for substance abuse initiatives. This amount is held in reserve until approved by Office of Drug Control Policy and allocated by the Secretary of the Justice and Public Safety Cabinet. During the 2015 Regular Session, Senate Bill 192 provided \$10 million for Substance Abuse Initiatives during fiscal year 2016. The 2016-2018 budget provided funding in the amount of \$15.7 million for fiscal year 2017 and \$16.3 million for fiscal year 2018. The 2018-2020 budget provided funding in the amount of \$16.3 million each fiscal year. The Substance Abuse Initiatives funding is housed within Justice Administration and falls under the administrative oversight of the Office of Drug Control Policy. This funding empowered the Kentucky Office of Drug Control Policy to continue to work towards increased public education, access to treatment, and greater access to naloxone. Funding is provided to the following entities:

- Department of Public Advocacy to fund social worker program, for the purpose of developing individualized alternative sentencing plans.
- Prosecutors Advisory Council to enhance the use of "rocket docket" prosecutions in controlled substances cases for the Commonwealth's Attorneys and County Attorneys.
- Department of Corrections for substance abuse treatment programs for county inmates in local jails and for an injectable, FDA-approved treatment program to prevent an opiate relapse as offenders are released from custody.
- Department of Behavioral Health, Developmental and Intellectual Disabilities (DBHDID) for community mental health centers to fund additional substance abuse treatment resources on a local level. Funding to DBHDID also addresses neonatal abstinence syndrome by assisting with transitional care and wrap-around services.
- Kentucky Agency for Substance Abuse Programs to supplement traditional programming for ASAP boards/counties.
- Kentucky State Police for the Angel Initiative, a pro-active approach offering an alternative escape to those battling addiction.

The budget in each fiscal year includes General Fund resources in the amount of \$500,000 and restricted fund appropriation in the amount of \$1,500,000 from settlement funds resulting from the suit against Purdue Pharma for the Operation UNITE program.

The budget includes Phase I Tobacco Settlement Funds in the amount of \$3,166,600 in fiscal year 2021 and \$4,836,100 in fiscal year 2022 for the Office of Drug Control Policy to support opioid prevention, treatment, and recovery initiatives.

The Budget of the Commonwealth includes additional Phase I Tobacco Settlement Funds in the amount of \$350,000 in fiscal year 2021 to support the Restorative Justice Program administered by the Volunteers of America.

Included in the General Fund is \$1,500,000 in each fiscal year for grants to support Court Appointed Special Advocate funding programs.

The Governor's budget includes additional General Fund in the amount of \$50,000 in fiscal year 2021 and \$325,000 in fiscal year 2022 for realignment of staffing to address caseloads at the Office of State Medical Examiner.

In accordance with Executive Order 2020-561, agency human resource positions were transferred to the cabinet Office of Human Resource Management to include \$2,961,600 General Fund, \$339,700 restricted fund in each fiscal year.

In accordance with Executive Order 2020-992, the Motorcycle Safety Education program was transferred to the Kentucky Transportation Cabinet, Department of Highways, Office of Highway Safety, to include restricted funds in the amount of \$301,900 in fiscal year 2021 and \$800,000 in fiscal year 2022.

The Governor's budget includes additional General Fund in the amount of \$57,100 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

**Justice and Public Safety
Criminal Justice Training**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation		832,000
Total General Fund		832,000

Restricted Funds

Balance Forward	21,630,100	27,533,300
Current Receipts	384,000	370,400
Non-Revenue Receipts	87,205,400	86,889,600
Total Restricted Funds	109,219,500	114,793,300

Federal Fund

Balance Forward	38,400	
Current Receipts	81,600	120,000
Total Federal Fund	120,000	120,000

TOTAL SOURCE OF FUNDS

	109,339,500	115,745,300
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EXPENDITURES BY CLASS

Personnel Costs	35,316,900	38,601,700
Operating Expenses	4,733,700	4,718,300
Grants Loans Benefits	39,540,800	46,766,700
Debt Service	488,800	832,000
Capital Outlay	1,726,000	1,726,000
TOTAL EXPENDITURES	81,806,200	92,644,700

EXPENDITURES BY FUND SOURCE

General Fund		832,000
Restricted Funds	81,686,200	91,692,700
Federal Fund	120,000	120,000
TOTAL EXPENDITURES	81,806,200	92,644,700

EXPENDITURES BY UNIT

Kentucky Law Enforcement Program Fund	76,878,700	87,692,000
Peace Officer Professional Standards	862,300	844,300
Office of the State School Security Marshal	2,291,300	2,293,700
Special Training Programs	586,000	576,100
DOCJT Federal Grants	120,000	120,000
Professional Development & Wellness Prog. Fd	1,067,900	1,118,600
TOTAL EXPENDITURES	81,806,200	92,644,700

The Department of Criminal Justice Training (DOCJT) is responsible for the training of law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 71, 72, 95, and KRS 403.785(2), along with 500 KAR 8:010 and 503 KAR. Basic and specialized training courses are offered to police officers, dispatchers, sheriffs, deputies, coroners, certified court-security officers, school resource officers, and certain other agencies upon request. Course curriculum includes training in basic law enforcement, telecommunications, de-escalation techniques, coroner training, AIDS, post-traumatic stress disorder (PTSD), pediatric-abuse head trauma, child sexual abuse, juvenile crime, domestic violence, sexual assault response, bias-related crimes, penal code and constitutional law, tactical training in rapid response, crisis intervention, response to persons with special needs, professional development, executive and staff training, leadership development, internet crime, breath testing, school security, and post-critical incident seminars and counseling. Training is conducted at the Training Center on the Eastern Kentucky University campus and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs. Additionally, DOCJT is responsible for the Peace Officers Professional Standards (POPS) program, the Law Enforcement Professional Development and Wellness Fund, and the Office of the State School Security Marshal. The KLEFPF agency resources are derived from property and casualty insurance premium surcharge proceeds, which accrue pursuant to KRS 136.392, and are allocated by KRS 42.190 between the KLEFPF and the Kentucky

Firefighters Foundation Program Fund. The Department provides entry-level and in-service training for approximately 14,500 seats each year, totaling approximately 707,000 hours of training.

House Bill 68, KRS 15.518, an act relating to law enforcement support programs, was passed during the 2018 Regular Session establishing the Professional Development and Wellness Branch. It is a comprehensive approach to wellbeing by striving to provide Kentucky law enforcement officers and dispatchers with the tools required to have a long life, a successful career and a happy retirement. The branch is responsible for assisting law enforcement officers with obtaining benefits related to disability, line of duty death, and veterans' education. Additionally, the branch hosts Kentucky Post-Critical Incident Seminars (KYPCIS), three-day trainings led by mental health professionals trained to work with peace officers and dispatchers, and driven by a team of law enforcement and public safety dispatch peers who have experienced their own critical incident and received training in Critical Incident Stress Management.

The School Safety and Resiliency Act, an act relating to school safety and regularly referred to as Senate Bill 1, was passed during the 2019 Regular Session. The Office of the State School Security Marshal was established to monitor school safety and security initiatives, born out of legislation developed after the Marshall County High School shooting that occurred on January 23, 2018. Compliance officers will be assigned to districts throughout the state to conduct school on-site reviews to ensure compliance with the law, using a 66-point assessment tool DOCJT prepared in accordance with SB1.

Policy

The Budget of the Commonwealth includes restricted funds in fiscal year 2021 for a \$4,000 training incentive stipend and associated fringe benefit costs for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, and Vehicle Enforcement officers within the Kentucky State Police; Horse Park mounted patrol officers; State Park rangers; Agriculture investigators, Charitable Gaming investigators; Alcoholic Beverage Control investigators; Insurance fraud investigators; and Attorney General investigators.

The Budget of the Commonwealth includes in fiscal year 2021 restricted funds for a \$4,000 training incentive stipend and an amount equal to the required employer's contribution of the supplement to the defined benefit plan to which the officer belongs for School Security Officers. Each eligible peace officer must meet the requirements of Peace Officer Professional Standards Act training. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) to approximately 8,000 certified peace officers in the amount of \$46,782,100 in fiscal year 2021.

Notwithstanding KRS 15.460(1), 15.330(2), 15.410, 15.420(2), 15.470(2) and(4) and any statute to the contrary, the Governor's budget includes restricted funds in fiscal year 2022 for a \$4,600 training incentive stipend and associated fringe benefit costs for state troopers, arson investigators, hazardous devices investigators, legislative security specialists, and Vehicle Enforcement officers within the Kentucky State Police; Horse Park mounted patrol officers; State Park rangers; Agriculture investigators, Charitable Gaming investigators; Alcoholic Beverage Control investigators; Insurance fraud investigators; and Attorney General investigators.

Notwithstanding KRS 15.470, the Governor's budget includes restricted funds in fiscal year 2022 for a \$4,600 training incentive stipend and an amount equal to the required employer's contribution of the supplement to the defined benefit plan to which the officer belongs for School Security Officers. Each eligible peace officer must meet the requirements of Peace Officer Professional Standards Act training. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) to approximately 8,000 certified peace officers in the amount of \$55,780,900 in fiscal year 2022.

The Budget of the Commonwealth includes \$76,878,700 in fiscal year 2021 for the Kentucky Law Enforcement Program Fund.

The Governor's budget includes restricted funds in the amount of \$86,860,000 in fiscal year 2022 for the Kentucky Law Enforcement Program Fund.

The Governor's budget includes General Fund debt service in the amount of \$832,000 in fiscal year 2022 to support new bonds for capital projects.

Justice and Public Safety**Juvenile Justice**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	97,775,800	98,770,200
Reorganization Adjustment	-1,125,700	
Other	-15,701,700	
Total General Fund	80,948,400	98,770,200

Restricted Funds

Balance Forward	14,182,900	11,421,900
Current Receipts	1,615,500	1,615,500
Non-Revenue Receipts	11,103,500	11,103,500
Fund Transfers		-5,452,100
Total Restricted Funds	26,901,900	18,688,800

Federal Fund

Balance Forward	-533,400	
Current Receipts	9,805,900	9,358,300
CRF Receipts	15,773,600	
Total Federal Fund	25,046,100	9,358,300

TOTAL SOURCE OF FUNDS

	132,896,400	126,817,300
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EXPENDITURES BY CLASS

Personnel Costs	94,238,100	95,019,600
Operating Expenses	14,006,800	13,758,200
Grants Loans Benefits	12,749,900	12,832,500
Debt Service	479,700	479,700
TOTAL EXPENDITURES	121,474,500	122,090,000

EXPENDITURES BY FUND SOURCE

General Fund	80,948,400	98,770,200
Restricted Funds	15,480,000	13,961,500
Federal Fund	25,046,100	9,358,300
TOTAL EXPENDITURES	121,474,500	122,090,000

EXPENDITURES BY UNIT

Program Management	1,731,200	1,740,900
Program Operations	109,981,200	110,576,000
Support Services	9,762,100	9,773,100
TOTAL EXPENDITURES	121,474,500	122,090,000

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

Program Management is comprised of the Commissioner’s Office which provides management and policy direction for the Department. There are three Offices reporting to the Commissioner’s Office: Office of Program Operations, Office of Community and Mental Health Services, and Office of Support Services. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services.

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

Day Treatment Services is comprised of five state-owned and 19 contract programs. These programs are the least restrictive, since the youths remain in a home setting during the evening and attend a day treatment program during the day. A court or school system usually refers a youth to serve in these programs. Day Treatment provides educational alternatives, treatment, and counseling for youths between the ages of 12 and 17. The total capacity of the 24 centers is 826 youths.

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

Group Home Beds = 72

Group Homes are community-based residential treatment facilities that generally serve eight youths per home. These programs accept youths between 12-18 years of age who have been committed to the Department as “public” or “youthful” offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. The total capacity of 9 group homes is 72 youths.

Residential Facilities	City	County	Beds
Northern Kentucky Youth Development Center	Crittenden	Grant	44
Morehead Youth Development Center	Morehead	Rowan	40
Green River Youth Development Center	Cromwell	Butler	40
Mayfield Youth Development Center	Mayfield	Graves	30
Lake Cumberland Youth Development Center	Monticello	Wayne	40
Woodsbend Youth Development Center	West Liberty	Morgan	40
Cadet Leadership Education Program	Jackson	Breathitt	40
Adair Youth Development Center	Columbia	Adair	30

Residential Beds = 304

The 8 state-operated Residential Facilities provide 24-hour care and custody of juveniles who have been committed to the Department as public offenders or sentenced as youthful offenders. These facilities serve youths who are in need of treatment that cannot be provided in their community, or who require placement in a secure setting because they represent a threat to the community. The current capacity of the residential care program is 304 youths.

State-operated Detention Centers	County	Beds
Breathitt Regional Juvenile Detention Center	Breathitt	48
McCracken Regional Juvenile Detention Center	McCracken	48
Campbell Regional Juvenile Detention Center	Campbell	52
Adair Youth Dev Center/Regional Juvenile Detention Center	Adair	20
Warren Regional Juvenile Detention Center	Warren	48
Boyd Regional Juvenile Detention Center	Boyd	36
Fayette Regional Juvenile Detention Center	Fayette	60
Jefferson Regional Juvenile Detention Center	Jefferson	16

Detention Beds = 328

Eight state-operated detention centers are currently in operation in Breathitt, McCracken, Campbell, Warren, Fayette, Boyd, and Jefferson Counties, and twenty beds are available for detention at the youth development center in Adair County.

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

Private child care facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately 10-30 juveniles are in these programs on any given day.

Community Services provide services to juvenile offenders. Workers in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. These workers supervise over 2,525 juvenile offenders and recommend any necessary out-of-home placements.

The Division of Placement Services, included in the Program Operations area, determines appropriate out-of-home placements for youths committed to the Department of Juvenile Justice.

Support Services, which provides administrative support to all organizational units of the Department, includes: Division of Administrative Services, Division of Program Services, Division of Professional Development, and the Division of Medical Services. The Division of Administrative Services consists of five branches: Personnel, Fiscal, Capital Construction and Real Properties, and Information Systems. The Division of Program Services consists of the Quality Assurance Branch, Education Branch, and the Juvenile Detention Alternatives Branch that report directly to the Division Director. The Division of Professional Development consists of the Academy Training Branch and the In-service Training Branch. The Medical Division oversees the medical delivery system throughout the Department.

Policy

Jefferson County closed the Louisville Metro Youth Detention Center on December 31, 2019. The Department of Juvenile Justice established the Jefferson Regional Juvenile Detention Center and took over detention services in Jefferson County. Currently, the state provides detention services to all counties.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$15,701,700 and replaces it with federal funds from the Coronavirus Relief Fund.

The Governor's budget includes additional General Fund in the amount of \$322,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Justice and Public Safety**State Police**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	123,521,700	129,064,800
Reorganization Adjustment	-708,400	
Other	-28,566,300	
Total General Fund	94,247,000	129,064,800

Restricted Funds

Balance Forward	11,257,700	7,891,700
Current Receipts	20,248,300	19,990,900
Non-Revenue Receipts	10,787,800	12,425,100
Total Restricted Funds	42,293,800	40,307,700

Federal Fund

Balance Forward	-3,545,800	775,100
Current Receipts	19,701,200	14,131,300
CRF Receipts	59,766,300	
Total Federal Fund	75,921,700	14,906,400

Road Fund

Regular Appropriation	108,100,200	110,925,000
Other	-30,000,000	
Total Road Fund	78,100,200	110,925,000

TOTAL SOURCE OF FUNDS

	290,562,700	295,203,900
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EXPENDITURES BY CLASS

Personnel Costs	218,299,300	226,027,000
Operating Expenses	52,669,000	51,662,500
Grants Loans Benefits	385,000	385,000
Debt Service	295,000	
Capital Outlay	10,247,600	10,235,600
TOTAL EXPENDITURES	281,895,900	288,310,100

EXPENDITURES BY FUND SOURCE

General Fund	94,247,000	129,064,800
Restricted Funds	34,402,100	33,638,200
Federal Fund	75,146,600	14,682,100
Road Fund	78,100,200	110,925,000
TOTAL EXPENDITURES	281,895,900	288,310,100

EXPENDITURES BY UNIT

Administration	38,522,600	38,857,200
Technical Services	53,287,400	54,449,900
Operations	175,537,800	179,736,200
Commercial Vehicle Enforcement	14,548,100	15,266,800
TOTAL EXPENDITURES	281,895,900	288,310,100

The Kentucky State Police is the statewide law enforcement agency of the Commonwealth. The State Police was established in 1948. State Troopers are assigned to 16 regional posts and Commercial Vehicle Enforcement officers are assigned to 6 regions. The Department is responsible for the enforcement of criminal and traffic laws, along with white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide protection for the Governor, Lieutenant Governor, their families, and property. The current organization is comprised of four offices: Commissioner's, Administrative Services, Operations, and Technical Services.

The Office of the Commissioner comprises of executive staff of the commissioner as well as Executive Security Branch and Legal Services Branch.

The Office Administrative Services, includes the Division of the Operational Support which provides professional support services for the Department. These services include Public Affairs, Strategic Planning, Inspections and Evaluations, Basic Training and In-service Training, Legislative Security, Facility Security, Recruitment Services, Employee Assistance and Driver Testing – which consists of 8 Regions and Commercial Drivers Testing; and Division of Management Services which provides management services for the Department and includes Supply Branch, Property Management Branch, Budget Branch, Financial/Grants Management Branch. The State Police Drivers Testing Stations, Facilities Security and Legislative Security also provide external support to citizens and other public officials of Kentucky.

The Office of Operations consists of the following divisions: East Troops, West Troops, Special Enforcement and Commercial Vehicle Enforcement. The Office includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this office include Highway Safety, Drug Enforcement Special Investigations, Vehicle Investigation, Critical Incident Response Team, and Special Operations (Hazardous Devices, Special Response Team, and Canine). The Division of Commercial Vehicle Enforcement is responsible for encouraging and promoting a safe driving environment through education and safety awareness while enforcing state and federal laws and regulations, placing special emphasis on commercial vehicles. This Division is staffed with sworn law enforcement officers, regulatory weight and safety inspectors, and civilian staff.

The Office of Technical Services is responsible for providing technical assistance to all departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, records, communications (including headquarters dispatch), criminal history information, intelligence information, automated fingerprint information, and computer technology needs. The Office also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is provided through the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

Policy

The budget includes restricted funds for a \$4,000 training incentive stipend in fiscal year 2021 and \$4,600 in fiscal year 2022 for state troopers, arson investigators, hazardous devices investigators, legislative security specialist, and Vehicle Enforcement officers within the Kentucky State Police. The stipend payments are provided from the Kentucky Law Enforcement Foundation Fund.

The Budget of the Commonwealth includes General Fund debt service in the amount of \$295,000 in fiscal year 2021 to support new bonds for capital projects.

The Governor's budget includes additional General Fund in the amount of \$2,561,700 and additional Road Fund in the amount of \$2,561,700 to fund cost increases associated with statutory salary adjustments in fiscal year 2022.

The budget includes additional General Fund in the amount of \$3,000,000 in fiscal year 2021 and fiscal year 2022 to support rapid DNA laboratory analysis.

The Budget of the Commonwealth includes additional General Fund in the amount of \$180,000 in fiscal year 2021 to support service contracts for mass spectrometry instruments and a General Fund capital project in the amount of \$700,000 in fiscal year 2021 for Two Mass Spectrometry instruments. The Governor's budget includes additional General Fund in the amount of \$180,000 in fiscal year 2022 to support service contracts for mass spectrometry instruments.

The Governor's budget includes additional General Fund in the amount of \$500,000 in fiscal year 2022 for trooper recruitment efforts.

The Governor's budget includes additional General Fund in the amount of \$650,000 in fiscal year 2022 for additional resources to meet expungement mandate for 20RS HB327.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$28,566,300 and Road Fund by \$30,000,000 and replaces it with federal funds from the Coronavirus Relief Fund.

The Governor's budget includes additional General Fund in the amount of \$167,800 and additional Road Fund in the amount of \$108,800 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

The Governor's budget includes additional General Fund in the amount of \$650,000 in fiscal year 2022 for additional legal resources due to higher caseloads which cannot be accommodated with current funding.

Justice and Public Safety**Corrections**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	633,785,800	594,442,300
Continuing Approp-General Fund	100	
Reorganization Adjustment	-1,127,500	
Other	-100,748,900	
Total General Fund	531,909,500	594,442,300

Restricted Funds

Balance Forward	3,543,600	2,616,700
Current Receipts	24,049,400	24,695,100
Non-Revenue Receipts	3,000,000	3,000,000
Total Restricted Funds	30,593,000	30,311,800

Federal Fund

Balance Forward	-446,800	
Current Receipts	2,228,500	800,500
CRF Receipts	56,394,000	
Total Federal Fund	58,175,700	800,500

TOTAL SOURCE OF FUNDS

	620,678,200	625,554,600
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EXPENDITURES BY CLASS

Personnel Costs	292,341,500	292,930,200
Operating Expenses	77,344,000	76,879,300
Grants Loans Benefits	247,566,000	252,094,600
Debt Service	460,000	586,000
Capital Outlay	350,000	350,000

TOTAL EXPENDITURES

	618,061,500	622,840,100
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EXPENDITURES BY FUND SOURCE

General Fund	531,909,500	594,442,300
Restricted Funds	27,976,300	27,597,300
Federal Fund	58,175,700	800,500

TOTAL EXPENDITURES

	618,061,500	622,840,100
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EXPENDITURES BY UNIT

Corrections Management	15,185,000	14,724,300
Adult Correctional Institutions	372,311,500	375,353,500
Community Services and Local Facilities	213,931,300	215,973,600
Local Jail Support	16,633,700	16,788,700
TOTAL EXPENDITURES	618,061,500	622,840,100

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest department in the Justice and Public Safety Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The Department's core cost driver is the felon population. KRS 196.111 mandates the use of evidence-based practices in the sentencing process for convicted felons and in the decision making process for the supervision and treatment of felons in prison or on probation or parole. In 2011, modifications to KRS Chapter 218A controlled substance statutes placed emphasis on probation, diversion, and treatment and diverts savings from the drug law changes to drug treatment programs. Other provisions in KRS 439.335, KRS 439.340, KRS 439.320, and KRS 197.045 emphasize the use of parole to effectuate accelerated parole hearings; to order mandatory reentry supervision release; and to allow for good time credit that reduces the sentence while on parole.

Policy

In order to prevent the spread of the coronavirus (COVID-19) and to promote and secure the safety and protection of individuals in state custody and state corrections staff, it was necessary to reduce the inmate population in the overcrowded state prison facilities in Kentucky. Therefore, the Governor declared four Executive Orders, Conditional Commutation for the early release and commutation of sentences for 1,881 inmates serving non-violent, non-sexual offenses and who were medically vulnerable; less than six months left to serve; medically vulnerable/offenders over the age of 65; less than six months left to serve/medically vulnerable or over the age of 65.

The revised forecast key impacts and assumptions related to commutations, admissions, forecasted admissions and the parole grant rate resulted in a savings in fiscal year 2021 in the amount of \$42,275,600 within the felon and other bed forecast within Community Services and Local Facilities.

Despite the dampened revenue forecasts underpinning the fiscal year 2022 budget, \$38.9 million from the General Fund was added to the budget in fiscal year 2022. These resources are required to maintain public safety, ensure safe and effective operations, and to accommodate operations of the new Southeast State Correctional Complex.

To offset the loss of 1,269 prison beds, most at the medium-security Kentucky State Reformatory, the Commonwealth will begin operating a new medium-security correctional facility in Wheelwright, the Southeastern Correctional Complex, which provides 621 beds. This will help offset some portion of the lost beds at aging facilities that are also unable to recruit and retain sufficient correctional officers. Higher operating costs, past underfunding of correctional institutions, the need to raise pay in the Oldham/Shelby county institutions for correctional officers, a slightly higher inmate population, and an action plan to correct issues with the awarding of good time to inmates make up the other portions of the increased General Fund spending in Corrections.

The budget incorporates the following array of institutional and community beds to accommodate the projected prison and community felon population under the custody of the Department of Corrections.

2021 - 2022 Felon and Community Beds Forecast

	<u>FY 2021</u> <u>Revised</u>	<u>FY 2022</u>
Felons*	19,082	19,921
Other**	<u>1,662</u>	<u>2,119</u>
Total	20,744	22,040

* The incarcerated felon forecast is a consensus estimating process involving the Department of Corrections and the Office of State Budget Director.

**The Other category is the remaining population under the custody of the Department of Corrections located in Halfway House and Recovery Kentucky beds for parolees and probationers, as well as others serving time in jails under an alternative sentence arrangement with the Courts.

**Justice and Public Safety
Corrections Management**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	14,595,600	14,499,300
Reorganization Adjustment	-1,127,500	
Other	673,100	
Total General Fund	14,141,200	14,499,300

Restricted Funds

Balance Forward	194,300	194,300
Current Receipts	150,000	150,000
Total Restricted Funds	344,300	344,300

Federal Fund

Balance Forward	281,700	
Current Receipts	612,100	75,000
Total Federal Fund	893,800	75,000

TOTAL SOURCE OF FUNDS

	15,379,300	14,918,600
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EXPENDITURES BY CLASS

Personnel Costs	12,466,700	12,786,000
Operating Expenses	2,099,500	1,938,300
Grants Loans Benefits	618,800	
TOTAL EXPENDITURES	15,185,000	14,724,300

EXPENDITURES BY FUND SOURCE

General Fund	14,141,200	14,499,300
Restricted Funds	150,000	150,000
Federal Fund	893,800	75,000
TOTAL EXPENDITURES	15,185,000	14,724,300

EXPENDITURES BY UNIT

Commissioner	11,011,300	10,551,100
Corrections Training	2,112,700	2,111,500
Administrative Services	2,061,000	2,061,700
TOTAL EXPENDITURES	15,185,000	14,724,300

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through the following program areas: Office of the Commissioner, Division of Corrections Training, and Division of Administrative Services.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Kentucky State Corrections Commission is administratively attached to the Office. Also attached to the Office of the Commissioner is the Office of the Deputy Commissioner for Support Services, responsible for the Division of Corrections Training and Division of Administrative Services. The Division of Population Management, Information Technology and Offender Information Branches, as well as, the Parole Board/Victims Services Division are also under the Office of the Deputy Commissioner of Support Services.

The Division of Corrections Training, referenced in KRS 12.020, 16.090, 441.055, and 441.115, is responsible for developing curriculum and providing job training to corrections employees including staff in the county jails. Instruction is provided through the Basic Academy program, the Common Core/Officer In-service program, Jail Training programs, and various specialized programs.

The Division of Administrative Services, referenced in KRS 12.020, is comprised of two branches that provide support services to the entire Department in accounting and purchasing, property inventory, and budgeting.

Policy

The Governor's budget includes General Fund in the amount of \$265,600 in fiscal year 2021 and \$570,700 in fiscal year 2022 for a new Compliance Division to oversee compliance of evidence-based programming and to ensure education good time credit compliance with department, jails and contracted facilities.

The Governor's budget includes additional General Fund in the amount of \$48,700 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Justice and Public Safety
Adult Correctional Institutions

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	357,631,000	357,376,800
Other	-59,503,900	
Total General Fund	298,127,100	357,376,800

Restricted Funds

Balance Forward	1,056,000	857,400
Current Receipts	17,398,800	18,044,500
Total Restricted Funds	18,454,800	18,901,900

Federal Fund

Balance Forward	-260,500	
Current Receipts	453,500	30,000
CRF Receipts	56,394,000	
Total Federal Fund	56,587,000	30,000

TOTAL SOURCE OF FUNDS

	373,168,900	376,308,700
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EXPENDITURES BY CLASS

Personnel Costs	216,120,600	216,578,700
Operating Expenses	64,742,500	64,344,400
Grants Loans Benefits	90,638,400	93,494,400
Debt Service	460,000	586,000
Capital Outlay	350,000	350,000
TOTAL EXPENDITURES	372,311,500	375,353,500

EXPENDITURES BY FUND SOURCE

General Fund	298,127,100	357,376,800
Restricted Funds	17,597,400	17,946,700
Federal Fund	56,587,000	30,000
TOTAL EXPENDITURES	372,311,500	375,353,500

EXPENDITURES BY UNIT

Institutions Operations	4,800,200	4,123,500
Medical Services	68,786,300	70,782,100
Education	8,047,400	5,759,700
Correctional Industries	12,890,100	12,860,700
Correctional Facilities	247,595,000	250,731,200
Mental Health	9,480,100	9,347,800
Private Prisons	20,712,400	21,748,500
TOTAL EXPENDITURES	372,311,500	375,353,500

Adult Correctional Institutions is comprised of 13 state correctional facilities and one contracted correctional facility for adult felon offenders. Seven additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, the Division of Substance Abuse, Education programs, Inmate Medical Services, the Division of Adult Institutions and the Division of Correctional Industries.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following activities: coordination of academic and technical programs, coordination of dietary and health programs for state owned facilities, and coordination of security threat group information.

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of three units: sex offender treatment programs, the Sex Offender Risk Assessment Unit, and psychiatric and psychological out-patient services.

Inmate Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored,

authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Inmate Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division. County jail inmates are now beneficiaries of the healthcare network in accordance with KRS 441.560.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods and services employing inmate labor. Kentucky Correctional Industries is a self-supporting operation, receiving only restricted funds for operations in nine of the Department's state-operated institutions. Twenty-one separate plants produce products and provide services such as office furniture, recycling, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, and office panel systems. Data entry, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, vegetables, and freshwater shrimp. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

Correctional Institutions

Kentucky State Reformatory (KSR) is a medium security institution with current operational capacity of 1,055 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

Kentucky State Penitentiary (KSP) is a maximum security institution with an operational capacity of 914 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

Blackburn Correctional Complex (BCC) is a minimum security institution with an operational capacity of 320 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

Bell County Forestry Camp (BCFC) is a minimum security institution with an operational capacity of 300 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

Kentucky Correctional Institution for Women (KCIW), the only state institutional facility for women in the Commonwealth, is located in PeeWee Valley in Shelby County, and has an operational capacity of 733 inmates. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

Eastern Kentucky Correctional Complex (EKCC) is a medium security institution with an operational capacity of 1,930 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

Western Kentucky Correctional Complex (WKCC) is a medium security institution with an operational capacity of 493 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties. **Ross-Cash Center (R-CC)** is located on the grounds of Western Kentucky Correctional Complex in Lyon County and has an operational capacity of 200 female inmates. The facility, which opened in October 2015, is named for two correctional employees killed in the line of duty during the 1980s.

Roederer Correctional Complex (RCC) is a medium security institution with an operational capacity of 1,238 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The institution also operates a full farm operation on approximately 2,800 acres.

Luther Luckett Correctional Complex (LLCC) is a medium security institution with an operational capacity of 1,204 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services' Kentucky Correctional Psychiatric Center (KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

Green River Correctional Complex (GRCC) is a medium security institution with an operational capacity of 982 inmates located near Central City in Muhlenberg County.

Northpoint Training Center (NTC) is a medium security institution with an operational capacity of 1,270 inmates located near Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

Little Sandy Correctional Complex (LSCC) is located near Sandy Hook in Elliott County and has an operational capacity of 1,062 inmates. Programming at the new institution consists of basic educational and vocational training classes, as well as psychological services. Correctional industries programs are planned in the near future.

Southeast State Correctional Complex (SSCC) is a new medium security facility with an operational capacity of 621 inmates located in Wheelwright in Floyd County that will come online in fiscal year 2021. The facility will be operated by the Commonwealth and is privately owned by CoreCivic and leased to the Commonwealth.

Lee Adjustment Center (LAC) is located near Beattyville in Lee County and has an operational capacity of 866 inmates. The Department contracts with CoreCivic for operation of this medium security facility.

Policy

The budget includes \$14,769,500 in fiscal year 2021 and \$18,075,600 in fiscal year 2022 for the new Southeast State Correctional Complex. The opening of this facility was in response to an overcrowding of state felons housed in county jails and the reduction of 1,269 since 2016 at the Kentucky State Reformatory and Blackburn Correctional Complex due to the deterioration of dormitory physical plants. Moreover, the inability to recruit and retain correctional staff at the Reformatory contributed to the reduction in usable capacity. The base budget of the Correctional Institutions was underfunded in the 2018-20 biennial budget. Funding in the amount of \$8,213,400 is added in fiscal year 2021 and \$10,012,300 in fiscal year 2022 to increase the base operations budget. To maintain the locality pay premium for North Region correctional officers, an additional \$6,031,100 is included in the budget each fiscal year to promote recruitment and retention to offset high vacancy rates in prisons located in Oldham County. An additional \$2,007,400 in fiscal year 2021 and \$4,014,900 in fiscal year 2022 is also included for increased medical costs.

The budget includes General Fund debt service in the amount of \$460,000 in fiscal year 2021 and \$586,000 in fiscal year 2022 to support new bonds for capital projects.

The budget includes \$2,234,400 in fiscal year 2021 for expansion of the wastewater treatment testing at the correctional facilities.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$55,673,300 and replaces it with federal funds from the Coronavirus Relief Fund.

The Governor's budget includes additional General Fund in the amount of \$609,900 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Justice and Public Safety
Community Services and Local Facilities

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	244,925,600	205,777,500
Other	-41,918,100	
Total General Fund	203,007,500	205,777,500
Restricted Funds		
Balance Forward	2,293,300	1,565,000
Current Receipts	6,500,600	6,500,600
Non-Revenue Receipts	3,000,000	3,000,000
Total Restricted Funds	11,793,900	11,065,600
Federal Fund		
Balance Forward	-468,000	
Current Receipts	1,162,900	695,500
Total Federal Fund	694,900	695,500
TOTAL SOURCE OF FUNDS	215,496,300	217,538,600
EXPENDITURES BY CLASS		
Personnel Costs	63,712,500	63,523,800
Operating Expenses	10,233,700	10,173,200
Grants Loans Benefits	139,985,100	142,276,600
TOTAL EXPENDITURES	213,931,300	215,973,600
EXPENDITURES BY FUND SOURCE		
General Fund	203,007,500	205,777,500
Restricted Funds	10,228,900	9,500,600
Federal Fund	694,900	695,500
TOTAL EXPENDITURES	213,931,300	215,973,600
EXPENDITURES BY UNIT		
Probation and Parole Program	62,702,300	62,426,700
Local Facilities Operations	1,289,800	1,294,300
Local Facilities - Jail Program	107,054,800	104,824,100
Community Corrections Commission	670,500	670,500
Halfway Houses	20,445,200	25,695,700
Substance Abuse Programs	16,803,500	16,083,600
Reentry Division	4,965,200	4,978,700
TOTAL EXPENDITURES	213,931,300	215,973,600

The Community Corrections area is comprised of the Division of Local Facilities, County Jail Program, Halfway House program, Kentucky Corrections Commission, the Division of Re-entry, Probation and Parole, and Community Substance Abuse. Pursuant to KRS Chapter 439, the Halfway House program provides rehabilitation in community residential correctional centers throughout the Commonwealth where inmates are transitioned prior to their release. Pursuant to KRS Chapter 196, the Kentucky Corrections Commission grants funds for the purpose of assisting judges, throughout the Commonwealth, develop alternatives to incarceration. In accordance with KRS 532.260, the Department of Corrections has initiated the Home Incarceration program (HIP). The current average daily population of HIP participants is 240.

Policy

The Department of Corrections estimates a three percent growth in the number of probationers and parolees over the biennium. Much of this increase is due to accelerated parole hearings, mandatory reentry supervision release and new forms of supervision such as women's medical release and parole board sanctions.

Fiscal Year	Probation and Parole Population
2020 Actual	49,837
2021 Estimated	50,538
2022 Estimated	51,230

The Governor's budget includes additional General Fund in the amount of \$134,400 in each fiscal year for Reentry positions associated with Southeast Correctional Complex.

The Governor's budget includes a realignment of jail substance abuse programming funds in the amount of \$3,400,000 each fiscal year from the Local Facilities Jail program to the Substance Abuse programs.

The Governor's budget includes additional General Fund in the amount of \$238,300 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Justice and Public Safety**Local Jail Support**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	16,633,600	16,788,700
Continuing Approp-General Fund	100	
Total General Fund	16,633,700	16,788,700

TOTAL SOURCE OF FUNDS

	16,633,700	16,788,700
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EXPENDITURES BY CLASS

Personnel Costs	41,700	41,700
Operating Expenses	268,300	423,400
Grants Loans Benefits	16,323,700	16,323,600
TOTAL EXPENDITURES	16,633,700	16,788,700

EXPENDITURES BY FUND SOURCE

General Fund	16,633,700	16,788,700
TOTAL EXPENDITURES	16,633,700	16,788,700

EXPENDITURES BY UNIT

Local Jail Allotment	10,048,800	10,048,800
Restricted Medical	792,800	792,800
Jailers' Allowance	310,000	465,100
Catastrophic Medical	851,900	851,800
Local Corrections Assistance Fund	4,630,200	4,630,200
TOTAL EXPENDITURES	16,633,700	16,788,700

The Local Jail Support program consists of five funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, Local Corrections Assistance Fund and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment and Restricted Medical programs are distributed to each county based upon the formula in KRS 441.206.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$1,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

The Local Corrections Assistance Fund, pursuant to KRS 196.288 provides funding to counties based upon 25% of the estimated savings resulting from changes in HB463.

Policy

Notwithstanding KRS 441.115(2), the Budget of the Commonwealth provides each jailer shall receive an expense allowance of \$2,400 annually, at the rate of \$200 per month for participation in the Jail Staff Training Program.

The Governor's budget includes additional General Fund in the amount of \$155,100 in fiscal year 2022 for jailer expense allowance increase from \$2,400 to \$3,600.

Notwithstanding KRS 196.288(5)(a), \$4,630,200 in each fiscal year is allocated to the Local Corrections Assistance Fund.

The budget includes General Fund appropriation of \$860,000 each fiscal year to provide a monthly payment of an annual amount of \$20,000 to each county with a Life Safety or Closed Jails Program. The payment shall be in addition to the payment required by KRS 441.206(2).

The budget includes General Fund appropriation in the amount of \$792,800 each fiscal year for medical care contracts to be distributed, upon approval of the Department of Corrections, to counties by the formula codified in KRS 441.206, and \$851,800 each fiscal year, on a partial reimbursement basis, for medical claims in excess of the statutory threshold pursuant to KRS 441.045.

Justice and Public Safety**Public Advocacy**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	66,576,800	67,005,400
Total General Fund	66,576,800	67,005,400

Restricted Funds

Balance Forward	2,630,900	1,343,200
Current Receipts	4,504,300	4,504,300
Total Restricted Funds	7,135,200	5,847,500

Federal Fund

Balance Forward	-61,000	
Current Receipts	2,725,300	1,843,100
Total Federal Fund	2,664,300	1,843,100

TOTAL SOURCE OF FUNDS

	76,376,300	74,696,000
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EXPENDITURES BY CLASS

Personnel Costs	67,144,700	67,059,500
Operating Expenses	7,886,700	7,579,300
Grants Loans Benefits	1,700	1,700
TOTAL EXPENDITURES	75,033,100	74,640,500

EXPENDITURES BY FUND SOURCE

General Fund	66,576,800	67,005,400
Restricted Funds	5,792,000	5,792,000
Federal Fund	2,664,300	1,843,100
TOTAL EXPENDITURES	75,033,100	74,640,500

EXPENDITURES BY UNIT

Office of the Public Advocate	2,022,000	1,934,200
Defense Services	68,106,600	68,183,200
Law Operations	2,221,300	2,210,700
Protection and Advocacy	2,683,200	2,312,400
TOTAL EXPENDITURES	75,033,100	74,640,500

The United States and Kentucky Constitutions provide to all Americans the right to the assistance of counsel when they are charged with a crime. Those same constitutional provisions mandate that all persons who cannot afford an attorney and are charged with a crime that carries a potential loss of liberty be provided with an attorney by the state. The Kentucky Department for Public Advocacy (DPA) was established in KRS Chapter 31 to provide representation for indigent persons accused of crimes (or mental states) which may result in their incarceration. Kentucky's mandated public defender services are delivered by a system consisting of full-time employed public defenders and private attorneys contracting with the Department to provide services primarily in situations involving conflicts of interest. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Public Advocacy Commission is a 12 person governing board consisting of the Dean or designee from each of the three Kentucky law schools, three members appointed by the Governor from recommendations of the Kentucky Bar Association, one member from recommendations by the Protection and Advocacy Advisory Boards, three members at-large. Two members are appointed by the Kentucky Supreme Court. The Commission insures the Department's ability to provide independent professional representation of individual clients according to the American Bar Association Ten Principles of a Public Defense Delivery System (2002).

The Office of the Public Advocate is responsible for the oversight of the agency and includes the Public Advocate, Deputy Public Advocate, General Counsel and all strategic planning and litigation education functions.

The Law Operations Division provides budget, personnel, administrative, technology, facility oversight, library services, research, archive services and management support for the Department and its offices across the state.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty, persons accused of juvenile delinquency and status offenses, and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, mental health, veterans and family court venues.

The Post-Trial Division provides mandated defender services for indigent persons after conviction. These services include providing counsel to indigent persons on appeal to the KY Supreme Court and Court of Appeals, to incarcerated persons on post-conviction actions in state and federal court, and to all juveniles in treatment facilities.

Kentucky Protection & Advocacy (P&A), a division within the Department of Public Advocacy attached to the Department for administrative purposes only, was established pursuant to Public Law 99-319 (42 USC 10805 et seq.), Public Law 106-402 (42 USC § 15042 et seq.), and KRS 31.010 (2). P&A seeks legal, administrative, and other appropriate remedies to protect and promote the rights of Kentuckians with disabilities. The majority of funds in this division's budget are federal funds that have strict non-supplanting requirements.

Policy

In accordance with Executive Order, the Client Assistance program was transferred from the Education and Workforce Development Cabinet to the Department of Public Advocacy to include \$150,000 federal funds in each fiscal year.

The Governor's budget includes additional General Fund in the amount of \$208,800 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Labor

	Labor	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,774,000	11,354,000
Special Appropriation	100,859,700	
Current Year Appropriation	1,054,800	
Reorganization Adjustment	289,700	
Total General Fund	<u>103,978,200</u>	<u>11,354,000</u>
Restricted Funds		
Balance Forward	16,843,800	1,295,400
Current Receipts	111,102,900	126,965,600
Non-Revenue Receipts	70,832,500	80,660,000
Total Restricted Funds	<u>198,779,200</u>	<u>208,921,000</u>
Federal Fund		
Current Receipts	1,096,628,000	542,466,900
CRF Receipts	344,974,600	
Total Federal Fund	<u>1,441,602,600</u>	<u>542,466,900</u>
TOTAL SOURCE OF FUNDS	<u>1,744,360,000</u>	<u>762,741,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	182,880,600	184,481,900
Operating Expenses	19,998,800	20,382,600
Grants Loans Benefits	1,439,225,500	556,520,100
Debt Service	100,859,700	272,000
Capital Outlay	100,000	100,000
TOTAL EXPENDITURES	<u>1,743,064,600</u>	<u>761,756,600</u>
EXPENDITURES BY FUND SOURCE		
General Fund	103,978,200	11,354,000
Restricted Funds	197,483,800	207,935,700
Federal Fund	1,441,602,600	542,466,900
TOTAL EXPENDITURES	<u>1,743,064,600</u>	<u>761,756,600</u>
EXPENDITURES BY UNIT		
Secretary	30,034,000	15,466,000
Workplace Standards	11,815,300	14,458,000
Workers' Claims	71,231,900	71,124,700
Occupational Safety and Health Review Commission	715,700	710,000
Workers' Compensation Funding Commission	97,020,700	103,635,000
Workers' Compensation Nominating Committee	1,100	1,100
Employment Services	1,532,245,900	556,361,800
TOTAL EXPENDITURES	<u>1,743,064,600</u>	<u>761,756,600</u>

The Labor Cabinet is created pursuant to KRS 336. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, the Department of Workplace Standards, and Employment Services. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workers' Claims also administers the payment of workers' compensation injury claims by the Special Fund. Employment Services contains the Office of Unemployment Insurance and the Career Development Office. During the 2017 General Assembly, HB 377 directed the transfer of assets and liabilities of the Coal Workers Pneumoconiosis Fund to the Kentucky Employers' Mutual Insurance (KEMI) and the program was closed to new claims after July 1, 2017. The assessments received by the Workers Compensation Funding Commission and are transferred annually to KEMI. The emergence of the novel coronavirus (COVID-19) and the

measures taken to mitigate its spread exacerbated deficiencies in the Commonwealth's unemployment insurance system. In order to better serve the citizens of Kentucky, the Office of Unemployment Insurance and the Career Development Office were reorganized on August 14, 2020, by Executive Order 2020-686. These offices were moved from the Education and Workforce Development Cabinet to the Labor Cabinet. Attached to the Labor Cabinet for administrative purposes are the State Labor Relations Board, the Workers' Compensation Funding Commission, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Workers' Compensation Nominating Committee, the Workers' Compensation Board, and the Unemployment Insurance Commission.

	Labor Secretary	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		464,700
Reorganization Adjustment	289,700	
Total General Fund	289,700	464,700
Restricted Funds		
Balance Forward	682,400	
Current Receipts	100,000	100,000
Non-Revenue Receipts	11,700,700	14,761,500
Total Restricted Funds	12,483,100	14,861,500
Federal Fund		
Current Receipts	7,471,400	139,800
CRF Receipts	9,789,800	
Total Federal Fund	17,261,200	139,800
TOTAL SOURCE OF FUNDS	30,034,000	15,466,000
EXPENDITURES BY CLASS		
Personnel Costs	27,917,400	13,264,400
Operating Expenses	2,116,600	2,201,600
TOTAL EXPENDITURES	30,034,000	15,466,000
EXPENDITURES BY FUND SOURCE		
General Fund	289,700	464,700
Restricted Funds	12,483,100	14,861,500
Federal Fund	17,261,200	139,800
TOTAL EXPENDITURES	30,034,000	15,466,000
EXPENDITURES BY UNIT		
Office of Administrative Services	26,523,400	11,499,600
Secretary	3,510,600	3,966,400
TOTAL EXPENDITURES	30,034,000	15,466,000

The Secretary of Labor manages and administers the duties of the Cabinet. The primary responsibility of the Office of the Secretary is to advance the employee/employer relationship by protecting the worker, fostering employer success, compensating the injured, compensating the unemployed, and career development.

Funding for the Office of the Secretary is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and group self-insurers, as well as an indirect rate charged to Federal Grants in the Employment Services areas. General Fund in this area is to support the Office of Unemployment Insurance and the Career Development Office.

Policy

The enacted budget for fiscal year 2021 reduced the base budget of the Labor Cabinet's Office of the Secretary by approximately \$2.4 million.

In accordance with Executive Order 2020-686, the Unemployment Insurance and Career Development Offices were reorganized from Education and Workforce to the Labor Cabinet to include \$289,700 in fiscal year 2021. General Fund is provided in the Secretary's Office to support those programs.

	Labor	
	Workplace Standards	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,774,000	2,175,800
Total General Fund	1,774,000	2,175,800
Restricted Funds		
Balance Forward	522,000	
Non-Revenue Receipts	6,002,100	8,073,200
Total Restricted Funds	6,524,100	8,073,200
Federal Fund		
Current Receipts	3,517,200	4,209,000
Total Federal Fund	3,517,200	4,209,000
TOTAL SOURCE OF FUNDS	11,815,300	14,458,000
EXPENDITURES BY CLASS		
Personnel Costs	10,007,600	12,658,000
Operating Expenses	1,557,700	1,550,000
Grants Loans Benefits	250,000	250,000
TOTAL EXPENDITURES	11,815,300	14,458,000
EXPENDITURES BY FUND SOURCE		
General Fund	1,774,000	2,175,800
Restricted Funds	6,524,100	8,073,200
Federal Fund	3,517,200	4,209,000
TOTAL EXPENDITURES	11,815,300	14,458,000
EXPENDITURES BY UNIT		
Wages & Hours	1,774,000	2,175,800
Occupational Safety and Health	9,157,100	11,394,100
Commissioner's Office	884,200	888,100
TOTAL EXPENDITURES	11,815,300	14,458,000

The Department of Workplace Standards operates under the authority of KRS Chapters 336, 337, 338, 339, 342, and 388.

The Department is comprised of the Commissioner's Office, Division of Wages and Hours, Division of Occupational Safety and Health Compliance, and the Division of Occupational Safety and Health Education and Training.

The Commissioner's Office serves as the oversight unit for all programs and functions assigned to the DWS.

The Division of Occupational Safety and Health Compliance ensures that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in the work environment. Penalties collected by the Division are directed to the General Fund.

The Division of Occupational Safety and Health Education and Training promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, technical data, and technical and informational materials. The Division also gathers and monitors statistical data concerning job injuries and illnesses, and acts as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

The Division of Wages and Hours is responsible for enforcing areas of Kentucky labor laws including Kentucky Right-to-Work Act, minimum wage, overtime, prevailing wage, child labor, wage discrimination based on sex.

The Department of Workplace Standards is funded with restricted agency receipts garnered through the Workers' Compensation Funding Commission under the authority of KRS 342; federal funding received from the U.S. Department of Labor, Occupational Safety and Health Administration; and General Fund dollars that support only the Division of Wages and Hours.

Policy

The enacted budget for fiscal year 2021 reduced the base General Fund budget for the wage and hour enforcement program by \$385,100. It also reduced the base budgets funded with restricted and federal funds by approximately \$2.4 million.

The Governor's budget includes additional General Fund in the amount of \$5,900 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

	Labor	
	Workers' Claims	
SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
Restricted Funds		
Balance Forward	4,345,000	
Current Receipts	455,600	455,600
Non-Revenue Receipts	66,431,300	70,669,100
Total Restricted Funds	<u>71,231,900</u>	<u>71,124,700</u>
TOTAL SOURCE OF FUNDS	<u>71,231,900</u>	<u>71,124,700</u>
EXPENDITURES BY CLASS		
Personnel Costs	15,003,400	14,896,200
Operating Expenses	2,020,500	2,020,500
Grants Loans Benefits	54,108,000	54,108,000
Capital Outlay	100,000	100,000
TOTAL EXPENDITURES	<u>71,231,900</u>	<u>71,124,700</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	<u>71,231,900</u>	<u>71,124,700</u>
TOTAL EXPENDITURES	<u>71,231,900</u>	<u>71,124,700</u>
EXPENDITURES BY UNIT		
Workers' Claims	<u>71,231,900</u>	<u>71,124,700</u>
TOTAL EXPENDITURES	<u>71,231,900</u>	<u>71,124,700</u>

The Department of Workers' Claims operates under the authority of KRS Chapters 12, 336, and 342. The Department enforces statutes with regard to workers' compensation coverage for Kentucky's 2.1 million employees, administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance, and rehabilitation provisions in KRS Chapter 342.

The Department of Workers' Claims is managed by the Commissioner's office. The Department is comprised of four divisions: Division of Specialist and Medical Services, Division of Claims Processing, Division of Security and Compliance, and the Division of Workers' Compensation Funds. Office of Administrative Law Judges and the Workers' Compensation Board are attached to the Department.

Division of Security and Compliance regulates individual entities that are approved to self-insure and ensure that sufficient coverage or assets are maintained to pay claims. The Division of Specialists and Medical Services focuses on constituent services to provide services to employees, employers, insurance carriers, and medical provider to assist in claim filing. Division of Claims Processing handles review and docket assignment for filed claims.

Division of Workers' Compensation Funds is responsible for the administration and legal representation for the Special Fund and the maintenance of records regarding the payment of workers' compensation injury claims.

The Workers' Compensation Board is attached to the Department for administrative purposes. The Board rules on appeals of decisions rendered by administrative law judges in the Kentucky Workers Claims' and Compensation system pursuant to KRS 342.213 and KRS 342.285. The board consists of three members appointed by the Governor to four-year terms.

The Office of Administrative Law Judges conducts hearings; supervises the presentation of evidence and renders final decisions, orders or awards regarding workers' compensation claims.

Funding for the Department of Workers' Claims is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
Occupational Safety and Health Review Commission

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	45,000	
Non-Revenue Receipts	670,700	710,000
Total Restricted Funds	<u>715,700</u>	<u>710,000</u>
TOTAL SOURCE OF FUNDS	<u>715,700</u>	<u>710,000</u>
EXPENDITURES BY CLASS		
Personnel Costs	668,800	663,100
Operating Expenses	46,900	46,900
TOTAL EXPENDITURES	<u>715,700</u>	<u>710,000</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	715,700	710,000
TOTAL EXPENDITURES	<u>715,700</u>	<u>710,000</u>
EXPENDITURES BY UNIT		
Occupational Safety and Health Review Commission	715,700	710,000
TOTAL EXPENDITURES	<u>715,700</u>	<u>710,000</u>

The Kentucky Occupational Safety and Health Review Commission is an independent quasi judicial administrative agency which hears and rules on appeals of citations, pursuant to KRS 338.071 and KRS 338.081, issued by the Labor Cabinet's Division of Occupational Safety and Health Compliance.

The Commission receives and processes over 200 cases per year and holds hearings throughout the state. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor

Workers' Compensation Funding Commission

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	9,666,900	
Current Receipts	85,327,200	101,189,900
Non-Revenue Receipts	2,026,600	2,445,100
Total Restricted Funds	97,020,700	103,635,000
TOTAL SOURCE OF FUNDS	97,020,700	103,635,000
EXPENDITURES BY CLASS		
Personnel Costs	95,159,800	103,374,100
Operating Expenses	1,860,900	260,900
TOTAL EXPENDITURES	97,020,700	103,635,000
EXPENDITURES BY FUND SOURCE		
Restricted Funds	97,020,700	103,635,000
TOTAL EXPENDITURES	97,020,700	103,635,000
EXPENDITURES BY UNIT		
Workers' Compensation Funding Commission	2,500,400	2,477,800
Benefit Reserve	92,920,300	101,157,200
KCWP Fund	1,600,000	
TOTAL EXPENDITURES	97,020,700	103,635,000

The Workers' Compensation Funding Commission was created through the passage of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342.

The Commission is governed by a seven-member Board of Directors. Board members include the Secretaries of Labor, Economic Development, and Finance and Administration Cabinets. In addition, the Governor appoints four members who represent labor, insurance companies writing workers' compensation insurance, employers, and self-insured employers and groups.

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky Workers' Compensation premiums received by all insurance carriers and group self-insurers and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. Assessments received are to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Wages and Hours; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

These assessments are credited to the Commission's Benefit Reserve Fund, and the excess of collections over Special Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities, and budgeted expenditures are invested according to the Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to Workers' Compensation funding. During the 2017 General Assembly, HB 377 directed the transfer of assets and liabilities of the Coal Workers' Pneumoconiosis Fund. The assets and liabilities of the Coal Workers' Pneumoconiosis Fund were transferred to the Kentucky Employers' Mutual Insurance (KEMI) and the program was closed to new claims after July 1, 2017. The assessments are received by the Workers' Compensation Funding Commission and are to be transferred annually to KEMI.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

Included in the operating expenses are the fund transfers that represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

The Commission maintains a diverse financial long-term investment portfolio and has an agreement with the Office of Financial Management, within the Finance and Administration Cabinet, for short-term overnight investment advantages.

Policy

The Budget of the Commonwealth reduced the restricted fund appropriation in fiscal year 2021 by \$3,976,300.

Labor

Workers' Compensation Nominating Committee

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
Restricted Funds		
Non-Revenue Receipts	1,100	1,100
Total Restricted Funds	<u>1,100</u>	<u>1,100</u>
TOTAL SOURCE OF FUNDS	<u>1,100</u>	<u>1,100</u>
EXPENDITURES BY CLASS		
Personnel Costs	400	400
Operating Expenses	700	700
TOTAL EXPENDITURES	<u>1,100</u>	<u>1,100</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	1,100	1,100
TOTAL EXPENDITURES	<u>1,100</u>	<u>1,100</u>
EXPENDITURES BY UNIT		
Workers' Compensation Nominating Committee	1,100	1,100
TOTAL EXPENDITURES	<u>1,100</u>	<u>1,100</u>

HB 299 of the 2017 Regular Session of the General Assembly established the Workers' Compensation Nominating Committee (WCNC) in KRS 342.213. The Workers' Compensation Nominating Committee is an agency of the Commonwealth and comprised of five members appointed by the Governor. The WCNC shall make recommendations to the Governor of three qualified individuals nominated to fill the Administrative Law Judge vacant seat and Workers' Compensation Board members 30 days prior to the end of their term or sixty days if the vacancy occurs for any reason except term expiration.

Labor
Employment Services

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation		8,713,500
Special Appropriation	100,859,700	
Current Year Appropriation	1,054,800	
Total General Fund	101,914,500	8,713,500
Restricted Funds		
Balance Forward	1,582,500	1,295,400
Current Receipts	25,220,100	25,220,100
Non-Revenue Receipts	-16,000,000	-16,000,000
Total Restricted Funds	10,802,600	10,515,500
Federal Fund		
Current Receipts	1,092,890,800	538,118,100
CRF Receipts	327,933,400	
Total Federal Fund	1,420,824,200	538,118,100
TOTAL SOURCE OF FUNDS	1,533,541,300	557,347,100
EXPENDITURES BY CLASS		
Personnel Costs	34,123,200	39,625,700
Operating Expenses	12,395,500	14,302,000
Grants Loans Benefits	1,384,867,500	502,162,100
Debt Service	100,859,700	272,000
TOTAL EXPENDITURES	1,532,245,900	556,361,800
EXPENDITURES BY FUND SOURCE		
General Fund	101,914,500	8,713,500
Restricted Funds	9,507,200	9,530,200
Federal Fund	1,420,824,200	538,118,100
TOTAL EXPENDITURES	1,532,245,900	556,361,800
EXPENDITURES BY UNIT		
Career Development	32,214,400	32,223,700
Unemployment Insurance	1,500,031,500	524,138,100
TOTAL EXPENDITURES	1,532,245,900	556,361,800

In order to better serve the people and businesses of Kentucky, Executive Order 2020-686 reorganized the Unemployment Insurance program as well as the Office of Career Development from the Education and Workforce Development Cabinet, to the Labor Cabinet. Both areas are included in the Employment Services appropriation unit.

The Career Development Office receives funds to administer several programs that are related to Employment and Job Placement 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 and Title I of the Workforce Innovation and Opportunity Act. These programs are designed to assist the unemployed, underemployed, and persons who wish to change occupations in finding suitable employment.

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.

The Office of Unemployment Insurance supports the claims activities within the program. 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 extended unemployment compensation programs. 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.

Policy

In accordance with Executive Order 2020-686, the Unemployment Insurance and Career Development Offices were transferred to the Labor Cabinet.

The Governor's budget includes \$100,859,700 from the General Fund in fiscal year 2020-2021 for payment of interest and principal, in that order, for advances under Title XII of the Social Security Act during calendar year 2021. As a result contributing employers will not have to pay the statutory surcharge that would be used to pay interest on advances under Title XII of the Social Security Act for calendar year 2021. To ensure that this can take place for calendar year 2021 these funds shall not lapse at the end of fiscal year 2021 and shall carry forward into fiscal year 2022.

The budget includes General Fund \$1,054,800 in fiscal year 2021 and \$8,441,500 in fiscal year 2022. The General Fund appropriation will allow the Office of Unemployment Insurance Program to restore funding for 90 employees that were reduced in previous years, to provide in-person services to unemployed persons with their UI claims at the twelve career centers across the Commonwealth of Kentucky. The UI employees will be cross-trained to also provide employment-related services to employers and job seekers. These services include employment counseling and job search assistance.

Included in the above General Fund is an additional \$272,000 in fiscal year 2022 for debt service on new bonds for the replacement of the Unemployment Insurance Information Technology System.

Personnel

	Personnel	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		16,000,000
Total General Fund		16,000,000
Restricted Funds		
Balance Forward	27,994,900	23,809,000
Current Receipts	50,832,300	48,098,500
Non-Revenue Receipts	10,172,700	10,255,700
Fund Transfers	-2,690,700	
Total Restricted Funds	86,309,200	82,163,200
Federal Fund		
CRF Receipts	650,000	
Total Federal Fund	650,000	
Road Fund		
Regular Appropriation		4,200,000
Total Road Fund		4,200,000
TOTAL SOURCE OF FUNDS	86,959,200	102,363,200
EXPENDITURES BY CLASS		
Personnel Costs	55,633,000	83,888,300
Operating Expenses	7,517,200	6,891,900
TOTAL EXPENDITURES	63,150,200	90,780,200
EXPENDITURES BY FUND SOURCE		
General Fund		16,000,000
Restricted Funds	62,500,200	70,580,200
Federal Fund	650,000	
Road Fund		4,200,000
TOTAL EXPENDITURES	63,150,200	90,780,200
EXPENDITURES BY UNIT		
General Operations	30,771,500	31,262,300
Public Employees Deferred Compensation Authority	8,284,500	8,248,400
Workers' Compensation Benefits and Reserve	24,094,200	24,269,500
State Fixed Allocation Pension Pool		27,000,000
TOTAL EXPENDITURES	63,150,200	90,780,200

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application process, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of four appropriation units: General Operations, Public Employees Deferred Compensation Authority, Workers' Compensation Benefits and Reserve, and the State Salary and Compensation Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The Board had the responsibility to forward to the Governor a list of qualified applicants for the position of Commissioner of Personnel. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel-related functions. In 1998, the General Assembly elevated the Department to Cabinet status.

	Personnel	
	General Operations	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	2,691,600	3,119,200
Current Receipts	22,897,100	20,198,500
Non-Revenue Receipts	10,342,700	10,430,700
Fund Transfers	-2,690,700	
Total Restricted Funds	33,240,700	33,748,400
Federal Fund		
CRF Receipts	650,000	
Total Federal Fund	650,000	
TOTAL SOURCE OF FUNDS	33,890,700	33,748,400
EXPENDITURES BY CLASS		
Personnel Costs	23,810,200	24,918,200
Operating Expenses	6,961,300	6,344,100
TOTAL EXPENDITURES	30,771,500	31,262,300
EXPENDITURES BY FUND SOURCE		
Restricted Funds	30,121,500	31,262,300
Federal Fund	650,000	
TOTAL EXPENDITURES	30,771,500	31,262,300
EXPENDITURES BY UNIT		
General Administration	13,965,600	13,618,300
Governmental Service Center	1,330,600	1,400,000
Employee Relations	799,700	787,300
Employee Insurance	9,789,300	10,199,900
Personnel Administration	4,886,300	5,256,800
TOTAL EXPENDITURES	30,771,500	31,262,300

The General Operations unit includes the Office of the Secretary, the Department of Human Resources Administration and the Department of Employee Insurance.

The Secretary of the Personnel Cabinet is the executive and administrative head of the cabinet and supervises all activities of the cabinet. The Office of the Secretary includes: the Office of Administrative Services, the Office of Legal Services, the Office for Employee Relations, the Office of Diversity and Equality, and Training, and the Office of Public Affairs.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, coordinating information technology for the Cabinet and procurement functions.

The Office of Legal Services provides legal services relating to the enforcement and application of state and federal laws and regulations governing employment with both the Cabinet and other Executive Branch agencies.

The Office of Employee Relations administers the Kentucky Employee Assistance Program which provides assistance to troubled employees; the employee suggestion system; a mediation program to help resolve employment problems; the state safety program; and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, the Kentucky Community Technical College System, volunteer firefighters, volunteer ambulance personnel, and various local government entities.

The Office of Diversity and Equality and Training is responsible for administering the Equal Employment Opportunity and Diversity Programs, the Minority Management Trainee Program, and the Commonwealth's affirmative action plan established in 18A.138. The Office is also responsible for government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning, performance measurement processes and is responsible for maintaining the employee performance management system.

The Office of Public Affairs is responsible for setting the strategic direction for the Cabinet, improving processes, developing services, and planning future service offerings.

The Department of Human Resources Administration consists of two divisions: the Division of Employee Management and the Division of Career Opportunities. The responsibilities of this department include recruiting, counseling, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll records;. In addition, the development and implementation of the replacement personnel and payroll system is coordinated through the Department of Human Resources Administration.

The Department of Employee Insurance manages state government's self-insured health insurance program, the Kentucky Employees' Health Plan and the life insurance benefits for state employees. The Health Plan provides health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. The Department also provides administrative support to the Group Health Insurance Board under KRS 18A.226 and 18A.227.

Policy

Included in the above Restricted Fund appropriation is \$2,690,700 in fiscal year 2021 for debt service on bonds previously issued for the Kentucky Human Resources Information System (KHRIS). The Cabinet is authorized to collect a pro rata assessment from all state agencies and other organizations that will use the new personnel and payroll system. The Cabinet shall retain the funds in a Special Project Account, the balance of which will be transferred to the General Fund to cover the debt service payment.

Personnel
Public Employees Deferred Compensation Authority

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	11,205,600	10,436,100
Current Receipts	7,600,000	7,600,000
Non-Revenue Receipts	-85,000	-87,500
Total Restricted Funds	18,720,600	17,948,600
TOTAL SOURCE OF FUNDS	18,720,600	17,948,600
EXPENDITURES BY CLASS		
Personnel Costs	7,819,800	7,783,700
Operating Expenses	464,700	464,700
TOTAL EXPENDITURES	8,284,500	8,248,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	8,284,500	8,248,400
TOTAL EXPENDITURES	8,284,500	8,248,400
EXPENDITURES BY UNIT		
Public Employees Deferred Compensation Authority	8,284,500	8,248,400
TOTAL EXPENDITURES	8,284,500	8,248,400

The Kentucky Public Employees Deferred Compensation Authority administers tax sheltered, supplemental retirement savings programs as established in the U.S. Internal Revenue Code Sections 457, 401(k), Roth 401(k), and 403(b) and in accordance with KRS 18A.230-18A.350. These programs are an optional benefit for Kentucky's public employees.

Personnel

Workers' Compensation Benefits and Reserve

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	14,097,700	10,253,700
Current Receipts	20,335,200	20,300,000
Non-Revenue Receipts	-85,000	-87,500
Total Restricted Funds	34,347,900	30,466,200
TOTAL SOURCE OF FUNDS	34,347,900	30,466,200
EXPENDITURES BY CLASS		
Personnel Costs	24,003,000	24,186,400
Operating Expenses	91,200	83,100
TOTAL EXPENDITURES	24,094,200	24,269,500
EXPENDITURES BY FUND SOURCE		
Restricted Funds	24,094,200	24,269,500
TOTAL EXPENDITURES	24,094,200	24,269,500
EXPENDITURES BY UNIT		
Workers' Compensation Benefits and Reserve	24,094,200	24,269,500
TOTAL EXPENDITURES	24,094,200	24,269,500

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self-insured Workers' Compensation program. The program provides coverage to the executive, legislative, and judicial branches of government, but excludes the Transportation Cabinet and all state universities. The program also covers the Kentucky Community and Technical College System, volunteer firefighters, volunteer ambulance personnel, and employees of some county clerk's or sheriff's offices when the county's population is 70,000 or more. Workers' Compensation includes a return-to-work program for injured employees, managed care, and a statewide safety program.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency and the number of covered employees. Claims history is calculated based upon a three year running average.

Personnel
State Fixed Allocation Pension Pool

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		16,000,000
Total General Fund		16,000,000
Road Fund		
Regular Appropriation		4,200,000
Total Road Fund		4,200,000
TOTAL SOURCE OF FUNDS		20,200,000
EXPENDITURES BY CLASS		
Personnel Costs		27,000,000
TOTAL EXPENDITURES		27,000,000
EXPENDITURES BY FUND SOURCE		
General Fund		16,000,000
Restricted Funds		6,800,000
Road Fund		4,200,000
TOTAL EXPENDITURES		27,000,000
EXPENDITURES BY UNIT		
State Fixed Allocation Pension Pool		27,000,000
TOTAL EXPENDITURES		27,000,000

The State Fixed Allocation Pension Fund is a statewide pool to provide the additional funds necessary for state agencies to finance the increased costs of the fixed allocation non-hazardous retirement plan's employer contributions.

Policy

Fiscal year 2022 includes General Fund of \$16,000,000, Road Fund of \$4,200,000, and Restricted Funds of \$6,800,000 to support the increased costs of the fixed allocation non-hazardous retirement plan's employer contributions.

Postsecondary Education

	Postsecondary Education	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,153,052,400	1,211,934,300
Current Year Appropriation	10,284,600	
Continuing Approp-General Fund	37,929,900	9,104,500
Other	-20,000,000	
Total General Fund	1,181,266,900	1,221,038,800
Tobacco Fund		
Tobacco Settlement - Phase I	7,526,100	5,981,200
Continuing Approp-Tob Settlement	154,400	
Total Tobacco Fund	7,680,500	5,981,200
Restricted Funds		
Balance Forward	8,143,100	5,408,400
Current Receipts	6,451,577,300	6,802,180,200
Non-Revenue Receipts	15,433,000	15,433,000
Fund Transfers		-1,300,000
Total Restricted Funds	6,475,153,400	6,821,721,600
Federal Fund		
Balance Forward	2,200	2,200
Current Receipts	892,769,400	903,151,800
CRF Receipts	20,000,000	
Total Federal Fund	912,771,600	903,154,000
TOTAL SOURCE OF FUNDS	8,576,872,400	8,951,895,600
EXPENDITURES BY CLASS		
Personnel Costs	4,069,518,900	4,270,111,200
Operating Expenses	2,667,782,400	2,844,433,100
Grants Loans Benefits	1,440,007,300	1,433,554,700
Debt Service	173,081,400	172,972,600
Capital Outlay	211,967,300	226,931,600
TOTAL EXPENDITURES	8,562,357,300	8,948,003,200
EXPENDITURES BY FUND SOURCE		
General Fund	1,172,162,400	1,221,038,800
Tobacco Fund	7,680,500	5,981,200
Restricted Funds	6,469,745,000	6,817,831,400
Federal Fund	912,769,400	903,151,800
TOTAL EXPENDITURES	8,562,357,300	8,948,003,200
EXPENDITURES BY UNIT		
Council on Postsecondary Education	39,843,900	28,642,400
Kentucky Higher Education Assistance Authority	350,159,900	336,719,600
Postsecondary Education Institutions	8,172,353,500	8,582,641,200
TOTAL EXPENDITURES	8,562,357,300	8,948,003,200

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	8,086,400	13,735,000
Total General Fund	8,086,400	13,735,000
Tobacco Fund		
Tobacco Settlement - Phase I	7,526,100	5,981,200
Total Tobacco Fund	7,526,100	5,981,200
Restricted Funds		
Balance Forward	2,348,100	647,900
Current Receipts	635,000	635,000
Non-Revenue Receipts	4,100,000	4,100,000
Total Restricted Funds	7,083,100	5,382,900
Federal Fund		
Current Receipts	17,796,200	4,000,000
Total Federal Fund	17,796,200	4,000,000
TOTAL SOURCE OF FUNDS	40,491,800	29,099,100
EXPENDITURES BY CLASS		
Personnel Costs	7,929,000	7,953,300
Operating Expenses	1,998,000	1,987,200
Grants Loans Benefits	29,916,900	16,893,900
Debt Service		1,808,000
TOTAL EXPENDITURES	39,843,900	28,642,400
EXPENDITURES BY FUND SOURCE		
General Fund	8,086,400	13,735,000
Tobacco Fund	7,526,100	5,981,200
Restricted Funds	6,435,200	4,926,200
Federal Fund	17,796,200	4,000,000
TOTAL EXPENDITURES	39,843,900	28,642,400
EXPENDITURES BY UNIT		
Agency Operations	6,341,100	6,378,500
Licensure	325,200	316,200
Pass Through Programs	5,021,600	4,374,800
Federal Programs	17,796,200	4,000,000
Strategic Investment and Incentive Funding Program	2,983,700	6,791,700
Ovarian Cancer Screening	500,000	800,000
Cancer Research and Screening	6,876,100	5,981,200
TOTAL EXPENDITURES	39,843,900	28,642,400

The Council on Postsecondary Education coordinates public postsecondary education, bringing a statewide perspective to budget and policy issues and planning. The Council both guides the system and serves as an advocate for the postsecondary education sector of the state's education enterprise. The Council also licenses private non-profit and proprietary bachelor's degree-granting institutions.

The Council's statutory responsibilities include:

- development of a strategic plan for an efficient and effective system of postsecondary education that provides statewide access without unnecessary competition and duplication, recognizing both public and independent institutions;

- implementation of the strategic plan through public accountability, including reporting and evaluation of institutional performance;
- approval of the creation, modification, and elimination of programs and degrees and transferability of credits earned;
- approval of tuition rates and admission requirements;
- approval of capital projects and real property acquisitions by institutions;
- training and orientation of new members of institutional governing boards;
- liaison between postsecondary education institutions and the Kentucky Department of Education, the Education Professional Standards Board, the Education and Workforce Development Cabinet, and the Cabinet for Economic Development;
- operation of the Kentucky Virtual High School and the Kentucky Virtual Library;
- coordination and acquisition of technology resources for broadest access and cost efficiency;
- collection of data and research and analysis concerning the overall needs of postsecondary education;
- assistance in the development of the postsecondary institutions' biennial budget requests and recommendations concerning operating and capital appropriations to the Governor and the General Assembly; and
- implementation of the Postsecondary Education Performance Funding Model.

Policy

The Governor's budget includes \$22,500 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

**Postsecondary Education
Council on Postsecondary Education
Agency Operations**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	4,341,100	5,878,500
Total General Fund	<u>4,341,100</u>	<u>5,878,500</u>
Restricted Funds		
Balance Forward	813,800	563,800
Current Receipts	350,000	350,000
Non-Revenue Receipts	1,400,000	
Total Restricted Funds	<u>2,563,800</u>	<u>913,800</u>
TOTAL SOURCE OF FUNDS	<u>6,904,900</u>	<u>6,792,300</u>
EXPENDITURES BY CLASS		
Personnel Costs	5,346,400	5,386,900
Operating Expenses	994,700	991,600
TOTAL EXPENDITURES	<u>6,341,100</u>	<u>6,378,500</u>
EXPENDITURES BY FUND SOURCE		
General Fund	4,341,100	5,878,500
Restricted Funds	2,000,000	500,000
TOTAL EXPENDITURES	<u>6,341,100</u>	<u>6,378,500</u>

The Agency Operations program includes all of the staff and operating expenses necessary to manage the agency and programs of the Council except those funded with Federal grants. Activities of the professional staff include review of academic programs, admission standards, tuition rates, credit transfer procedures, minority outreach; research and data analysis; and licensing of private postsecondary educational institutions. Also included in this budget are the business functions of the agency such as human resources, communications, budget, accounting, and purchasing, as well as board relations.

Postsecondary Education
Council on Postsecondary Education
Licensure

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	1,530,500	80,300
Current Receipts	275,000	275,000
Non-Revenue Receipts	-1,400,000	
Total Restricted Funds	405,500	355,300
TOTAL SOURCE OF FUNDS	405,500	355,300
EXPENDITURES BY CLASS		
Personnel Costs	312,400	303,400
Operating Expenses	12,800	12,800
TOTAL EXPENDITURES	325,200	316,200
EXPENDITURES BY FUND SOURCE		
Restricted Funds	325,200	316,200
TOTAL EXPENDITURES	325,200	316,200

This unit manages the licensure of both independent non-profit and for-profit postsecondary institutions that grant baccalaureate degrees and higher in the Commonwealth of Kentucky. It also approves new degree programs offered by these institutions. Initial licensing and renewal fees are based on the total number of students and the years licensed in the state.

**Postsecondary Education
Council on Postsecondary Education
Pass Through Programs**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	261,600	264,800
Total General Fund	<u>261,600</u>	<u>264,800</u>
Tobacco Fund		
Tobacco Settlement - Phase I	650,000	
Total Tobacco Fund	<u>650,000</u>	
Restricted Funds		
Balance Forward	3,800	3,800
Current Receipts	10,000	10,000
Non-Revenue Receipts	4,100,000	4,100,000
Total Restricted Funds	<u>4,113,800</u>	<u>4,113,800</u>
TOTAL SOURCE OF FUNDS	<u>5,025,400</u>	<u>4,378,600</u>
EXPENDITURES BY CLASS		
Grants Loans Benefits	5,021,600	4,374,800
TOTAL EXPENDITURES	<u>5,021,600</u>	<u>4,374,800</u>
EXPENDITURES BY FUND SOURCE		
General Fund	261,600	264,800
Tobacco Fund	650,000	
Restricted Funds	4,110,000	4,110,000
TOTAL EXPENDITURES	<u>5,021,600</u>	<u>4,374,800</u>
EXPENDITURES BY UNIT		
Contract Spaces	211,600	214,800
SREB Doctoral Scholars Program	50,000	50,000
Cancer Research Insts Mtchg Fd	4,110,000	4,110,000
Spinal Cord and Head Injury Research	650,000	
TOTAL EXPENDITURES	<u>5,021,600</u>	<u>4,374,800</u>

Funds are appropriated to the Council on Postsecondary Education and subsequently "passed through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day to day operations.

The **Contract Spaces Program** provides Kentucky students with access to professional programs in veterinary medicine and optometry through contracts administered by the Southern Regional Education Board and Indiana University. In veterinary medicine, Kentucky contracts for spaces at Auburn University and Tuskegee Institute. For optometry students spaces are available at the Southern College of Optometry, University of Alabama, Indiana University, and the Kentucky College of Optometry. Contract fees guarantee a fixed number of spaces in the out-of-state academic programs for qualified Kentucky residents. Enrolled students are required to pay only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution.

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program is funded by a one cent per pack cigarette surtax, and the two research institutions – UK and U of L - provide a dollar for dollar match from external sources.

The **Southern Regional Education Board (SREB) Doctoral Scholars Program** supports and encourages minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states.

Policy

The budget includes \$50,000 from the General Fund in each fiscal year to support two additional SREB Doctoral Scholars.

The Contract Spaces program has been transferred to the Kentucky Higher Education Assistance Authority pursuant to the appropriations act, House Bill 214, and Senate Bill 134 (2020 Regular Session). General Fund in the amount of \$211,600 in fiscal year 2021 and \$214,800 in fiscal year 2022 remains appropriated to the Council on Postsecondary Education for Southern Regional Education Board dues.

New funding from Tobacco Settlement Funds in the amount of \$650,000 is included in fiscal year 2021 for the Spinal Cord and Head Injury Research program, codified in KRS 211.500 through 211.504.

**Postsecondary Education
Council on Postsecondary Education
Federal Programs**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

Federal Fund

Current Receipts	17,796,200	4,000,000
Total Federal Fund	17,796,200	4,000,000

TOTAL SOURCE OF FUNDS

	17,796,200	4,000,000
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EXPENDITURES BY CLASS

Personnel Costs	1,710,300	1,703,000
Operating Expenses	970,500	962,800
Grants Loans Benefits	15,115,400	1,334,200

TOTAL EXPENDITURES

	17,796,200	4,000,000
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EXPENDITURES BY FUND SOURCE

Federal Fund	17,796,200	4,000,000
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TOTAL EXPENDITURES

	17,796,200	4,000,000
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The Council on Postsecondary Education administers two federal programs: Improving Educator Quality State Grant Program and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Kentucky.

The Improving Educator Quality State Grant program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

The Gaining Early Awareness and Readiness program is a federal initiative that encourages young people to stay in school, study hard and take courses that prepare them to succeed in college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. GEAR UP state grants stress early intervention and provide scholarships. Each grant dollar must be matched through a combination of state, local, and private funds.

Policy

In fiscal year 2021, federal funding from the Governor's Emergency Education Relief Fund is also included. This funding was distributed to institutions of higher education in response to the COVID-19 pandemic.

Postsecondary Education
Council on Postsecondary Education
Strategic Investment and Incentive Funding Program

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,983,700	6,791,700
Total General Fund	<u>2,983,700</u>	<u>6,791,700</u>
TOTAL SOURCE OF FUNDS	<u>2,983,700</u>	<u>6,791,700</u>
EXPENDITURES BY CLASS		
Personnel Costs	559,900	560,000
Operating Expenses	20,000	20,000
Grants Loans Benefits	2,403,800	4,403,700
Debt Service	<u>1,808,000</u>	<u>1,808,000</u>
TOTAL EXPENDITURES	<u>2,983,700</u>	<u>6,791,700</u>
EXPENDITURES BY FUND SOURCE		
General Fund	<u>2,983,700</u>	<u>6,791,700</u>
TOTAL EXPENDITURES	<u>2,983,700</u>	<u>6,791,700</u>

The Strategic Investment and Incentive Funding Program was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for the Physical Facilities Trust Fund and the Technology Initiative Trust Fund, as well as the Special Initiatives Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to accomplish the goals established in KRS 164.003(2).

Special Initiatives Funding Program

The Council on Postsecondary Education allocates funds to institutions for activities that support the goals of Senate Bill 1 from the 2009 session of the General Assembly. These include professional development of faculty and revision of the pedagogic curriculum and assessment standards of colleges of education.

Technology Initiative Trust Fund

This program includes funding for the Kentucky Postsecondary Education Network (KPEN), the Kentucky Virtual Campus and Virtual Library, the College Level Learning Assessment, the College Access Initiative, and faculty development activities that improve teaching and develop best practices, particularly for distance learning situations.

Physical Facilities Trust Fund

The Physical Facilities Trust Fund includes funding to support the physical plants at public postsecondary education institutions. The Council is charged with distributing the funds in this program to the institutions as enacted in the biennial appropriations act.

Policy

In fiscal year 2019, the Adult Education and Literacy program was reorganized to the Education and Workforce Development Cabinet pursuant to Executive Order 2019-026.

The Governor's budget includes General Fund in the amount of \$1,808,000 in fiscal year 2022 for debt service on new bonds for projects at postsecondary education institutions included in the capital budget.

**Postsecondary Education
Council on Postsecondary Education
Ovarian Cancer Screening**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	500,000	800,000
Total General Fund	500,000	800,000
TOTAL SOURCE OF FUNDS	500,000	800,000
EXPENDITURES BY CLASS		
Grants Loans Benefits	500,000	800,000
TOTAL EXPENDITURES	500,000	800,000
EXPENDITURES BY FUND SOURCE		
General Fund	500,000	800,000
TOTAL EXPENDITURES	500,000	800,000

This program provides funding to support the Markey Cancer Center’s Ovarian Cancer Screening Program at the University of Kentucky. The program provides free screenings to women across the Commonwealth with the goal of detecting cancer early. Begun in 1987, the program has served over 47,000 Kentuckians.

Policy

The Governor’s budget includes an additional \$300,000 from the General Fund for the Ovarian Cancer Screening Program in fiscal year 2022.

**Postsecondary Education
Council on Postsecondary Education
Cancer Research and Screening**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Tobacco Fund		
Tobacco Settlement - Phase I	6,876,100	5,981,200
Total Tobacco Fund	<u>6,876,100</u>	<u>5,981,200</u>
TOTAL SOURCE OF FUNDS	<u>6,876,100</u>	<u>5,981,200</u>
EXPENDITURES BY CLASS		
Grants Loans Benefits	6,876,100	5,981,200
TOTAL EXPENDITURES	<u>6,876,100</u>	<u>5,981,200</u>
EXPENDITURES BY FUND SOURCE		
Tobacco Fund	6,876,100	5,981,200
TOTAL EXPENDITURES	<u>6,876,100</u>	<u>5,981,200</u>

Tobacco Settlement funds support the Cancer Research and Screening programs at the University of Kentucky and the University of Louisville. The 2018-2020 biennial budget bill created the program and directed that the funding be divided equally between the Commonwealth's two research institutions.

Policy

The budget includes Phase I Tobacco Settlement Funds in the amount of \$6,876,100 in fiscal year 2021 and \$5,981,200 in fiscal year 2022 for cancer research and screening, to be shared equally between the University of Kentucky and the University of Louisville.

Postsecondary Education
Kentucky Higher Education Assistance Authority

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	279,293,600	294,806,400
Current Year Appropriation	9,104,500	
Continuing Approp-General Fund	37,929,900	9,104,500
Total General Fund	326,328,000	303,910,900
Tobacco Fund		
Continuing Approp-Tob Settlement	154,400	
Total Tobacco Fund	154,400	
Restricted Funds		
Balance Forward	5,795,000	4,760,500
Current Receipts	20,335,800	21,414,900
Non-Revenue Receipts	11,333,000	11,333,000
Fund Transfers		-1,300,000
Total Restricted Funds	37,463,800	36,208,400
Federal Fund		
Balance Forward	2,200	2,200
Current Receipts	78,700	33,800
Total Federal Fund	80,900	36,000
TOTAL SOURCE OF FUNDS	364,027,100	340,155,300
EXPENDITURES BY CLASS		
Personnel Costs	18,388,300	18,425,900
Operating Expenses	1,965,000	2,199,000
Grants Loans Benefits	329,581,600	315,869,700
Capital Outlay	225,000	225,000
TOTAL EXPENDITURES	350,159,900	336,719,600
EXPENDITURES BY FUND SOURCE		
General Fund	317,223,500	303,910,900
Tobacco Fund	154,400	
Restricted Funds	32,703,300	32,774,900
Federal Fund	78,700	33,800
TOTAL EXPENDITURES	350,159,900	336,719,600
EXPENDITURES BY UNIT		
General Administration and Support	20,178,300	20,449,900
College Access Program	117,229,200	92,339,500
Kentucky Tuition Grant	48,389,800	46,644,300
Teacher Scholarships	50,000	3,150,000
Ky National Guard Tuition	8,394,100	7,448,100
Ky Educational Excellence Scholarships	123,773,400	126,126,600
Early Childhood Development Scholarships	454,400	300,000
Kentucky's Affordable Prepaid Tuition (KAPT)	400,000	400,000
Early Graduation Scholarship Certificate	575,000	575,000
Work Ready Scholarship	7,628,000	
Dual Credit Scholarship	16,965,400	16,800,000
Other Programs	78,700	33,800
Optometry Scholarship Program	795,600	808,400
Veterinary Contract Spaces Program	5,248,000	5,248,000
Better Kentucky Promise Scholarship		16,396,000
TOTAL EXPENDITURES	350,159,900	336,719,600

The mission of the Kentucky Higher Education Assistance Authority (KHEAA) is to increase educational attainment by providing student financial aid and other assistance to Kentuckians preparing for and attending college. KHEAA administers state grants, scholarships, work study and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates college planning and financial aid information.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

The College Access Program awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 25 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The Kentucky Educational Excellence Scholarships (KEES) program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score and Advanced Placement, International Baccalaureate, or Cambridge Advanced International test scores. The scholarships can be used to pay the expenses of each year of college or technical training.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial or additional teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who attend the University of Pikeville College of Osteopathic Medicine. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship, or repay their tuition grants.

The Coal County Pharmacy Scholarship Program provides tuition awards to eligible students at Kentucky colleges who agree to provide pharmacy services in a coal-producing county of Kentucky for one year for each year they receive the scholarship, or repay their tuition grants.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Go Higher Grant program provides a financial incentive for non-traditional students who are enrolled on a less than full time basis and are therefore ineligible for most aid programs.

The John R. Justice program, supported by a Federal grant, provides student loan repayment assistance for public defenders and prosecutors who commit to continued employment for at least three years after graduation from law school.

The Kentucky Coal County College Completion Scholarship is awarded to coal county residents who have earned at least 60 credit hours toward a bachelor's degree and are enrolled at least half-time at a postsecondary institution located in a coal-producing county.

The Early Graduation Scholarship is awarded to students who graduate high school in three years. It can be used at any public or non-profit, independent institution the academic year immediately following graduation and is equal to one-half of the state portion of the average statewide per pupil guaranteed base funding level (SEEK allowance).

The Dual Credit Scholarship is awarded to Kentucky high school juniors and seniors who enroll in an approved dual credit course at a participating institution.

The Work Ready Scholarship is awarded to Kentuckians with a high school credential but who have not yet earned an associate's degree and are enrolled in an industry-recognized certificate or diploma program in a high-demand workforce sector. High School students pursuing dual credit coursework in a high-demand sector are also eligible.

Policy

The Budget of the Commonwealth dedicated an additional \$34,150,000 in Lottery revenue to KHEAA's student financial aid programs in fiscal year 2021 when compared to the fiscal year 2020 enacted budget. The Governor's budget dedicates an additional \$9,104,500 in Lottery Revenue in fiscal year 2021. Lottery revenue in the amount of \$500,000 is appropriated to the University of Kentucky for the Support Higher Education Project in fiscal year 2021 and \$250,000 is appropriated to the Kentucky Department of Education for the Jobs for America's Graduates program in each fiscal year.

The Budget of the Commonwealth fully funds the Kentucky Educational Excellence Scholarship (KEES program with General Fund in the amount of \$113,768,600 in fiscal year 2021 and \$116,126,600 in fiscal year 2022. Restricted Funds in the amount of \$10,000,000 are also included in each fiscal year.

The Budget of the Commonwealth provided additional General Fund Lottery receipts in fiscal year 2021 to support an additional 7,300 CAP recipients and 1,500 KTG recipients compared to the previous biennial budget. The Governor's budget includes even more funding for need-based aid, providing \$6,458,500 in additional General Fund in fiscal year 2022 to support an additional 2,400 CAP and 600 KTG recipients. CAP and KTG recipients are the most economically disadvantaged college students in Kentucky's higher education system. General Fund in the amount of \$87,555,200 in fiscal year 2021 and \$91,939,500 in fiscal year 2022 is included for the College Access Program. General Fund in the amount of \$44,078,100 in fiscal year 2021 and \$46,144,300 in fiscal year 2022 is included for the Kentucky Tuition Grant Program.

The Dual Credit Scholarship program includes additional General Fund in the amount of \$8,150,000 in fiscal year 2021 and \$11,750,000 in fiscal year 2022. Of those additional amounts, \$4,500,000 in fiscal year 2021 and \$5,000,000 in fiscal year 2022 is to support the dual credit component of the Work Ready Scholarship program, which is consolidated with the Dual Credit Scholarship program to reduce confusion and for ease of administration. Also included in the additional General Fund is \$2,200,000 in fiscal year 2021 and \$2,800,000 in fiscal year 2022 to increase the tuition rate ceiling from 33.3% to 40% of the KCTCS credit hour rate.

The Budget of the Commonwealth includes General Fund in the amount of \$7,398,100 in each fiscal year for the Kentucky National Guard Tuition Award program.

The Contract Spaces program, previously administered by the Council on Postsecondary Education, will be administered by KHEAA in accordance with House Bill 214 and Senate Bill 134 from the 2020 Regular Session of the General Assembly. General Fund in the amount of \$5,248,000 is included in each fiscal year for the Veterinary Contract Spaces program and \$795,600 in fiscal year 2021 and \$808,400 in fiscal year 2022 is included for the Optometry Contract Spaces program for a total of \$6,043,600 in fiscal year 2021 and 6,056,400 in fiscal year 2022. That represents additional General Fund support of \$273,200 in fiscal year 2021 and \$286,000 in fiscal year 2022 for increased programmatic costs.

The Governor's budget includes \$3,100,000 from the General Fund in fiscal year 2022 for the Teacher Scholarship program, which includes \$1,000,000 for teacher scholarships and \$2,100,000 for student loan forgiveness for teachers.

The Work Ready Scholarship program includes additional General Fund in the amount of \$4,800,000 in fiscal year 2021 for a total of \$7,300,000.

In fiscal year 2022, the Governor's budget combines the Work Ready Scholarship with a new program – the Better Kentucky Promise Scholarship, which fills the gap between tuition and federal and other state aid for all new Associate degree and certificate-seeking students. The scholarship is available to new Associate degree and certificate seeking students at public universities and private, non-profit Kentucky institutions, but is capped at the KCTCS tuition rate. The new program will provide aid for approximately 6,300 recipients, providing valuable

training for Kentuckians, especially those who may have experienced disruption due to the COVID-19 pandemic. A better-educated and better-trained workforce is key to Kentucky's growth and prosperity.

The Governor's budget directs any Lottery revenue above the Consensus Forecasting Group's estimate to need-based financial aid in the 2020-2022 biennium.

Postsecondary Education
Postsecondary Education Institutions

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	865,672,400	903,392,900
Current Year Appropriation	1,180,100	
Other	-20,000,000	
Total General Fund	846,852,500	903,392,900
Restricted Funds		
Current Receipts	6,430,606,500	6,780,130,300
Total Restricted Funds	6,430,606,500	6,780,130,300
Federal Fund		
Current Receipts	874,894,500	899,118,000
CRF Receipts	20,000,000	
Total Federal Fund	894,894,500	899,118,000
TOTAL SOURCE OF FUNDS	8,172,353,500	8,582,641,200
EXPENDITURES BY CLASS		
Personnel Costs	4,043,201,600	4,243,732,000
Operating Expenses	2,663,819,400	2,840,246,900
Grants Loans Benefits	1,080,508,800	1,100,791,100
Debt Service	173,081,400	171,164,600
Capital Outlay	211,742,300	226,706,600
TOTAL EXPENDITURES	8,172,353,500	8,582,641,200
EXPENDITURES BY FUND SOURCE		
General Fund	846,852,500	903,392,900
Restricted Funds	6,430,606,500	6,780,130,300
Federal Fund	894,894,500	899,118,000
TOTAL EXPENDITURES	8,172,353,500	8,582,641,200
EXPENDITURES BY UNIT		
Eastern Kentucky University	411,842,600	420,198,400
Kentucky State University	70,061,800	71,653,000
Morehead State University	186,127,200	193,940,300
Murray State University	186,615,200	189,996,600
Northern Kentucky University	264,501,400	265,023,900
University of Kentucky	4,517,893,400	4,871,688,500
University of Louisville	1,299,913,900	1,320,095,300
Western Kentucky University	386,462,300	390,429,100
Kentucky Community and Technical College System	848,935,700	850,962,500
Postsecondary Education Performance Fund		8,653,600
TOTAL EXPENDITURES	8,172,353,500	8,582,641,200

The Governor's budget includes an additional \$17,307,000 from the General Fund in fiscal year 2022 for postsecondary institutions, which represents a 2% increase in General Fund investment in postsecondary institutions. The first 1% is included as a direct appropriation to each institution, and the second 1% is appropriated to the Postsecondary Education Performance Fund.

General Fund debt service in the amount of \$1,808,000 in fiscal year 2022 is included in the Council on Postsecondary Education's budget to support \$50,000,000 in new bond funds for the Resurgence Fund, a pool of funds to be distributed among the postsecondary institutions to fund badly needed deferred maintenance projects on the Commonwealth's aging campuses. Institutions must match each \$1 of bond funds with \$0.50 of institutional funds. The most recent facility study indicated a backlog of over \$7,000,000,000 in deferred maintenance needs at Kentucky's postsecondary education campuses.

Additional General Fund in the amount of \$19,889,400 is included in fiscal year 2022 to assist participating postsecondary education institutions with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost.

**Postsecondary Education
Eastern Kentucky University**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	65,337,000	74,087,000
Postsecondary Ed Performance	394,200	
Other	-1,511,900	
Total General Fund	64,219,300	74,087,000
Restricted Funds		
Current Receipts	210,611,400	210,611,400
Total Restricted Funds	210,611,400	210,611,400
Federal Fund		
Current Receipts	135,500,000	135,500,000
CRF Receipts	1,511,900	
Total Federal Fund	137,011,900	135,500,000
TOTAL SOURCE OF FUNDS	411,842,600	420,198,400
EXPENDITURES BY CLASS		
Personnel Costs	171,801,000	179,819,700
Operating Expenses	38,996,900	39,947,300
Grants Loans Benefits	182,014,600	183,279,900
Debt Service	19,030,100	17,151,500
TOTAL EXPENDITURES	411,842,600	420,198,400
EXPENDITURES BY FUND SOURCE		
General Fund	64,219,300	74,087,000
Restricted Funds	210,611,400	210,611,400
Federal Fund	137,011,900	135,500,000
TOTAL EXPENDITURES	411,842,600	420,198,400
EXPENDITURES BY UNIT		
Instruction	68,975,000	68,975,000
Research	800,000	800,000
Public Service	44,000,000	44,000,000
Libraries	3,100,000	3,100,000
Academic Support	16,742,000	16,742,000
Student Services	15,470,000	15,470,000
Institutional Support	22,292,300	30,965,100
Operation and Maintenance of Plant	40,000,000	40,000,000
Scholarships and Fellowships	169,746,300	169,746,300
Mandatory Transfers	317,000	
Auxilliary Enterprises	30,400,000	30,400,000
TOTAL EXPENDITURES	411,842,600	420,198,400

Eastern Kentucky University, originally founded as a training school for teachers, has grown into a comprehensive postsecondary institution with approximately 17,000 students. In addition to the main campus in Richmond, ECU operates regional campuses at Corbin, Danville, Manchester and Somerset.

Baccalaureate degree programs are offered in liberal arts and sciences, business and technology, education, health sciences, and the university's program of distinction, justice and public safety. Each academic program requires students to demonstrate effective communication, creativity and critical thinking skills.

Advanced degrees are offered in education, psychology and technology, and doctoral programs in educational leadership, nursing practice and occupational therapy.

Policy

The budget includes additional General Fund in the amount of \$2,500,000 in each fiscal year for a total of \$4,571,900 for ECU's Mandated Program, the Model Laboratory School.

The Governor's budget includes an additional \$654,100 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$8,018,700 from the General Fund to assist ECU with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$1,511,900 and replaces it with federal funds from the Coronavirus Relief Fund.

Postsecondary Education

Kentucky State University

	Revised	Recommended
	FY 2021	FY 2022

SOURCE OF FUNDS		
General Fund		
Regular Appropriation	25,384,300	27,502,600
Current Year Appropriation	1,180,100	
Other	-586,700	
Total General Fund	<u>25,977,700</u>	<u>27,502,600</u>
Restricted Funds		
Current Receipts	<u>23,000,000</u>	<u>23,500,000</u>
Total Restricted Funds	23,000,000	23,500,000
Federal Fund		
Current Receipts	20,497,400	20,650,400
CRF Receipts	586,700	
Total Federal Fund	<u>21,084,100</u>	<u>20,650,400</u>
TOTAL SOURCE OF FUNDS	<u>70,061,800</u>	<u>71,653,000</u>
EXPENDITURES BY CLASS		
Personnel Costs	42,575,300	43,139,900
Operating Expenses	18,096,100	19,457,400
Grants Loans Benefits	6,890,400	6,925,000
Debt Service	750,000	907,000
Capital Outlay	1,750,000	1,223,700
TOTAL EXPENDITURES	<u>70,061,800</u>	<u>71,653,000</u>
EXPENDITURES BY FUND SOURCE		
General Fund	25,977,700	27,502,600
Restricted Funds	23,000,000	23,500,000
Federal Fund	21,084,100	20,650,400
TOTAL EXPENDITURES	<u>70,061,800</u>	<u>71,653,000</u>
EXPENDITURES BY UNIT		
Instruction	9,673,800	10,596,700
Research	9,223,900	7,274,400
Public Service	10,530,900	9,521,300
Academic Support	1,435,900	1,983,000
Student Services	6,888,600	6,939,000
Institutional Support	13,624,600	14,008,700
Operation and Maintenance of Plant	7,551,100	9,525,100
Scholarships and Fellowships	5,874,000	5,949,000
Mandatory Transfers		182,000
Auxilliary Enterprises	5,259,000	5,673,800
TOTAL EXPENDITURES	<u>70,061,800</u>	<u>71,653,000</u>

Like other comprehensive universities, Kentucky State University was founded as a training school for teachers. An historically black university, it is also a land grant institution charged with educating and improving the lives of Kentucky's rural residents. The Cooperative Extension Program complements the research activities of the divisions of agriculture and natural resources, aquaculture, environmental studies and sustainable systems, food and animal science and family and consumer science and provides an avenue for technology transfer of research findings that are relevant to Kentuckians, especially those with limited resources living in rural areas.

In addition to its teaching and agriculture departments, KSU offers traditional liberal arts courses, business, computer science, public administration, nursing and pre-professional education for medicine, dentistry, law, engineering and other fields. Kentucky State provides an opportunity for students, including non-traditional students, who otherwise would not have access to college education.

Policy

The budget includes additional General Fund in the amount of \$1,180,100 in fiscal year 2021 and \$1,677,500 in fiscal year 2022 for a total of \$8,328,900 for Kentucky State University's Mandated Program, the federal land grant program. These additional General Fund dollars will be used to match additional federal funds.

The Governor's budget includes an additional \$253,800 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$502,400 from the General Fund to assist Kentucky State University with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$586,700 and replaces it with federal funds from the Coronavirus Relief Fund.

The budget includes General Fund in the amount of \$182,000 in fiscal year 2022 for debt service on new bonds included in the capital budget.

Postsecondary Education**Morehead State University**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	38,332,900	43,216,900
Other	-885,900	
Total General Fund	37,447,000	43,216,900

Restricted Funds

Current Receipts	117,811,000	120,145,300
Total Restricted Funds	117,811,000	120,145,300

Federal Fund

Current Receipts	29,983,300	30,578,100
CRF Receipts	885,900	
Total Federal Fund	30,869,200	30,578,100

TOTAL SOURCE OF FUNDS

	186,127,200	193,940,300
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EXPENDITURES BY CLASS

Personnel Costs	84,124,000	89,588,900
Operating Expenses	37,389,600	38,699,000
Grants Loans Benefits	51,497,800	52,786,600
Debt Service	8,589,600	8,589,600
Capital Outlay	4,526,200	4,276,200
TOTAL EXPENDITURES	186,127,200	193,940,300

EXPENDITURES BY FUND SOURCE

General Fund	37,447,000	43,216,900
Restricted Funds	117,811,000	120,145,300
Federal Fund	30,869,200	30,578,100
TOTAL EXPENDITURES	186,127,200	193,940,300

EXPENDITURES BY UNIT

Instruction	42,789,300	43,242,300
Research	3,462,700	3,716,500
Public Service	8,588,600	8,634,900
Libraries	2,695,200	2,728,100
Academic Support	5,630,000	5,689,500
Student Services	20,861,300	21,072,100
Institutional Support	13,120,200	18,042,400
Operation and Maintenance of Plant	9,875,500	10,224,600
Scholarships and Fellowships	46,774,100	48,063,100
Mandatory Transfers	4,075,200	4,154,200
Non-Mandatory Transfers	9,601,400	9,601,400
Auxilliary Enterprises	18,653,700	18,771,200
TOTAL EXPENDITURES	186,127,200	193,940,300

Morehead State University has an enrollment of nearly 11,000 students, including its enrollment of high school juniors and seniors at the Craft Academy for Excellence in Science and Mathematics.

Morehead's in-state undergraduate tuition is low compared to state peer institutions, and it enrolls the largest percentage of Pell-eligible students. The University strives to provide high quality education while increasing efficiency and productivity. Morehead was the first Kentucky institution to offer a complete degree program on-line.

Morehead's program of distinction is space science. Morehead faculty and undergraduate students have collaborated with students and scientists from around the world to build and launch satellites to explore and carry on important investigations in space. A 21-meter tracking antenna is located on the campus.

Policy

Included in the above General Fund is \$3,401,400 in fiscal year 2021 for Morehead State University's Mandated Programs, including \$3,151,400 for the Craft Academy for Excellence in Science and Mathematics and \$250,000 for installation of the Jet Propulsion Laboratory antenna. Included in the above General Fund is \$3,480,400 in fiscal year 2022 for Morehead State University's Mandated Program, the Craft Academy for Excellence in Science and Mathematics. Of the General Fund support for the Craft Academy, \$329,000 in fiscal year 2021 and \$658,000 in fiscal year 2022 is new funding. The Craft Academy is a dual-credit residential high school for academically talented juniors and seniors on the campus of Morehead State University. This investment of additional state dollars will allow the Academy to leverage additional private funds.

The Governor's budget includes an additional \$383,300 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$4,421,700 from the General Fund to assist Morehead State University with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$885,900 and replaces it with federal funds from the Coronavirus Relief Fund.

Postsecondary Education

Murray State University

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	43,753,800	47,135,200
Other	-1,011,200	
Total General Fund	42,742,600	47,135,200

Restricted Funds

Current Receipts	120,152,400	120,152,400
Total Restricted Funds	120,152,400	120,152,400

Federal Fund

Current Receipts	22,709,000	22,709,000
CRF Receipts	1,011,200	
Total Federal Fund	23,720,200	22,709,000

TOTAL SOURCE OF FUNDS

	186,615,200	189,996,600
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EXPENDITURES BY CLASS

Personnel Costs	105,379,400	108,323,300
Operating Expenses	46,596,300	47,033,800
Grants Loans Benefits	26,644,000	26,644,000
Debt Service	6,399,400	6,399,400
Capital Outlay	1,596,100	1,596,100
TOTAL EXPENDITURES	186,615,200	189,996,600

EXPENDITURES BY FUND SOURCE

General Fund	42,742,600	47,135,200
Restricted Funds	120,152,400	120,152,400
Federal Fund	23,720,200	22,709,000
TOTAL EXPENDITURES	186,615,200	189,996,600

EXPENDITURES BY UNIT

Instruction	58,833,900	58,833,900
Research	3,267,500	3,267,500
Public Service	5,137,800	5,137,800
Libraries	3,469,000	3,469,000
Academic Support	6,484,900	6,484,900
Student Services	15,928,200	15,928,200
Institutional Support	19,967,400	23,348,800
Operation and Maintenance of Plant	22,890,600	22,890,600
Scholarships and Fellowships	17,139,800	17,139,800
Mandatory Transfers	6,439,400	6,439,400
Non-Mandatory Transfers	2,911,600	2,911,600
Auxilliary Enterprises	24,145,100	24,145,100
TOTAL EXPENDITURES	186,615,200	189,996,600

Murray State University's total enrollment is approximately 10,000 students. In addition to the main campus in Calloway County, Murray operates regional campuses at Paducah, Madisonville, Hopkinsville, Henderson and Fort Campbell. Cooperation agreements with local community and technical colleges make it possible for students in those locations to earn a four-year degree in education, business, social work or nursing. MSU faculty also provide instructional support for the University of Kentucky's engineering program in Paducah.

In addition to teacher education programs, Murray State University also offers baccalaureate and masters degrees in business, health sciences, agriculture, liberal arts, sciences, engineering and technology. The program of distinction is telecommunications systems management (TSM) and is available at the main campus as well as on-line. About 60% of the students in the TSM Masters degree program are studying on-line. MSU also has an acclaimed on-line MBA program, the largest in the Commonwealth.

Policy

Included in the above General Fund is \$3,200,000 in fiscal year 2021 for Murray State's Mandated Program, the Breathitt Veterinary Center.

The Governor's budget includes an additional \$437,500 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$2,943,900 from the General Fund to assist Murray State University with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$1,011,200 and replaces it with federal funds from the Coronavirus Relief Fund.

**Postsecondary Education
Northern Kentucky University**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	51,280,500	52,770,000
Postsecondary Ed Performance	967,000	
Other	-1,207,500	
Total General Fund	51,040,000	52,770,000

Restricted Funds

Current Receipts	199,178,300	199,178,300
Total Restricted Funds	199,178,300	199,178,300

Federal Fund

Current Receipts	13,075,600	13,075,600
CRF Receipts	1,207,500	
Total Federal Fund	14,283,100	13,075,600

TOTAL SOURCE OF FUNDS

	264,501,400	265,023,900
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EXPENDITURES BY CLASS

Personnel Costs	159,625,100	160,644,600
Operating Expenses	45,152,200	44,655,200
Grants Loans Benefits	38,042,800	38,042,800
Debt Service	11,139,900	11,139,900
Capital Outlay	10,541,400	10,541,400
TOTAL EXPENDITURES	264,501,400	265,023,900

EXPENDITURES BY FUND SOURCE

General Fund	51,040,000	52,770,000
Restricted Funds	199,178,300	199,178,300
Federal Fund	14,283,100	13,075,600
TOTAL EXPENDITURES	264,501,400	265,023,900

EXPENDITURES BY UNIT

Instruction	78,002,800	78,002,800
Research	1,457,600	1,457,600
Public Service	10,076,100	10,076,100
Libraries	5,794,500	5,794,500
Academic Support	26,535,200	26,535,200
Student Services	24,137,200	24,137,200
Institutional Support	31,377,100	31,899,600
Operation and Maintenance of Plant	20,529,800	20,529,800
Scholarships and Fellowships	44,194,000	44,194,000
Mandatory Transfers	5,772,600	5,772,600
Non-Mandatory Transfers	-492,600	-492,600
Auxilliary Enterprises	17,117,100	17,117,100
TOTAL EXPENDITURES	264,501,400	265,023,900

Northern Kentucky University is the only one of Kentucky's comprehensive universities that did not start as an institution for training teachers. NKU began as a community college under the University of Kentucky and became an autonomous institution by an act of the General Assembly in 1968. Upper division courses were offered beginning in 1971, the same year that Salmon P. Chase College of Law merged with what was then known as Northern Kentucky State College. Today there are over 14,000 students enrolled. Although about one-third are non-residents, the Kentuckians among them come from 106 of the state's 120 counties. Boone, Kenton and Campbell counties in northern Kentucky account for 7,227 students. Due to limited dormitory space, 80% of undergraduates commute.

Between 45% and 50% of NKU's first time, full-time students are first generation college-goers. The university seeks to provide support services that make it possible for all members of its diverse student body to succeed. Academic advisors use a web-based system to proactively identify students who are "off path" for timely degree completion and suggest

changes to guide students to a degree. Another particular focus is on transfer students, reflecting NKU's continuing connection with Gateway Community and Technical College. Gateway2NKU maintains 39 program pathways for seamless transfer between the institutions. Social work pathway participants, for example, graduate in three semesters after transfer to NKU.

Policy

Included in the above General Fund is \$1,323,900 in fiscal year 2021 for NKU's Mandated Program, the Kentucky Center for Mathematics.

The Governor's budget includes an additional \$522,500 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$1,207,500 and replaces it with federal funds from the Coronavirus Relief Fund.

**Postsecondary Education
University of Kentucky**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	258,609,200	267,283,100
Postsecondary Ed Performance	6,621,600	
Other	-6,130,000	
Total General Fund	259,100,800	267,283,100

Restricted Funds

Current Receipts	3,972,440,600	4,304,310,200
Total Restricted Funds	3,972,440,600	4,304,310,200

Federal Fund

Current Receipts	280,222,000	300,095,200
CRF Receipts	6,130,000	
Total Federal Fund	286,352,000	300,095,200

TOTAL SOURCE OF FUNDS

	4,517,893,400	4,871,688,500
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EXPENDITURES BY CLASS

Personnel Costs	2,199,363,000	2,366,484,200
Operating Expenses	1,806,389,500	1,966,223,600
Grants Loans Benefits	247,582,800	258,877,200
Debt Service	86,787,400	86,592,200
Capital Outlay	177,770,700	193,511,300

TOTAL EXPENDITURES

	4,517,893,400	4,871,688,500
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EXPENDITURES BY FUND SOURCE

General Fund	259,100,800	267,283,100
Restricted Funds	3,972,440,600	4,304,310,200
Federal Fund	286,352,000	300,095,200

TOTAL EXPENDITURES

	4,517,893,400	4,871,688,500
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EXPENDITURES BY UNIT

Instruction	457,058,200	575,767,800
Research	400,664,900	418,230,300
Public Service	667,563,500	698,149,500
Libraries	27,800,600	22,932,200
Academic Support	111,280,200	101,185,900
Student Services	55,187,000	47,529,100
Institutional Support	196,503,100	177,941,000
Operation and Maintenance of Plant	101,322,200	85,856,700
Scholarships and Fellowships	247,582,800	223,181,100
Mandatory Transfers	22,981,900	20,686,700
Non-Mandatory Transfers	6,700,000	6,700,000
Auxilliary Enterprises	266,534,300	286,438,000
Hospitals	1,956,714,700	2,207,090,200
TOTAL EXPENDITURES	4,517,893,400	4,871,688,500

The University of Kentucky is Commonwealth's flagship institution of higher education. It is one of the nation's top research universities and also has an important land grant mission for a state where agriculture is a major economic sector. UK is one of only eight universities in the United States with schools of agriculture, engineering, law, medicine and pharmacy on a single campus. It also maintains professional programs in dentistry, architecture, business, economics, education and social professions.

The University campus is undergoing dramatic physical change. In the past eight years, UK has completed, initiated, or approved more than \$2.5 billion in capital investment focused on living, learning, health care, research, and dining spaces.

University researchers employ over 8,000 Kentuckians who generate over \$21 million in state and local taxes annually. Currently on-going investigations include problems of aging, cancer, cardiovascular and neuro-generative diseases; renewable fuels and plant-based alternatives for industrial manufacturing; drug development and delivery system design; plant bio-tech; equine health; and materials for medical devices and implants.

Policy

Included in the above General Fund is \$80,568,800 in fiscal year 2021 and \$79,968,800 in fiscal year 2022 for UK's Mandated Programs, including:

- \$31,275,300 in each year for the College of Agriculture Cooperative Extension Service;
- \$29,479,600 in each year for the Kentucky Agricultural Experiment Station;
- \$5,176,200 in each year for the Center for Applied Energy Research;
- \$4,076,300 in each year for the Kentucky Geological Survey;
- \$4,034,200 in each year for the Veterinary Diagnostic Laboratory;
- \$2,040,500 in each year for the Sanders-Brown Center on Aging;
- \$1,800,000 in each year for the College of Agriculture Division of Regulatory Services;
- \$600,000 in each year for the College of Agriculture Kentucky Small Business Development Center;
- \$586,300 in each year for the University Press of Kentucky;
- \$500,000 in fiscal year 2021 for the Human Development Institute Supported Higher Education Project;
- \$450,200 in each year for the Center for Excellence in Rural Health;
- \$450,200 in each year for the Kentucky Cancer Registry; and
- \$100,000 in fiscal year 2021 for the Sports Medicine Research Institute.

Of the funding outlined above, \$586,300 for the University Press is new funding in each year; and \$500,000 for the Supported Higher Education Project; and \$100,000 for the Sports Medicine Research Institute is new funding in fiscal year 2021. The \$500,000 for the Supported Higher Education Project in fiscal year 2021 comes from Lottery funds.

Included in the above Restricted Fund appropriation is \$1,500,000 in each fiscal year from the Horse Racing Commission's Equine Drug Research Council to support UK's Equine Analytical Chemistry Lab.

The Governor's budget includes an additional \$2,652,300 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$6,130,000 and replaces it with federal funds from the Coronavirus Relief Fund.

**Postsecondary Education
University of Louisville**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	124,117,900	128,327,400
Postsecondary Ed Performance	2,938,900	
Other	-2,936,500	
Total General Fund	124,120,300	128,327,400

Restricted Funds

Current Receipts	1,052,772,700	1,068,081,000
Total Restricted Funds	1,052,772,700	1,068,081,000

Federal Fund

Current Receipts	120,084,400	123,686,900
CRF Receipts	2,936,500	
Total Federal Fund	123,020,900	123,686,900

TOTAL SOURCE OF FUNDS

	1,299,913,900	1,320,095,300
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EXPENDITURES BY CLASS

Personnel Costs	694,886,900	706,770,200
Operating Expenses	415,700,900	417,599,800
Grants Loans Benefits	157,324,200	163,723,400
Debt Service	23,149,600	23,149,600
Capital Outlay	8,852,300	8,852,300

TOTAL EXPENDITURES

	1,299,913,900	1,320,095,300
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EXPENDITURES BY FUND SOURCE

General Fund	124,120,300	128,327,400
Restricted Funds	1,052,772,700	1,068,081,000
Federal Fund	123,020,900	123,686,900

TOTAL EXPENDITURES

	1,299,913,900	1,320,095,300
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EXPENDITURES BY UNIT

Instruction	220,791,500	223,995,300
Research	102,908,000	104,404,100
Public Service	94,093,100	95,461,100
Libraries	14,022,800	14,226,700
Academic Support	104,555,200	106,075,200
Student Services	20,938,500	21,261,300
Institutional Support	58,265,400	60,383,100
Operation and Maintenance of Plant	37,768,600	38,317,600
Scholarships and Fellowships	25,080,300	25,445,000
Mandatory Transfers	11,550,900	11,718,800
Auxilliary Enterprises	10,935,900	11,094,900
Hospitals	599,003,700	607,712,200

TOTAL EXPENDITURES

	1,299,913,900	1,320,095,300
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The University of Louisville is Kentucky's metropolitan research university, with missions of teaching, research and service. Located in the state's largest city, U of L operates on three campuses: the historic Belknap Campus, the Health Sciences Campus in downtown Louisville's medical complex, and the Shelby Campus in suburban Jefferson County. U of L enrolled 22,471 students in the fall of 2018, with 80.3 percent of the previous fall's freshman class returning. The six-year graduation rate is now 56.6 percent.

U of L researchers received almost \$138 million in grant funding in 2018. The University focuses on translational research, new knowledge and discoveries that can improve people's lives now. The Nucleus facility downtown was

developed with innovative tax-increment financing to incubate and accelerate business entities that provide the bridges from the academy into the larger world. The FirstBuild micro-factory on the Belknap campus designs and builds the next generation of home appliances in collaboration with GE Appliances and Local Motors. Medical research focuses on treatment of pediatric spinal cord injuries, biodefense and emerging infectious diseases, and cancer. Development continues at the Shelby Campus where a conference center and hotel are planned.

Policy

Included in the above General Fund is \$845,200 in fiscal year 2021 for U of L's Mandated Programs, including \$695,200 for the Rural Health Education Program and \$150,000 for the Kentucky Autism Training Center.

The Governor's budget includes an additional \$1,270,600 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$2,936,500 and replaces it with federal funds from the Coronavirus Relief Fund.

**Postsecondary Education
Western Kentucky University**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	72,596,200	77,320,900
Postsecondary Ed Performance	757,900	
Other	-1,695,400	
Total General Fund	71,658,700	77,320,900
Restricted Funds		
Current Receipts	280,768,200	280,768,200
Total Restricted Funds	280,768,200	280,768,200
Federal Fund		
Current Receipts	32,340,000	32,340,000
CRF Receipts	1,695,400	
Total Federal Fund	34,035,400	32,340,000
TOTAL SOURCE OF FUNDS	386,462,300	390,429,100
EXPENDITURES BY CLASS		
Personnel Costs	192,127,200	195,360,500
Operating Expenses	79,581,800	80,315,300
Grants Loans Benefits	94,260,900	94,260,900
Debt Service	17,235,400	17,235,400
Capital Outlay	3,257,000	3,257,000
TOTAL EXPENDITURES	386,462,300	390,429,100
EXPENDITURES BY FUND SOURCE		
General Fund	71,658,700	77,320,900
Restricted Funds	280,768,200	280,768,200
Federal Fund	34,035,400	32,340,000
TOTAL EXPENDITURES	386,462,300	390,429,100
EXPENDITURES BY UNIT		
Instruction	121,377,200	121,377,200
Research	4,323,000	4,323,000
Public Service	9,617,300	9,617,300
Libraries	8,513,800	8,513,800
Academic Support	26,771,900	26,771,900
Student Services	36,195,400	36,195,400
Institutional Support	29,353,700	33,320,500
Operation and Maintenance of Plant	33,642,400	33,642,400
Scholarships and Fellowships	81,538,400	81,538,400
Mandatory Transfers	11,720,200	11,720,200
Auxilliary Enterprises	23,409,000	23,409,000
TOTAL EXPENDITURES	386,462,300	390,429,100

Founded in 1906, Western Kentucky University is the largest of Kentucky's six comprehensive postsecondary institutions with nearly 20,000 students on the main campus in Bowling Green and at regional campuses in Glasgow, Owensboro and Elizabethtown. In addition to its traditional mission to train teachers and education leaders for the schools in its service area, WKU provides academic programs in liberal arts and sciences, business, engineering, health sciences and agriculture.

WKU is the home of the Gatton Academy of Mathematics and Science for exceptional Kentucky high school juniors and seniors. The Academy was named the number one high school in the United States in 2012 and 2013 by Newsweek.

In 2018, 646 WKU students participated in study abroad in 28 countries. WKU students also enjoy a global experience through the presence of faculty and fellow students recruited from around the world. The Confucius Institute expands

knowledge and strengthens ties with China through language education and arts and cultural programming.

Policy

Included in the above General Fund is \$5,735,100 in each fiscal year for WKU's Mandated Programs, including \$4,985,100 for the Gatton Academy of Mathematics and Science and \$750,000 for the Kentucky Mesonet. Of the \$4,985,100 of General Fund support for the Gatton Academy, \$237,400 is new funding in each year. The Gatton Academy is a dual-credit residential high school for academically talented juniors and seniors on the campus of Western Kentucky University.

The Governor's budget includes an additional \$733,500 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$3,233,300 from the General Fund to assist WKU with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$1,695,400 and replaces it with federal funds from the Coronavirus Relief Fund.

Postsecondary Education
Kentucky Community and Technical College System

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	171,265,800	177,096,200
Postsecondary Ed Performance	3,315,200	
Other	-4,034,900	
Total General Fund	170,546,100	177,096,200
Restricted Funds		
Current Receipts	453,871,900	453,383,500
Total Restricted Funds	453,871,900	453,383,500
Federal Fund		
Current Receipts	220,482,800	220,482,800
CRF Receipts	4,034,900	
Total Federal Fund	224,517,700	220,482,800
TOTAL SOURCE OF FUNDS	848,935,700	850,962,500
EXPENDITURES BY CLASS		
Personnel Costs	393,319,700	393,600,700
Operating Expenses	175,916,100	177,661,900
Grants Loans Benefits	276,251,300	276,251,300
Capital Outlay	3,448,600	3,448,600
TOTAL EXPENDITURES	848,935,700	850,962,500
EXPENDITURES BY FUND SOURCE		
General Fund	170,546,100	177,096,200
Restricted Funds	453,871,900	453,383,500
Federal Fund	224,517,700	220,482,800
TOTAL EXPENDITURES	848,935,700	850,962,500
EXPENDITURES BY UNIT		
Instruction	240,711,800	240,711,800
Public Service	59,380,100	58,891,700
Libraries	9,509,800	9,509,800
Academic Support	36,226,400	36,226,400
Student Services	75,802,200	75,802,200
Institutional Support	36,103,000	38,618,200
Operation and Maintenance of Plant	116,565,200	116,565,200
Scholarships and Fellowships	274,637,200	274,637,200
TOTAL EXPENDITURES	848,935,700	850,962,500

The Kentucky Community and Technical College System (KCTCS) was created in 1997 by the merger of the technical college system in the Cabinet for Workforce Development and the community college system then under the direction of the University of Kentucky. There are 16 community and technical colleges operating at more than 70 locations across the state, with more than 107,000 students enrolled.

The mission of KCTCS is to be a gateway to affordable, high quality postsecondary education. The system maintains an open admissions policy and a robust menu of developmental courses. In addition to industry-specific training leading to portable credentials, the colleges offer a two year academic curriculum designed to transfer to all of Kentucky's four-year institutions.

KCTCS operates more than 140 on-line programs leading to associate degrees and certificates. The system is Kentucky's largest provider of workforce training, reaching nearly 42,000 employees annually.

KCTCS administers the Kentucky Board of Emergency Medical Services and the Kentucky Fire Commission.

Policy

Included in the above General Fund is \$8,819,400 in each fiscal year for KCTCS' Mandated Programs, including:

- \$4,149,800 for the KCTCS-TRAINS program;
- \$1,869,900 for the State Fire Rescue Training;
- \$1,799,700 for the Kentucky Board of Emergency Medical Services; and
- \$1,000,000 for the Adult Agriculture Education program.

Included in KCTCS' Restricted Fund appropriation is \$50,560,000 in fiscal year 2021 and \$52,495,200 in fiscal year 2022 for the Firefighters Foundation Program Fund, which includes \$1,250,000 for a new program to treat firefighters affected by Post-Traumatic Stress Injury and Post-Traumatic Stress Disorder.

The Governor's budget includes an additional \$1,745,800 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$769,400 from the General Fund to assist KCTCS with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$4,034,900 and replaces it with federal funds from the Coronavirus Relief Fund.

Postsecondary Education
Postsecondary Education Performance Fund

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	14,994,800	8,653,600
Postsecondary Ed Performance	-14,994,800	
Total General Fund		8,653,600
TOTAL SOURCE OF FUNDS		8,653,600
EXPENDITURES BY CLASS		
Operating Expenses		8,653,600
TOTAL EXPENDITURES		8,653,600
EXPENDITURES BY FUND SOURCE		
General Fund		8,653,600
TOTAL EXPENDITURES		8,653,600
EXPENDITURES BY UNIT		
Postsecondary Education Performance Fund		8,653,600
TOTAL EXPENDITURES		8,653,600

The 2017 General Assembly enacted Senate Bill 153, now codified in KRS 164.092, which established a comprehensive funding model for Kentucky's public postsecondary education system to distribute resources based on rational criteria, including student success, course completion, and operational support components. The first allocation from the Postsecondary Education Performance Fund was made in fiscal year 2018.

Policy

In fiscal year 2021, the Budget of the Commonwealth redistributed 2% of each postsecondary institution's and KCTCS' General Fund base appropriation (less debt service and Mandated Programs) to the Postsecondary Education Performance Fund. These funds will be distributed in accordance with the comprehensive performance funding model.

The Governor's budget for fiscal year 2022 provides \$8,653,600 from the General Fund to the Postsecondary Education Performance Fund, to be distributed through the Performance Funding Model, with some adjustments that include suspending the provisions of KRS 164.092 and makes the following recommendation:

The fiscal year 2022 General Fund base budget for postsecondary institutions is defined as:

- the fiscal year 2021 enacted General Fund appropriation as contained in 2020 Acts, Chapter 92;
- plus the fiscal year 2021 allocation from the Postsecondary Education Performance Fund;
- plus a 1% base increase which totals \$8,653,400;
- plus the additional amount included for the fixed allocation non-hazardous retirement plan's employer contribution which totals \$19,889,400;
- less Mandated Programs;
- less any fiscal year 2021 General Fund debt service that was included in the enacted budget;

General Fund amounts included for Mandated Programs, debt service, and additional fiscal year 2022 pension funding shall be excluded when applying the Performance Funding model. The General Fund base budget shall remain fixed in future biennia when applying the Performance Funding model, except that nothing shall exclude the Governor or the General Assembly from enacting budget reductions as necessary. Beginning in fiscal year 2022, Performance Fund allocations will be non-recurring to the General Fund base budget, so that the funds will be recurring to the Performance Fund instead.

Public Protection

	Public Protection	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	5,312,900	7,529,200
Total General Fund	5,312,900	7,529,200
Restricted Funds		
Balance Forward	133,034,800	114,003,300
Current Receipts	100,118,100	100,397,700
Non-Revenue Receipts	36,531,100	34,906,000
Fund Transfers	-35,600,000	-35,600,000
Total Restricted Funds	234,084,000	213,707,000
Federal Fund		
Current Receipts	1,737,500	1,197,200
CRF Receipts	40,183,400	
Total Federal Fund	41,920,900	1,197,200
TOTAL SOURCE OF FUNDS	281,317,800	222,433,400
EXPENDITURES BY CLASS		
Personnel Costs	76,395,500	73,941,000
Operating Expenses	12,879,400	12,766,000
Grants Loans Benefits	78,039,600	39,039,600
TOTAL EXPENDITURES	167,314,500	125,746,600
EXPENDITURES BY FUND SOURCE		
General Fund	5,312,900	7,529,200
Restricted Funds	120,080,700	117,044,100
Federal Fund	41,920,900	1,173,300
TOTAL EXPENDITURES	167,314,500	125,746,600
EXPENDITURES BY UNIT		
Secretary	48,883,300	9,330,200
Professional Licensing	5,664,400	5,057,900
Boxing and Wrestling Commission	183,000	181,100
Alcoholic Beverage Control	7,107,600	6,847,400
Charitable Gaming	3,795,200	3,820,200
Financial Institutions	13,114,000	12,819,800
Horse Racing Commission	44,246,900	45,268,700
Housing, Buildings and Construction	24,985,500	24,102,300
Insurance	17,260,800	16,233,700
Claims and Appeals	2,073,800	2,085,300
TOTAL EXPENDITURES	167,314,500	125,746,600

The Public Protection Cabinet's mission is to provide for public safety, consumer protection and financial integrity through the enforcement and administration of laws and regulations throughout the Commonwealth. The Cabinet has six departments:

- Department of Alcoholic Beverage Control
- Department of Charitable Gaming
- Department of Financial Institutions
- Department of Housing, Buildings and Construction
- Department of Insurance
- Department of Professional Licensing

Attached to the Cabinet for administrative purposes only:

- Kentucky Horse Racing Commission
- Kentucky Boxing & Wrestling Commission
- Office of Claims and Appeals

The Office of the Secretary also includes the Office of Administrative Services, the Office of Communications and Public Outreach, Office of Administrative Hearings, and the Office of Legal Services.

Public Protection

Secretary

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		660,400
Total General Fund		660,400
Restricted Funds		
Balance Forward	192,800	69,400
Current Receipts	18,700	23,700
Non-Revenue Receipts	8,741,200	8,600,400
Total Restricted Funds	8,952,700	8,693,500
Federal Fund		
CRF Receipts	40,000,000	
Total Federal Fund	40,000,000	
TOTAL SOURCE OF FUNDS	48,952,700	9,353,900
EXPENDITURES BY CLASS		
Personnel Costs	8,512,700	8,959,600
Operating Expenses	370,600	370,600
Grants Loans Benefits	40,000,000	
TOTAL EXPENDITURES	48,883,300	9,330,200
EXPENDITURES BY FUND SOURCE		
General Fund		660,400
Restricted Funds	8,883,300	8,669,800
Federal Fund	40,000,000	
TOTAL EXPENDITURES	48,883,300	9,330,200
EXPENDITURES BY UNIT		
Office of the Secretary - Comm - Legal	48,883,300	9,330,200
TOTAL EXPENDITURES	48,883,300	9,330,200

The Office of the Secretary (OOS) provides leadership, management, and direction to the Public Protection Cabinet's (PPC) agencies to ensure the delivery of services is conducted in a consistent, ethical, and coordinated manner. Executive Order 2009-535, codified in KRS 12.252, established the PPC and OOS. In accordance with Executive Order 2020-821, the Office of Information Technology was created in the Office of the Secretary and transferred functions from the Department of Insurance and Alcoholic Beverage Control.

The Secretary, appointed by the Governor, is responsible for ensuring the enforcement of statutes and administrative regulations for programmatic areas within the cabinet, and establishes the focus for policy development as well as program priorities. The Secretary serves as the Chief Executive Officer of the cabinet and advises the Governor on policy matters relating to public protection issues.

The Office coordinates activities among the agencies organized under the Cabinet to provide the most efficient delivery of services to the citizens of the Commonwealth.

Policy

The Governor's budget recommendation includes additional General Fund in the amount of \$2,500 in fiscal year 2022 to fund cost increases associated with providing a 1% increment,

**Public Protection
Professional Licensing**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

Restricted Funds

Balance Forward	10,082,800	9,845,900
Current Receipts	5,186,200	4,960,000
Non-Revenue Receipts	-300,000	-300,000
Total Restricted Funds	14,969,000	14,505,900

Federal Fund

Current Receipts	541,300	
Total Federal Fund	541,300	

TOTAL SOURCE OF FUNDS

	15,510,300	14,505,900
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EXPENDITURES BY CLASS

Personnel Costs	4,646,800	4,040,300
Operating Expenses	912,600	912,600
Grants Loans Benefits	105,000	105,000
TOTAL EXPENDITURES	5,664,400	5,057,900

EXPENDITURES BY FUND SOURCE

Restricted Funds	5,123,100	5,057,900
Federal Fund	541,300	
TOTAL EXPENDITURES	5,664,400	5,057,900

EXPENDITURES BY UNIT

Occupations, Professions, and Licensing	2,232,800	1,786,800
Kentucky Real Estate Authority	3,431,600	3,271,100
TOTAL EXPENDITURES	5,664,400	5,057,900

KRS 224.10-052 initially established the Office of Occupations and Professions (O & P) with the responsibility of providing general administrative services to state regulatory boards/entities at the option of the board/commission. In April 2017, Executive Order 2017-325 was codified in KRS 324B.020 to restructure the Office, thus creating the Department of Professional Licensing (DPL). Through utilization of DPL services, these boards license and/or track licensure status for approximately 46,000 individuals/businesses throughout the Commonwealth each year.

The boards/entities served by DPL include:

- Kentucky Board of Certification of Alcohol and Drug Counselors
- Kentucky Board of Registration for Professional Geologists
- Kentucky Board of Licensure and Certification for Dietitians and Nutritionists
- Kentucky Board of Interpreters for the Deaf and Hard of Hearing
- Kentucky Board of Certification of Fee-Based Pastoral Counselors
- Kentucky Board of Licensed Professional Counselors
- Kentucky Board of Ophthalmic Dispensers
- Kentucky Board of Licensure of Marriage and Family Therapists
- Kentucky Board of Licensure for Nursing Home Administrators
- Kentucky Licensing Board for Specialists in Hearing Instruments
- Kentucky Directory of Registered Athlete Agents
- Kentucky Board of Speech-Language Pathology & Audiology
- Kentucky Board of Licensure for Massage Therapy
- Kentucky Board of Licensure for Private Investigators
- Kentucky Board of Podiatry
- Kentucky Applied Behavior Analysis Licensing Board

- Kentucky Board of Licensure for Professional Art Therapists
- Kentucky Board of Chiropractic Examiners
- Kentucky Board of Examiners of Psychology
- Kentucky Board of Licensure for Occupational Therapy
- Kentucky Board of Prosthetics, Orthotics, and Pedorthics
- Kentucky Board of Licensed Diabetes Educators
- Kentucky Registry of Secondary Metals Recyclers
- Kentucky Board of Durable Medical Equipment Suppliers

Executive Order 2016-859 was codified in KRS 324B.050 to establish the Kentucky Real Estate Authority within the Department in order to provide oversight of the four professional licensing boards that serve functions in the real estate industry. The four boards were abolished and the Board of Real Estate Professionals, Kentucky Board of Real Estate Appraisers, Board of Home Inspectors and Kentucky Board of Auctioneers were recreated under the Authority. Each board under the Authority has five voting members and an Executive Director. The Real Estate Authority utilizes the administrative support services provided by the Department of Professional Licensing.

Public Protection
Boxing and Wrestling Commission

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	242,500	232,600
Current Receipts	173,100	173,100
Total Restricted Funds	415,600	405,700
TOTAL SOURCE OF FUNDS	415,600	405,700
EXPENDITURES BY CLASS		
Personnel Costs	158,400	156,500
Operating Expenses	24,600	24,600
TOTAL EXPENDITURES	183,000	181,100
EXPENDITURES BY FUND SOURCE		
Restricted Funds	183,000	181,100
TOTAL EXPENDITURES	183,000	181,100
EXPENDITURES BY UNIT		
Boxing and Wrestling Commission	183,000	181,100
TOTAL EXPENDITURES	183,000	181,100

The Boxing and Wrestling Commission, pursuant to KRS Chapter 229, is the sole authority over professional boxing, wrestling, and amateur and professional mixed martial arts (MMA) shows or exhibitions in Kentucky. The five Commission members are appointed by the Governor and recommend statutory and regulatory changes, review applications for licensure and review recommendations from the Kentucky Boxing and Wrestling Commission Medical Advisory Panel. The Commission is responsible for enforcement of KRS Chapter 229 and 201 KAR Chapter 27 including investigation of complaints and issuance of violations, processing licenses for all parties involved including: professional and amateur MMA contestants, professional boxers, professional wrestlers, managers, trainers, referees, judges, timekeepers, physicians, promoters, and event staff. Requested show dates and participants are subject to the Commission review and approval. All wrestling events undergo inspection on a random basis and a Commission Inspector supervises all boxing and MMA events.

Public Protection
Alcoholic Beverage Control

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	5,658,000	3,439,900
Current Receipts	5,435,000	4,785,000
Non-Revenue Receipts	-1,167,900	-1,321,600
Total Restricted Funds	9,925,100	6,903,300
Federal Fund		
Current Receipts	439,000	440,000
CRF Receipts	183,400	
Total Federal Fund	622,400	440,000
TOTAL SOURCE OF FUNDS	10,547,500	7,343,300
EXPENDITURES BY CLASS		
Personnel Costs	6,189,600	5,929,400
Operating Expenses	918,000	918,000
TOTAL EXPENDITURES	7,107,600	6,847,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	6,485,200	6,407,400
Federal Fund	622,400	440,000
TOTAL EXPENDITURES	7,107,600	6,847,400
EXPENDITURES BY UNIT		
Administration, Enforcement and License	6,390,800	6,132,500
Tobacco Enforcement	716,800	714,900
TOTAL EXPENDITURES	7,107,600	6,847,400

The Department of Alcoholic Beverage Control (ABC) administers and enforces the laws and regulations relating to the manufacturing, sales, transportation, storage, advertising and trafficking of alcoholic beverages, except for the collection of taxes, as set out in the Kentucky Revised Statutes (KRS) Chapters 241 to 244 and title 804 of the Kentucky Administrative Regulations (KAR). The Commissioner is the Department's chief executive officer and serves as chairman of the separate three-member, quasi-judicial administrative body--Alcoholic Beverage Control Board (Board). The Ddstilled spirits and the malt beverage administrators review applications, sign licenses for issuance, and serve as two members of the Board. The Department's primary responsibility is to regulate the alcoholic beverage industry by licensing the production and sale of alcoholic beverages in the state of Kentucky, while enforcing the alcoholic beverage control laws.

The Department also implements laws, pursuant to KRS 438.300 – 438.350, relating to the use, display, sell or distribution of tobacco products with an emphasis on persons under the age of eighteen.

**Public Protection
Charitable Gaming**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	6,882,500	7,461,800
Current Receipts	4,306,200	4,306,200
Non-Revenue Receipts	68,300	68,300
Total Restricted Funds	<u>11,257,000</u>	<u>11,836,300</u>
TOTAL SOURCE OF FUNDS	<u>11,257,000</u>	<u>11,836,300</u>
EXPENDITURES BY CLASS		
Personnel Costs	3,321,400	3,346,400
Operating Expenses	473,800	473,800
TOTAL EXPENDITURES	<u>3,795,200</u>	<u>3,820,200</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	3,795,200	3,820,200
TOTAL EXPENDITURES	<u>3,795,200</u>	<u>3,820,200</u>
EXPENDITURES BY UNIT		
Charitable Gaming	3,795,200	3,820,200
TOTAL EXPENDITURES	<u>3,795,200</u>	<u>3,820,200</u>

The Department of Charitable Gaming (DCG) is responsible for the regulation and licensing of charitable gaming and associated activities within the Commonwealth as well as the enforcement of KRS 238 and Title 820 KAR, Chapter 1. The DCG continues to emphasize the importance of charitable gaming to the citizens and communities across the Commonwealth of Kentucky and ensures the integrity and accountability of an all cash industry through its regulatory activities. The mission of the Department is to establish an effective and efficient mechanism for the regulation of charitable gaming in order to ensure that proceeds from lawful gaming activities are used to further a charitable purpose and to provide services in order to maximize the revenues generated by charitable gaming.

	Public Protection Financial Institutions	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	8,093,200	5,515,800
Current Receipts	16,536,600	16,843,200
Non-Revenue Receipts	-2,000,000	-2,051,200
Fund Transfers	-4,000,000	-4,000,000
Total Restricted Funds	18,629,800	16,307,800
TOTAL SOURCE OF FUNDS	18,629,800	16,307,800
EXPENDITURES BY CLASS		
Personnel Costs	11,178,900	10,884,700
Operating Expenses	1,935,100	1,935,100
TOTAL EXPENDITURES	13,114,000	12,819,800
EXPENDITURES BY FUND SOURCE		
Restricted Funds	13,114,000	12,819,800
TOTAL EXPENDITURES	13,114,000	12,819,800
EXPENDITURES BY UNIT		
Administrative Services	1,723,900	1,683,500
Securities	2,108,400	2,060,100
Depository Institutions	5,822,800	5,696,600
Non-Depository Institutions	3,458,900	3,379,600
TOTAL EXPENDITURES	13,114,000	12,819,800

The Department of Financial Institutions, pursuant to KRS Chapters 286 and 292, licenses and regulates banks, bank holding companies, trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, sale of check licensees, securities issuers, broker-dealers, agents, and investment advisors. A Commissioner appointed by the Governor heads the Department.

The Commissioner's Office is responsible for the overall management of the agency. The Public Information Officer is part of the Commissioner's Office and is responsible for all communications with the media and handling the department's public relations efforts through coordination of educational seminars, brochures, and newsletters.

The Division of Securities carries out the registration of securities issuances in the state. The Division registers broker-dealers, their agents, investment advisers, and investment adviser representatives, and conducts on-site examinations of these regulated entities. The Division investigates allegations of securities fraud or other illegal conduct entities involved in the securities industry that is operating within Kentucky.

The Division of Depository Institutions licenses/charters, examines and regulates depository financial institutions within the Bank Branch and Credit Union Branch. The Bank Branch is responsible for the examination and supervision of commercial banks, bank holding companies, and independent trust companies. The Credit Union Branch is responsible for examination and supervision of all state chartered credit unions.

The Division of Non-Depository Institutions includes both the Compliance Branch and Consumer Protection Branch. The Compliance Branch is responsible for the examination and supervision of consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and money transmitters. The Consumer Protection Branch is responsible for the investigation of complaints and provides outreach and education to protect consumers from financial frauds.

Public Protection
Horse Racing Commission

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	1,677,700	3,209,200
Total General Fund	1,677,700	3,209,200

Restricted Funds

Balance Forward	44,353,600	43,578,800
Current Receipts	5,679,400	5,679,400
Non-Revenue Receipts	36,115,000	36,115,000
Total Restricted Funds	86,148,000	85,373,200

TOTAL SOURCE OF FUNDS

	87,825,700	88,582,400
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EXPENDITURES BY CLASS

Personnel Costs	5,258,600	5,280,400
Operating Expenses	1,328,700	1,328,700
Grants Loans Benefits	37,659,600	38,659,600
TOTAL EXPENDITURES	44,246,900	45,268,700

EXPENDITURES BY FUND SOURCE

General Fund	1,677,700	3,209,200
Restricted Funds	42,569,200	42,059,500
TOTAL EXPENDITURES	44,246,900	45,268,700

EXPENDITURES BY UNIT

Administration and Regulation of Racing	5,235,400	5,254,500
Equine Drug Research Fund	500,000	500,000
Thoroughbred Development Fund	16,727,500	17,727,500
Standardbred Development Fund	2,525,000	2,525,000
Standardbred Horsemen Fees	695,000	695,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund	15,000	15,000
County Fair Purse Fund	50,000	50,000
Backside Improvement Commission	600,400	600,400
Ky Thoroughbred Breeder Incentive Fund	14,733,600	14,736,300
Ky Standardbred Breeder Incentive Fund	2,115,000	2,115,000
Ky Horse Breeders Incentive Fund	1,050,000	1,050,000
TOTAL EXPENDITURES	44,246,900	45,268,700

The Kentucky Horse Racing Commission is an independent regulatory agency attached to the Public Protection Cabinet for administrative purposes. The Commission regulates all horses racing and pari-mutuel wagering thereon in the Commonwealth consistent with KRS Chapter 230 and Titles 810 and 811 of the Kentucky Administrative Regulations. The Commission is responsible for developing programs and procedures for race day medications, recommending tax incentives, and promoting the horse industry.

The Executive Director's Office is responsible for overseeing the day-to-day operations and carrying out policy and program directives of the Commission. The Division of Veterinary Services oversees the state veterinarians and support staff. The Division of Racing & Security supervises drug testing and interdiction at racetracks. The Division of Licensing is responsible for licensing all individuals who participate in horse racing. The Division of Incentives and Development including the Kentucky Thoroughbred, Standardbred, and Horse Breeders' Incentive Funds provide rewards to breeders of horses bred and foaled in Kentucky. Incentive funds are derived from sales taxes paid on stud fees.

The Equine Drug Research Council, advises the Commission on research and on the regulation of therapeutic medications and prohibited substances (KRS 230.265) One tenth of one percent of the thoroughbred pari mutuel handle supports the Council and supports drug research and testing, equine medical research, equine health research or any regulatory or administrative activity of the Commission related to such research.

The Thoroughbred Development Fund created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth (KRS 230.400) The program receives three fourth of one percent of the total pari mutuel handle and the funds disbursed as purse supplements to the owner of the horse.

The Standardbred Development Fund supports efforts to encourage breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky (KRS 230.770). It receives one percent of the pari mutuel handle and allocates funds as purses for the Kentucky Sire Stakes.

The Kentucky Quarter Horse, Appaloosa and Arabian Development Fund was established during the 2010 General Assembly to promote races and provide purses for races for horses bred and foaled in the Commonwealth (KRS 230.445). The Kentucky Horse Racing Commission is responsible for distributing the funds to persons, corporations or associations operating licensed tracks within Kentucky conducting Quarter Horse, Appaloosa or Arabian horse racing.

The County Fair Purse Fund, receives funding from pari mutuel Standardbred racing tickets not redeemed and four percent of the commissions on wagers at simulcast facilities and redistributes the funds in the form of purse supplements for Standardbred racing events to county fairs (KRS 230.398).

The Backside Improvement Fund is responsible for promoting, enhancing, and improving the backsides of eligible thoroughbred racing associations with an average pari-mutuel handle of \$1,200,000 or less per racing day(KRS 230.218) Associations conducting thoroughbred racing, with an average pari-mutuel handle of \$1,200,000 or less per live racing day, are required to pay one half of one percent of on-track wagers to the Backside Improvement Fund.

The Thoroughbred Owners and Breeders Fund receives six percent of the commissions on wagers at simulcast facilities to fund capital improvements and promote off-track betting (KRS 230.380). The fund also supports marketing and promotion of the Kentucky thoroughbred industry.

Policy

The Governor's budget recommendation includes General Fund in the amount of \$19,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Public Protection
Housing, Buildings and Construction

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,629,800	2,642,700
Total General Fund	2,629,800	2,642,700
Restricted Funds		
Balance Forward	11,878,500	8,704,400
Current Receipts	19,940,900	19,935,400
Non-Revenue Receipts	-159,300	-159,300
Fund Transfers	-600,000	-600,000
Total Restricted Funds	31,060,100	27,880,500
TOTAL SOURCE OF FUNDS	33,689,900	30,523,200
EXPENDITURES BY CLASS		
Personnel Costs	20,837,500	20,058,200
Operating Expenses	4,148,000	4,044,100
TOTAL EXPENDITURES	24,985,500	24,102,300
EXPENDITURES BY FUND SOURCE		
General Fund	2,629,800	2,642,700
Restricted Funds	22,355,700	21,459,600
TOTAL EXPENDITURES	24,985,500	24,102,300
EXPENDITURES BY UNIT		
General Administration and Management	2,923,900	2,824,400
Fire Prevention	894,000	758,200
Boiler Inspections	1,091,600	1,061,600
Hazardous Materials Inspections	786,300	737,100
Manufactured Housing Inspections	839,900	814,900
General Inspections	1,752,100	1,712,500
Sprinkler/Alarm Inspections	23,500	23,500
Elevator Inspections	1,505,300	1,457,100
Plumbing	7,274,000	7,039,400
Safe Cigarette Program	6,000	6,000
HVAC	3,240,100	3,141,400
Building Codes Enforcement	3,431,000	3,337,100
Electrical	1,217,800	1,189,100
TOTAL EXPENDITURES	24,985,500	24,102,300

The mission of the Department of Housing, Buildings and Construction is to protect the life and property of the citizens of the Commonwealth through educational, licensing, plan review, permitting, inspection, and compliance programs in the administration of codes and standards relating to the construction and maintenance of buildings and structures consistent with KRS 198B, 318, 227A, and KAR Title 815. The Department accomplishes this by providing oversight of building construction through enforcement of building and fire codes to include: Plumbing, Boiler, HVAC, Electrical, Elevator, Manufactured Housing, and Hazardous Materials installations. The Department also ensures fire and life safety in existing buildings; licenses/certifies plumbers, boiler contractors, HVAC installers, electricians, elevator mechanics and contractors, manufactured housing installers, underground storage tank installers, sprinkler/fire alarm inspectors, and building inspectors; and serves as headquarters for the State Fire Marshal.

The Division of Fire Prevention enforces the Kentucky Standards of Safety (815 KAR 10:060) in addition to state and federal laws and regulations by performing property inspections, reviewing plans and issuing permits for the underground storage tanks, and educating the public about fire safety.

The Division of Plumbing, a fee-supported program, enforces the Kentucky State Plumbing code (KRS 318.130; 815 KAR Chapter 20). Duties of the Division include: installation inspections of all plumbing systems throughout the state; approval of plumbing plans for all public buildings; testing of applicants for licensure; issuing renewal licenses to master and journeyman plumbers, and assisting the State Plumbing Code Committee in its review of plumbing code administrative regulations.

The Division of Heating, Ventilation, and Air Conditioning (HVAC) is responsible for annual licensing and oversight of the heating, ventilation, and air conditioning contractors, journeymen, and apprentices

The Division of Building Codes Enforcement (BCE) provides overall coordination and enforcement of the Kentucky Building Code (815 KAR 7:120) and the Kentucky Residential Code (815 KAR 7:125). Among the duties of this division are inspection, plan review, licensing, investigation, and technical consulting services to the construction industry supported primarily from plan review fees.

The Division of Electrical is composed of the Electrical Licensing and Electrical Inspection Sections. The Electrical Division enforces the mandates contained within KRS Chapter 227A and 815 KAR 35:020 to protect the public through regulation, licensure and inspection of the electrical industry.

Policy

The Governor's budget recommendation includes additional General Fund in the amount of \$6,400 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Public Protection

Insurance

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	44,609,700	34,203,600
Current Receipts	42,020,900	42,879,700
Non-Revenue Receipts	-4,766,200	-6,045,600
Fund Transfers	-31,000,000	-31,000,000
Total Restricted Funds	50,864,400	40,037,700
Federal Fund		
Current Receipts	600,000	600,000
Total Federal Fund	600,000	600,000
TOTAL SOURCE OF FUNDS	51,464,400	40,637,700
EXPENDITURES BY CLASS		
Personnel Costs	15,339,100	14,321,200
Operating Expenses	1,921,700	1,912,500
TOTAL EXPENDITURES	17,260,800	16,233,700
EXPENDITURES BY FUND SOURCE		
Restricted Funds	16,660,800	15,657,600
Federal Fund	600,000	576,100
TOTAL EXPENDITURES	17,260,800	16,233,700
EXPENDITURES BY UNIT		
Executive Director and Administration	1,591,200	1,552,800
Administrative Services	875,000	96,500
Financial Standards and Examination	3,594,900	3,573,500
Agent Licensing	1,747,000	1,716,800
Consumer Protection	3,143,200	3,085,700
Insurance Fraud Investigation	1,808,100	1,772,400
Mine Subsidence Program	200,000	200,000
Insurance Product Regulation	4,301,400	4,236,000
TOTAL EXPENDITURES	17,260,800	16,233,700

The Department of Insurance, pursuant to KRS Chapter 304, has the authority to license, supervise, and regulate entities and individuals doing insurance business in Kentucky.

The Commissioner is responsible for the overall policy, planning, direction, and management of all divisions within the Department. It is the responsibility of the Commissioner to oversee the manner in which the business of insurance is conducted in Kentucky. The Commissioner is charged with protecting the public interest, promoting viable markets, and assuring fair treatment of insurance consumers. An ombudsman provides additional assistance to consumers.

The Division of Insurance Product Regulation was created by combining the previous Health and Life Division and Property and Casualty Divisions. The Health and Life Branch regulates insurance companies selling health, life and disability products. The Health and Life Branch approves policies, certificates, provider networks, quality improvement programs, and rate filings. The branch reviews promotional literature and activities for the protection of the public while assisting with inquiries about Medicare and long-term care insurance. The Property and Casualty Branch regulates coverage and marketing practices of property and casualty insurers. Through its annual review of property and casualty insurance rate and form filings, the Property and Casualty Branch ensures that companies comply with the standards set forth in the Kentucky Insurance Code and regulation of surplus lines insurance. The branch is responsible for reporting medical malpractice claims, recording of no-fault rejections (tort liability), and verifying such rejection.

The Financial Standards and Examination Division protects consumers by ensuring the financial solvency of insurers authorized to do business in Kentucky. The Division is responsible for conducting financial examinations, financial analyses, and providing administrative oversight of the insurance industry.

The Insurance Fraud Investigation Division is the Department's law enforcement unit empowered to conduct criminal investigations of suspected fraudulent insurance acts.

The Agent Licensing Division makes certain that only knowledgeable and qualified insurance representatives sell insurance products to Kentucky consumers. The Division administers examinations, monitors continuing education courses, and licenses agents, administrators, adjusters, and consultants.

The Consumer Protection Division is the main link between the Department and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. The Market Conduct Unit of Consumer Protection analyzes and examines the business practices of insurers.

The Division of Administrative Services provides administrative and technological support to the Department through accounting, budgeting, purchasing, human resource, telecommunications, property management and mail center operations.

**Public Protection
Claims and Appeals**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,005,400	1,016,900
Total General Fund	1,005,400	1,016,900
Restricted Funds		
Balance Forward	1,041,200	951,100
Current Receipts	821,100	812,000
Total Restricted Funds	1,862,300	1,763,100
Federal Fund		
Current Receipts	157,200	157,200
Total Federal Fund	157,200	157,200
TOTAL SOURCE OF FUNDS	3,024,900	2,937,200
EXPENDITURES BY CLASS		
Personnel Costs	952,500	964,300
Operating Expenses	846,300	846,000
Grants Loans Benefits	275,000	275,000
TOTAL EXPENDITURES	2,073,800	2,085,300
EXPENDITURES BY FUND SOURCE		
General Fund	1,005,400	1,016,900
Restricted Funds	911,200	911,200
Federal Fund	157,200	157,200
TOTAL EXPENDITURES	2,073,800	2,085,300
EXPENDITURES BY UNIT		
Office of Claims and Appeals Administration	680,800	361,300
Office of Claims and Appeals Reparations	1,393,000	1,724,000
TOTAL EXPENDITURES	2,073,800	2,085,300

The Office of Claims and Appeals was created by Executive Order 2020-708. The Office consists of three separate and distinct administrative boards attached to the Office within the meaning of KRS 12:020: the Board of Tax Appeals, the Board of Claims and the Crime Victims Compensation Board.

The Board of Tax Appeals has exclusive jurisdiction to hear and resolve appeals arising from final rulings, orders, and determinations of any agency of state or county government relating to revenue and taxation.

The Board of Claims is the only forum through which a citizen may sue the state for alleged negligence. Payments to claimants of less than \$5,000 are from funds of the state agency determined to be at fault, awards over \$5,000 disbursed from appropriations from the General Fund (ANOC), and awards against the Transportation Cabinet distributed from the Road Fund. The maximum award on a single claim is \$250,000 and there is a cap of \$400,000 on multiple claims arising from the same incident.

The Crime Victims Compensation Board as a payer of last resort is able to reimburse innocent crime victims up to \$25,000 for their medical expenses, lost wages that are not paid by any other source, and include funeral expenses up to \$5,000. The amount of time that a claimant has to submit a claim is five years. The Commission receives an allocation of 3.4 percent of the state court cost fees and pursuant to KRS 186.574 receives 5.7% of the \$30 fee from county attorney's traffic safety programs.

Pursuant to KRS 216B.400 and KRS 49, the Crime Victims Compensation Board is responsible for paying health care providers and facilities for sexual assault examinations. The Commission receives federal funding from the Victims of Crime Act (VOCA) matching grant at 60% based on prior year claims from General and Restricted Funds.

Policy

The Governor's budget recommendation includes additional General Fund in the amount of \$2,300 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Tourism, Arts and Heritage

Tourism, Arts and Heritage**Tourism, Arts and Heritage**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS**General Fund**

Regular Appropriation	69,696,200	70,275,000
Current Year Appropriation	33,800,000	
Total General Fund	103,496,200	70,275,000

Restricted Funds

Balance Forward	178,367,700	222,851,900
Current Receipts	181,641,400	205,492,900
Non-Revenue Receipts	7,506,800	7,022,900
Fund Transfers	-1,000,000	
Total Restricted Funds	366,515,900	435,367,700

Federal Fund

Balance Forward	8,524,800	12,418,300
Current Receipts	25,417,100	25,445,300
Non-Revenue Receipts	-210,000	-210,000
Total Federal Fund	33,731,900	37,653,600

Road Fund

Regular Appropriation	573,800	560,100
Total Road Fund	573,800	560,100

TOTAL SOURCE OF FUNDS

	504,317,800	543,856,400
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EXPENDITURES BY CLASS

Personnel Costs	162,642,200	163,547,700
Operating Expenses	85,350,300	90,974,100
Grants Loans Benefits	8,044,500	8,008,900
Debt Service	3,096,100	2,816,100
Capital Outlay	9,914,500	9,492,000
TOTAL EXPENDITURES	269,047,600	274,838,800

EXPENDITURES BY FUND SOURCE

General Fund	103,496,200	70,275,000
Restricted Funds	143,664,000	182,619,900
Federal Fund	21,313,600	21,383,800
Road Fund	573,800	560,100
TOTAL EXPENDITURES	269,047,600	274,838,800

EXPENDITURES BY UNIT

Secretary	18,539,500	20,798,000
Artisans Center	2,665,400	2,655,400
Kentucky Department of Tourism	3,205,000	3,247,700
Parks	99,833,800	100,085,900
Horse Park Commission	10,754,500	12,710,900
State Fair Board	52,278,300	53,938,000
Fish and Wildlife Resources	68,521,300	67,957,400
Historical Society	7,521,000	7,546,100
Arts Council	2,783,000	2,858,500
Heritage Council	2,387,500	2,482,600
Kentucky Center for the Arts	558,300	558,300
TOTAL EXPENDITURES	269,047,600	274,838,800

The Tourism, Arts and Heritage Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

The Tourism, Arts and Heritage Cabinet is comprised of the following agencies:

- Kentucky State Fair Board
- Kentucky Heritage Council
- Kentucky Arts Council
- Kentucky Historical Society
- Kentucky Center for the Arts
- Governor's School for the Arts
- Department of Fish and Wildlife Resources
- Kentucky Horse Park
- Kentucky Department of Parks
- Kentucky Artisan Center at Berea
- Department of Tourism
- Office of the Secretary
- The Kentucky Humanities Council

**Tourism, Arts and Heritage
Secretary**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	3,276,300	3,298,000
Total General Fund	3,276,300	3,298,000
Restricted Funds		
Balance Forward	5,616,200	4,510,600
Current Receipts	157,600	157,600
Non-Revenue Receipts	15,000,000	15,000,000
Fund Transfers	-1,000,000	
Total Restricted Funds	19,773,800	19,668,200
TOTAL SOURCE OF FUNDS	23,050,100	22,966,200
EXPENDITURES BY CLASS		
Personnel Costs	3,587,500	3,614,300
Operating Expenses	12,241,600	14,473,300
Grants Loans Benefits	2,710,400	2,710,400
TOTAL EXPENDITURES	18,539,500	20,798,000
EXPENDITURES BY FUND SOURCE		
General Fund	3,276,300	3,298,000
Restricted Funds	15,263,200	17,500,000
TOTAL EXPENDITURES	18,539,500	20,798,000
EXPENDITURES BY UNIT		
Executive Policy and Management	3,296,300	3,318,000
Tourism Meeting & Convention Marketing	15,243,200	17,480,000
TOTAL EXPENDITURES	18,539,500	20,798,000

The Office of the Secretary's appropriation unit comprises of:

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

Tourism, Meeting, and Convention Marketing Fund – This fund is established by KRS 142.406 with revenues from a one percent transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth.

Policy

The Governor's budget includes additional General Fund in the amount of \$15,400 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Tourism, Arts and Heritage

Artisans Center

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	290,300	494,000
Total General Fund	<u>290,300</u>	<u>494,000</u>
Restricted Funds		
Balance Forward	304,300	88,400
Current Receipts	1,585,400	1,585,400
Total Restricted Funds	<u>1,889,700</u>	<u>1,673,800</u>
Road Fund		
Regular Appropriation	573,800	560,100
Total Road Fund	<u>573,800</u>	<u>560,100</u>
TOTAL SOURCE OF FUNDS	<u>2,753,800</u>	<u>2,727,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	1,308,400	1,269,200
Operating Expenses	1,357,000	1,386,200
TOTAL EXPENDITURES	<u>2,665,400</u>	<u>2,655,400</u>
EXPENDITURES BY FUND SOURCE		
General Fund	290,300	494,000
Restricted Funds	1,801,300	1,601,300
Road Fund	573,800	560,100
TOTAL EXPENDITURES	<u>2,665,400</u>	<u>2,655,400</u>
EXPENDITURES BY UNIT		
Berea Artisans Center	2,665,400	2,655,400
TOTAL EXPENDITURES	<u>2,665,400</u>	<u>2,655,400</u>

The Kentucky Artisan Center at Berea is established to promote Kentucky arts and craft products and serve as a unique gateway for travelers, offering quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 800 vendors in 100 counties statewide. Hospitality, café food service, KY travel information assistance, and rest stop services are also provided by the Center for over 250,000 visitors annually. The Center currently serves as the only mid-state rest area on I-75.

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

Policy

The Governor's budget includes additional General Fund in the amount of \$1,900 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Tourism, Arts and Heritage
Kentucky Department of Tourism

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	3,145,000	3,225,000
Total General Fund	3,145,000	3,225,000
Restricted Funds		
Balance Forward	46,700	4,700
Current Receipts	18,000	18,000
Total Restricted Funds	64,700	22,700
TOTAL SOURCE OF FUNDS	3,209,700	3,247,700
EXPENDITURES BY CLASS		
Personnel Costs	2,579,000	2,624,300
Operating Expenses	626,000	623,400
TOTAL EXPENDITURES	3,205,000	3,247,700
EXPENDITURES BY FUND SOURCE		
General Fund	3,145,000	3,225,000
Restricted Funds	60,000	22,700
TOTAL EXPENDITURES	3,205,000	3,247,700
EXPENDITURES BY UNIT		
Executive Policy and Management	1,098,200	1,184,500
Division of Marketing	529,500	511,200
Division of Tourism Services	1,349,800	1,332,500
Division of Communications and Public Relations	227,500	219,500
TOTAL EXPENDITURES	3,205,000	3,247,700

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

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

Division of Marketing - The Division of Marketing is responsible for marketing Kentucky as a travel destination on a state, regional, national and international level (creating and developing marketing materials in conjunction with the Commissioner's Office). The division maintains a database of all the tourism related attractions, destinations and events. The division promotes these assets through a variety of mediums including, but not limited to, television, radio, print, out-of-home, OTT & digital. Additionally, the division participates in trade shows, events and conferences to showcase the state. The division also collaborates with industry partners within the state and throughout the region to leverage marketing efforts. The division manages the Department's website as well as the production of the Official Visitor's Guide. The division is also tasked to guide the efforts of the cultural heritage tourism program for Kentucky.

Division of Tourism Services - The Division of Tourism Services provides support to the tourism industry by managing the Tourism Marketing Incentive Program (TMIP). The TMIP is a collaborative effort with industry partners to utilize the one percent lodging tax funds effectively by providing Matching Funds for marketing and promotional efforts. Also included in this division is the staffing and management of the seven state welcome centers (Franklin, Grayson, Hopkinsville, Shelbyville, Shepherdsville, Williamsburg and Whitehaven) to provide visitor and travel information. The division also provides travel brochure fulfillment for public and industry requests.

Division of Communications and Public Relations - The Division of Communications and Public Relations works to complement the activities of the Department's advertising programs by engaging media and employing other strategies that publicize Kentucky's attractions and events as tourism destinations. These efforts primarily focus on generating earned broadcast and print media to support the marketing efforts of the department. This Division serves as the liaison with media sources, maintaining constant contact through social media, e-newsletters, and a web-based media resource

site. Assistance is provided to individual media representatives and travel writers in a variety of ways including, but not limited to, creating story ideas, making travel arrangements, providing photographs, video and fact verification. Regular press releases are prepared for the Department of Travel and Tourism and the Department of Parks to keep the public abreast of attractions and events in Kentucky. The goal of the division is to provide comprehensive support for projects and promotions developed through the department on behalf of the tourism industry in Kentucky.

Division of Tourism Development – The Division of Tourism Development oversees the administration of the Kentucky Tourism Development Finance Authority and the Kentucky Tourism Development Act and incentives. The division also administers film incentives and provides staff to educate the public on all incentive programs TAH has to offer.

Policy

The Governor's budget includes additional General Fund in the amount of \$9,300 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Tourism, Arts and Heritage

Parks

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	47,547,900	47,819,000
Current Year Appropriation	11,000,000	
Total General Fund	<u>58,547,900</u>	<u>47,819,000</u>
Restricted Funds		
Balance Forward	-11,000,000	
Current Receipts	52,055,900	52,036,900
Non-Revenue Receipts	230,000	230,000
Total Restricted Funds	<u>41,285,900</u>	<u>52,266,900</u>
TOTAL SOURCE OF FUNDS	<u>99,833,800</u>	<u>100,085,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	63,521,100	63,844,900
Operating Expenses	32,244,300	32,206,600
Debt Service	2,793,600	2,759,600
Capital Outlay	1,274,800	1,274,800
TOTAL EXPENDITURES	<u>99,833,800</u>	<u>100,085,900</u>
EXPENDITURES BY FUND SOURCE		
General Fund	58,547,900	47,819,000
Restricted Funds	41,285,900	52,266,900
TOTAL EXPENDITURES	<u>99,833,800</u>	<u>100,085,900</u>
EXPENDITURES BY UNIT		
General Administration and Support	17,002,000	16,420,100
Resort Parks	64,373,800	65,507,300
Recreation Parks and Historic Sites	17,801,300	17,507,800
Cafeterias	656,700	650,700
TOTAL EXPENDITURES	<u>99,833,800</u>	<u>100,085,900</u>

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

The Vision for Kentucky State Parks is to provide quality recreation and hospitality experiences for people of all ages that enhance their appreciation for adventure, fun, education, and beauty through responsible stewardship of our Commonwealth's natural, historic and cultural resources, and with a professional staff committed to excellent service for our guests.

The Mission of Kentucky State Parks is to provide a sustainable system of parks that delivers quality programs, amenities, and services, which create memorable experiences, and a sense of place, contributes to the economic growth of the Commonwealth, and preserves the historic and natural integrity and traditions of our parks for existing and future generations.

The activities of the Department include the operation and maintenance of 17 resort parks, 22 recreational parks, 7 historic sites, one cafeteria in Frankfort, and other miscellaneous facilities, including one interstate park. The Park System provides overnight lodging to 431,000 guests, food service for 1,192,000 meals for dining patrons, camping for 560,000 guests, golf for 170,000 players, along with other park amenities and activities.

Resort Parks

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

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

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

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

Recreation Park Facilities

Big Bone Lick State Park - Boone County
Carr Creek State Park - Knott County
Columbus-Belmont Battlefield State Park - Hickman County
E. P. "Tom" Sawyer State Park - Jefferson County
Fort Boonesborough State Park - Madison County
General Burnside State Park - Pulaski County
Grayson Lake State Park - Elliott and Carter Counties
Green River Lake State Park - Taylor County
John James Audubon State Park - Henderson County
Kincaid Lake State Park - Pendleton County
Kingdom Come State Park - Harlan County
Dawkins Line Rail Trail Park – Johnson/Magoffin Counties

Lake Malone State Park - Muhlenberg County
Lincoln Homestead State Park - Washington County
Mineral Mound State Park - Lyon County
My Old Kentucky Home State Park - Nelson County
Nolin Lake State Park - Edmonson County
Old Fort Harrod State Park - Mercer County
Paintsville Lake State Park - Johnson County
Pine Mountain State Park - Harlan & Bell Counties
Taylorsville Lake State Park - Spencer County
Yatesville Lake State Park - Lawrence County

Historic Sites

Perryville Battlefield State Shrine - Boyle County
Dr. Thomas Walker State Shrine - Knox County
Isaac Shelby State Shrine - Lincoln County
Wickliffe Mounds State Historic Site - Ballard County
Old Mulkey Meeting House State Shrine - Monroe County

Jefferson Davis State Shrine - Todd County
Waveland State Shrine - Fayette County

Cafeterias

The Cafeteria program provides food service in the Capitol Annex Building for members of the General Assembly, state employees, and visitors. The cafeteria also provides catering service for special local events.

General Administration and Support

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

Policy

The Budget of the Commonwealth provides General Fund in the amount of \$2,700,000 in fiscal year 2019-2020, to cover a shortfall from fiscal year 2018.

The Budget of the Commonwealth provides General Fund of \$398,000 in fiscal year 2020-2021 for debt service on new bonds included in the capital budget.

The budget includes Restricted Funds for a \$4,000 training incentive stipend in fiscal year 2021 for Park Rangers. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

The Governor's budget includes Restricted Funds for a \$4,600 training incentive stipend for Park Rangers in fiscal year 2022. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

The Governor's budget includes General Fund in the amount of \$364,000 in fiscal year 2022 for debt service on new bonds included in the capital budget.

The Governor's budget includes \$11,000,000 from the General Fund in fiscal year 2020-2021 in relief of an agency revenue shortfall due to the coronavirus disease 2019 pandemic.

The Governor's budget includes additional General Fund in the amount of \$178,100 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

**Tourism, Arts and Heritage
Horse Park Commission**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	1,729,000	1,739,400
Current Year Appropriation	7,600,000	
Total General Fund	9,329,000	1,739,400

Restricted Funds

Balance Forward	-2,403,700	
Current Receipts	3,796,000	11,061,000
Non-Revenue Receipts	33,200	48,100
Total Restricted Funds	1,425,500	11,109,100

TOTAL SOURCE OF FUNDS

	10,754,500	12,848,500
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EXPENDITURES BY CLASS

Personnel Costs	6,545,300	7,552,500
Operating Expenses	3,982,200	4,931,400
Grants Loans Benefits	35,000	35,000
Capital Outlay	192,000	192,000
TOTAL EXPENDITURES	10,754,500	12,710,900

EXPENDITURES BY FUND SOURCE

General Fund	9,329,000	1,739,400
Restricted Funds	1,425,500	10,971,500
TOTAL EXPENDITURES	10,754,500	12,710,900

EXPENDITURES BY UNIT

Kentucky Horse Park	10,754,500	12,710,900
TOTAL EXPENDITURES	10,754,500	12,710,900

The Kentucky Horse Park (KRS 148.260) is comprised of 1,224 acres on which are situated over 1101 structures, 40 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

Equine Theme Park-The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, horseback riding, horse drawn tours, and other activities.

Events-The Horse Park is the host venue for both equine and non-equine special events. Horse shows are central to the mission of the park and comprise the majority of special event activities. More than 100 annual equine events utilize 24 pole barns (2,000 stalls), a climate controlled 5,500 seat Alltech Arena, the 7,338 seat Rolex Stadium, a 1,200 seat covered arena, show office complex, six hunter-jumper rings, five dressage rings, a 7,800-yard cross country course, steeplechase course, and other ancillary structures. The park also hosts non-equine events that include weddings, high school wrestling, cheerleading high school cross-country, dog shows, "Old Kentucky Nights" evening programs, "Southern Lights" holiday lights show, and many other events.

Campground-The popular campground consists of 260 campsites with water/electric hookups, grocery store, two bathhouses, pool, tennis courts, playground, primitive camping, and covered pavilion. Each year more than 102,000 people camp at the Horse Park, generating more than \$1.9 million in direct annual income.

National Horse Center-Another area of remarkable growth has been the National Horse Center (NHC), a collection of the nation's and the state's leading equestrian organizations. The NHC now includes 33 distinct organizations contained in 15 office buildings. The NHC has solidified the key role of the Horse Park in making Kentucky the "Horse Capital of the World."

Policy

The Budget includes Restricted Funds for a \$4,000 training incentive stipend in each fiscal year for Mounted Patrol Officers. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

The Governor's budget includes \$7,600,000 from the General Fund in fiscal year 2020-2021 in relief of an agency revenue shortfall due to the coronavirus disease 2019 pandemic.

The Governor's budget includes additional General Fund in the amount of \$6,300 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Tourism, Arts and Heritage

State Fair Board

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	4,416,400	4,170,400
Current Year Appropriation	15,200,000	
Total General Fund	19,616,400	4,170,400
Restricted Funds		
Balance Forward	-1,469,300	161,600
Current Receipts	34,292,800	50,800,000
Total Restricted Funds	32,823,500	50,961,600
TOTAL SOURCE OF FUNDS	52,439,900	55,132,000
EXPENDITURES BY CLASS		
Personnel Costs	29,593,200	30,017,800
Operating Expenses	16,081,600	17,781,200
Grants Loans Benefits	2,218,300	2,218,300
Debt Service	302,500	56,500
Capital Outlay	4,082,700	3,864,200
TOTAL EXPENDITURES	52,278,300	53,938,000
EXPENDITURES BY FUND SOURCE		
General Fund	19,616,400	4,170,400
Restricted Funds	32,661,900	49,767,600
TOTAL EXPENDITURES	52,278,300	53,938,000
EXPENDITURES BY UNIT		
Kentucky Fair and Exposition Center	42,763,200	44,685,300
Kentucky International Convention Center	9,212,600	9,196,200
Debt Service	302,500	56,500
TOTAL EXPENDITURES	52,278,300	53,938,000

The Kentucky State Fair Board is composed of 18 members: the Governor, the Commissioner of Agriculture, the secretary of the Finance and Administration Cabinet, the Dean of the College of Agriculture at the University of Kentucky, the State president of the Kentucky FFA, the State President of the Kentucky 4-H Organization, and 12 members appointed by the Governor. The Board manages and administers the funds, buildings, grounds, and equipment of both the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville. A president is appointed by the Board to manage these centers and Fair Board properties.

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

The Kentucky Exposition Center is a completely air conditioned complex that includes 1.2 million square feet of exhibit and meeting space at ground level. It includes the 19,000-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South and North Wing Exposition facilities and Conference Centers, a smaller exposition pavilion, a 600-seat amphitheater, a 5,000 seat Livestock and Horse Show Arena, and a 37,000-seat stadium. Also serving the Kentucky Exposition Center are the adjacent Crowne Plaza, Hilton Gardens Inn, Cracker Barrel restaurant, Thornton's gas station and Executive Bowl, all of which are long term lessees of the State Fair Board.

Kentucky International Convention Center - The Kentucky International Convention Center provides facilities and services for intermediate-sized conventions, trade shows, association events, concerts, and cultural and commercial productions year-round. This facility is an integral and interdependent part of the overall redevelopment of downtown Louisville by both government and private enterprises. Major renovations to the center were completed in August 2018.

The Hyatt and Cowger Parking Garages, which provide 1,300 enclosed parking spaces, serve the Center. The Cowger Garage also includes commercial space, which is leased on a long term basis.

Policy

The Budget of the Commonwealth provides General Fund of \$302,500 in fiscal year 2020-2021 for debt service on new bonds included in the capital budget.

The Governor's budget includes \$15,200,000 from the General Fund in fiscal year 2020-2021 in relief of an agency revenue shortfall due to the coronavirus disease 2019 pandemic.

The budget includes General Fund in the amount of \$56,500 in fiscal year 2022 for debt service on new bonds included in the capital budget.

**Tourism, Arts and Heritage
Fish and Wildlife Resources**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	186,257,800	217,309,800
Current Receipts	88,360,500	88,471,600
Non-Revenue Receipts	-8,169,100	-8,673,600
Total Restricted Funds	266,449,200	297,107,800
Federal Fund		
Balance Forward	8,524,500	12,418,000
Current Receipts	23,485,400	23,525,900
Non-Revenue Receipts	-210,000	-210,000
Total Federal Fund	31,799,900	35,733,900
TOTAL SOURCE OF FUNDS	298,249,100	332,841,700
EXPENDITURES BY CLASS		
Personnel Costs	47,950,200	47,019,600
Operating Expenses	15,272,100	15,842,800
Grants Loans Benefits	934,000	934,000
Capital Outlay	4,365,000	4,161,000
TOTAL EXPENDITURES	68,521,300	67,957,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	49,139,400	48,493,000
Federal Fund	19,381,900	19,464,400
TOTAL EXPENDITURES	68,521,300	67,957,400
EXPENDITURES BY UNIT		
Administration and Support	5,875,000	5,764,400
Wildlife Management	19,522,100	19,486,200
Fisheries Management	14,919,200	14,849,900
Information and Education	8,017,200	7,880,700
Law Enforcement	15,895,900	15,749,700
Marketing	1,053,900	1,042,400
Engineering, Infrastructure & Technology	3,238,000	3,184,100
TOTAL EXPENDITURES	68,521,300	67,957,400

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

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

The Department owns approximately 130,000 acres of land in Kentucky, which are used to further its program activities. The acreage includes the State Game Farm, approximately 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 700,000 plus acres of land and water is under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

The Department consists of seven program areas: Administration and Support, Wildlife Management, Fisheries Management, Information and Education, Law Enforcement, Marketing and Engineering, Infrastructure and Technology

Wildlife Management - The Wildlife Management program manages, develops, and maintains statewide game and non-game populations consistent with habitat availability on state owned lands, licensed wildlife management areas, and privately owned lands. Additionally, Wildlife Management conducts statewide surveys to determine the relative

abundance of game and non-game wildlife, formulates hunting regulations based upon biological data and recreational demands, restores viable native wildlife species by restocking in suitable habitat, and evaluates the impact of land, water resource, and other construction projects on wildlife resources. Technical guidance is provided to private landowners for improvement of wildlife habitat. A fish and wildlife electronic information system is being maintained for use by state agencies that includes geographic information such as land types, vegetation conditions, and wildlife populations.

Fisheries Management - The Fisheries Management program manages Kentucky fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices. The Environmental Section of the Fisheries Division manages the Kentucky Wetland Stream Mitigation Fund (referred to as the fees in-lieu of program) authorized by KRS 150.255 and by agreement with the U.S. Army Corps of Engineers. Corps 404 permits require mitigation when projects fill stream or wetland habitat. Funds are derived when 404 permit applicants can elect to pay a fee to satisfy mitigation requirements. These fees are used for identifying and restoring degraded streams with eroding banks and impacted habitat to stable conditions or restoring wetlands that have been drained.

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

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

Administration and Support - The Administration and Support program area manages the day-to-day operations of the Department including maintaining accounting records, ensuring proper purchasing and inventory procedures, and administering hunting and fishing license sales and revenue collections. The Public Affairs Division facilitates public involvement in departmental policy and regulations.

Marketing – The Marketing program is responsible for marketing, public involvement, social survey research, trend analysis, economic analysis of the benefits of wildlife associated recreations and boating.

Engineering, Infrastructure and Technology - The Engineering program provides the labor and technical engineering services required for small construction projects, such as building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department

Policy

The Budget of the Commonwealth includes Restricted Funds for a \$4,000 training incentive stipend for Conservation Officers. These funds are provided from the Fish and Game Fund.

The budget includes Restricted Funds in the amount of \$954,900 and Federal Funds in the amount of \$1,970,000 in each fiscal year to fund programs that help control Asian Carp populations.

Tourism, Arts and Heritage

Historical Society

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	6,456,700	6,481,800
Total General Fund	6,456,700	6,481,800
Restricted Funds		
Balance Forward	115,400	77,500
Current Receipts	856,400	858,400
Total Restricted Funds	971,800	935,900
Federal Fund		
Current Receipts	170,000	170,000
Total Federal Fund	170,000	170,000
TOTAL SOURCE OF FUNDS	7,598,500	7,587,700
EXPENDITURES BY CLASS		
Personnel Costs	4,419,500	4,449,300
Operating Expenses	3,056,000	3,051,300
Grants Loans Benefits	45,500	45,500
TOTAL EXPENDITURES	7,521,000	7,546,100
EXPENDITURES BY FUND SOURCE		
General Fund	6,456,700	6,481,800
Restricted Funds	894,300	894,300
Federal Fund	170,000	170,000
TOTAL EXPENDITURES	7,521,000	7,546,100
EXPENDITURES BY UNIT		
Oral History and Educational Outreach	1,253,500	1,250,700
Research and Publications	833,300	822,300
Museums	696,300	681,000
Administration	4,737,900	4,792,100
TOTAL EXPENDITURES	7,521,000	7,546,100

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

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

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following functional teams: development, director’s office, finance and human resources, and communications (which includes visitor services.)

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society’s two journals—*The Register of the Kentucky Historical Society* and *Kentucky Ancestors*—and assists with the publication of the quarterly newsletter, *The Chronicle*. The team also administers the historical marker program and the research fellows program. The museum collections and exhibitions team is responsible for the operation of the Historical Society’s three museum facilities—the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. Since 1999, these facilities have hosted more than 1,000,000 visitors. The team is also responsible for the 200,000+ artifact collection. The design studio is responsible for museum exhibition design and production, along with the design and production of other KHS interpretive and promotional tools.

The Museum Division is responsible for special collections and reference services. The Museum division operates the Martin F. Schmidt Research Library housed in the History Center, which effectively serves genealogists and other researchers. It also cares for an array of manuscripts, maps, 200,000-plus photographs, 8,000 oral history recordings, and rare books.

The Oral History and Educational Outreach Division includes the following units: interpretive education, teacher/student outreach, and community services. Community Services consists of the local history program and the Cemetery Preservation program. Interpretive Education includes school tours, museum theatre, and other educational activities for adults and children. Since 1999, the KHS "history campus" has hosted more than 1,000,000 visitors. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Much of the KHS professional development for teachers is presented through Teaching American History grants awarded by the U.S. Department of Education.

Policy

The Governor's budget includes additional General Fund in the amount of \$14,100 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Tourism, Arts and Heritage**Arts Council**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,537,900	1,745,400
Total General Fund	1,537,900	1,745,400
Restricted Funds		
Balance Forward	433,000	454,200
Current Receipts	373,800	373,800
Total Restricted Funds	806,800	828,000
Federal Fund		
Current Receipts	892,500	759,400
Total Federal Fund	892,500	759,400
TOTAL SOURCE OF FUNDS	3,237,200	3,332,800
EXPENDITURES BY CLASS		
Personnel Costs	1,065,800	1,117,100
Operating Expenses	264,200	421,500
Grants Loans Benefits	1,453,000	1,319,900
TOTAL EXPENDITURES	2,783,000	2,858,500
EXPENDITURES BY FUND SOURCE		
General Fund	1,537,900	1,745,400
Restricted Funds	352,600	353,700
Federal Fund	892,500	759,400
TOTAL EXPENDITURES	2,783,000	2,858,500
EXPENDITURES BY UNIT		
Arts Council	1,168,600	1,175,600
Support Grants	1,465,000	1,331,900
Arts Marketing	149,400	351,000
TOTAL EXPENDITURES	2,783,000	2,858,500

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

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

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

Policy

The Governor's budget includes additional General Fund in the amount of \$5,000 in fiscal year 2022 to fund cost increases associated providing a 1% increment.

**Tourism, Arts and Heritage
Heritage Council**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	738,400	743,700
Total General Fund	738,400	743,700
Restricted Funds		
Balance Forward	467,300	245,100
Current Receipts	145,000	130,200
Non-Revenue Receipts	412,700	418,400
Total Restricted Funds	1,025,000	793,700
Federal Fund		
Balance Forward	300	300
Current Receipts	869,200	990,000
Total Federal Fund	869,500	990,300
TOTAL SOURCE OF FUNDS	2,632,900	2,527,700
EXPENDITURES BY CLASS		
Personnel Costs	2,072,200	2,038,700
Operating Expenses	225,300	256,400
Grants Loans Benefits	90,000	187,500
TOTAL EXPENDITURES	2,387,500	2,482,600
EXPENDITURES BY FUND SOURCE		
General Fund	738,400	743,700
Restricted Funds	779,900	748,900
Federal Fund	869,200	990,000
TOTAL EXPENDITURES	2,387,500	2,482,600
EXPENDITURES BY UNIT		
Kentucky Heritage Council	2,387,500	2,482,600
TOTAL EXPENDITURES	2,387,500	2,482,600

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program with structure in three areas: the Site Protection Program, the Site Identification and Evaluation Program and the Site Development Program.

The Council administers national historic preservation activities in Kentucky, monitors projects and distributes grants involving federal funds, offers programs and services involving all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

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

Attached to the Heritage Council for administration and programmatic services are the African American Heritage Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.3801.

Policy

The Governor's budget includes additional General Fund in the amount of \$3,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

**Tourism, Arts and Heritage
Kentucky Center for the Arts**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	558,300	558,300
Total General Fund	558,300	558,300
TOTAL SOURCE OF FUNDS	558,300	558,300
EXPENDITURES BY CLASS		
Grants Loans Benefits	558,300	558,300
TOTAL EXPENDITURES	558,300	558,300
EXPENDITURES BY FUND SOURCE		
General Fund	558,300	558,300
TOTAL EXPENDITURES	558,300	558,300
EXPENDITURES BY UNIT		
Governor's School for the Arts	558,300	558,300
TOTAL EXPENDITURES	558,300	558,300

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

The Kentucky Center houses three theaters: the 2,406-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, and spaces for social and business events.

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

The Governor’s School for the Arts (GSA) is a model program, recognized nationally by the President’s Committee on the Arts and Humanities and the National Endowment of the Arts. GSA was established in 1987 to address the needs of an underserved Kentucky population: Kentucky’s artistically gifted and talented young people. Whereas opportunities for advanced academic work has been widely available to Kentucky’s academically gifted students, opportunities to pursue advanced work in the arts have been considerably more limited, particularly for geographically and/or economically marginalized students. GSA not only plays a vital role in preparing students for their pursuit of careers in the arts, but also prepares them for all facets of professional life requiring leadership, critical thinking, exceptional communication skills and understanding of the multi-cultural world. GSA is a model program, recognized nationally by the President’s Committee on the Arts & Humanities and the National Endowment for the Arts. The school currently serves 256 students.

Transportation

Transportation**Transportation**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	6,089,000	14,489,000
Continuing Approp-General Fund	1,213,000	
Total General Fund	7,302,000	14,489,000
Restricted Funds		
Balance Forward	94,409,400	92,307,700
Current Receipts	159,568,700	180,710,300
Non-Revenue Receipts	12,262,900	5,696,500
Fund Transfers	-3,138,400	-3,828,800
Total Restricted Funds	263,102,600	274,885,700
Federal Fund		
Current Receipts	1,025,599,400	992,157,900
Total Federal Fund	1,025,599,400	992,157,900
Road Fund		
Regular Appropriation	1,443,866,500	1,485,513,500
Surplus Expenditure Plan	139,800	
Current Year Appropriation	78,865,300	
Continuing Approp-Road Fund	416,116,200	
Total Road Fund	1,938,987,800	1,485,513,500
TOTAL SOURCE OF FUNDS	3,234,991,800	2,767,046,100
EXPENDITURES BY CLASS		
Personnel Costs	818,388,300	839,091,200
Operating Expenses	294,623,100	292,737,100
Grants Loans Benefits	318,674,600	254,466,600
Debt Service	233,670,300	224,729,900
Capital Outlay	1,906,200	1,904,900
Construction	1,471,990,600	1,061,062,500
TOTAL EXPENDITURES	3,139,253,100	2,673,992,200
EXPENDITURES BY FUND SOURCE		
General Fund	7,302,000	14,489,000
Restricted Funds	170,794,900	185,014,000
Federal Fund	1,025,599,400	992,157,900
Road Fund	1,935,556,800	1,482,331,300
TOTAL EXPENDITURES	3,139,253,100	2,673,992,200
EXPENDITURES BY UNIT		
General Administration and Support	88,284,200	88,774,500
Aviation	25,447,900	18,540,500
Debt Service	144,560,400	135,957,400
Highways	2,284,933,600	1,984,774,400
Public Transportation	81,536,200	40,481,700
Revenue Sharing	450,977,300	341,480,300
Vehicle Regulation	63,513,500	63,983,400
TOTAL EXPENDITURES	3,139,253,100	2,673,992,200

The Transportation Cabinet is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from highway bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources include agency receipts, non-highway

federal aid, the state General Fund, and a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage tax, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Aviation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service.

Organizationally, the agency is divided into four departments: Aviation, Vehicle Regulation, Rural and Municipal Aid, and Highways. Each department is headed by a commissioner directly responsible to the Secretary. Other organizational units include the Office of Support Services, the Office of Transportation Delivery, the Office of Audits, the Office of Human Resource Management, the Office of Information Technology, the Office of Legal Services, the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, and the Office of Inspector General. These units report to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery and Preservation, the Office of Highway Safety, and Highway District Offices One through Twelve. The Office of Local Programs and the Office of Rural and Secondary Roads report to the Commissioner of Rural and Municipal Aid.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. The 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

	Transportation	
	General Administration and Support	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	500,000	500,000
Total General Fund	500,000	500,000
Restricted Funds		
Balance Forward	206,200	159,400
Current Receipts	2,625,300	2,682,100
Total Restricted Funds	2,831,500	2,841,500
Road Fund		
Regular Appropriation	85,112,100	85,594,600
Total Road Fund	85,112,100	85,594,600
TOTAL SOURCE OF FUNDS	88,443,600	88,936,100
EXPENDITURES BY CLASS		
Personnel Costs	39,431,500	39,925,700
Operating Expenses	39,596,600	39,598,200
Grants Loans Benefits	502,800	502,800
Debt Service	7,110,100	7,105,900
Capital Outlay	1,551,200	1,549,900
Construction	92,000	92,000
TOTAL EXPENDITURES	88,284,200	88,774,500
EXPENDITURES BY FUND SOURCE		
General Fund	500,000	500,000
Restricted Funds	2,672,100	2,679,900
Road Fund	85,112,100	85,594,600
TOTAL EXPENDITURES	88,284,200	88,774,500
EXPENDITURES BY UNIT		
Office of the Secretary	9,033,100	9,059,700
Legal Services	5,737,300	5,754,000
Office of Human Resource Management	5,815,600	5,872,000
Office of Support Services	24,544,400	24,601,500
Technology	37,435,400	37,738,800
Office of Audits	5,718,400	5,748,500
TOTAL EXPENDITURES	88,284,200	88,774,500

The General Administration and Support appropriation unit provides management and administrative services and ensures efficient day to day operations. This unit includes the Office of Secretary and nine other offices.

The Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Human Resource Management, the Office of Support Services, the Office of Audits, and the Office of Information Technology provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary with the managerial tools necessary to operate the Cabinet.

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as the main policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies

and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. Beginning in April 2013, the Office of Support Services began providing production print services for the Executive Branch through its Division of Graphic Design and Printing, a function previously performed by the Commonwealth Office of Technology. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

Policy

The General Fund appropriation provides funding for the improvement of public river ports in the Commonwealth. The Secretary of Transportation, in conjunction with the Kentucky Water Transportation Advisory Board, shall determine how to distribute the funds.

Transportation

Aviation

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Continuing Approp-General Fund	756,800	
Total General Fund	756,800	
Restricted Funds		
Balance Forward	26,312,900	20,837,400
Current Receipts	18,015,400	17,832,900
Non-Revenue Receipts	-1,831,100	-837,400
Fund Transfers	-438,400	-428,800
Total Restricted Funds	42,058,800	37,404,100
Federal Fund		
Current Receipts	672,000	500,000
Total Federal Fund	672,000	500,000
Road Fund		
Regular Appropriation	2,797,700	1,806,700
Total Road Fund	2,797,700	1,806,700
TOTAL SOURCE OF FUNDS	46,285,300	39,710,800
EXPENDITURES BY CLASS		
Personnel Costs	4,103,200	3,191,200
Operating Expenses	912,200	912,200
Grants Loans Benefits	18,051,400	13,049,700
Debt Service	1,831,100	837,400
Construction	550,000	550,000
TOTAL EXPENDITURES	25,447,900	18,540,500
EXPENDITURES BY FUND SOURCE		
General Fund	756,800	
Restricted Funds	21,221,400	16,233,800
Federal Fund	672,000	500,000
Road Fund	2,797,700	1,806,700
TOTAL EXPENDITURES	25,447,900	18,540,500
EXPENDITURES BY UNIT		
Commonwealth Aviation	20,895,400	15,046,200
Capital City Airport	2,721,400	2,656,900
Aviation Administration	1,831,100	837,400
TOTAL EXPENDITURES	25,447,900	18,540,500

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory program for administrative purposes. The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 59 public use airports, including updating and distributing the state aeronautical charts and airport directories.

The Capital City Airport is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to 78 aircraft, including the fleet of owned and operated by state government and the National Guard located in Frankfort.

Policy

The budget suspends the provisions of KRS 183.525 and transfers \$438,400 in fiscal year 2020-2021 and \$428,800 in fiscal year 2021-2022 from the Kentucky Aviation Economic Development Fund to the General Fund to support General Fund supported aviation bonds authorized by the 2005 General Assembly.

The Budget of the Commonwealth suspends the provisions of KRS 183.525 and transfers \$995,600 in fiscal year 2020-2021 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2008 General Assembly.

The budget suspends the provisions of KRS 183.525 and transfers \$835,500 in fiscal year 2020-2021 and \$837,400 in fiscal year 2021-2022 from the Kentucky Aviation Economic Development Fund to the Road Fund to support Road Fund supported aviation bonds authorized by the 2010 General Assembly.

Transportation

Debt Service

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Road Fund		
Regular Appropriation	147,991,400	139,139,600
Total Road Fund	147,991,400	139,139,600
TOTAL SOURCE OF FUNDS	147,991,400	139,139,600
EXPENDITURES BY CLASS		
Personnel Costs	100,000	100,000
Debt Service	144,460,400	135,857,400
TOTAL EXPENDITURES	144,560,400	135,957,400
EXPENDITURES BY FUND SOURCE		
Road Fund	144,560,400	135,957,400
TOTAL EXPENDITURES	144,560,400	135,957,400
EXPENDITURES BY UNIT		
Economic Development Lease Rental	144,560,400	135,957,400
TOTAL EXPENDITURES	144,560,400	135,957,400

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System.

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds that were issued to construct the state's parkways are now retired.

The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The final lease rental payment for the Resource Recovery Road bonds was made in fiscal year 2008-2009.

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The 2009 General Assembly authorized bonds in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan. The 2010 Special Session of the General Assembly authorized \$112 million in BRAC bonds to complete the projects in Fort Knox and \$400 million in bonds for projects included in the Biennial Highway Construction Plan. All but \$50 million of the \$400 million in bonds authorized by the 2010 Special Session of the General Assembly have been issued.

Through lease agreements with the Turnpike Authority of Kentucky and the Asset and Liability Commission, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and the Economic Development Road revenue bonds. In the Debt Service program, funds are reserved exclusively for semi-annual lease rental payments to meet the principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

Policy

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the Road Fund. The amount of the Road Fund lapse is \$3,431,000 in fiscal year 2020-2021 and \$3,182,200 in fiscal year 2021-2022.

Transportation

Highways

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	56,366,100	57,874,300
Current Receipts	111,916,500	139,464,100
Non-Revenue Receipts	12,649,000	10,888,900
Total Restricted Funds	180,931,600	208,227,300
Federal Fund		
Current Receipts	955,999,900	962,726,300
Total Federal Fund	955,999,900	962,726,300
Road Fund		
Regular Appropriation	826,464,900	871,647,600
Surplus Expenditure Plan	139,800	
Current Year Appropriation	78,865,300	
Continuing Approp-Road Fund	300,406,400	
Total Road Fund	1,205,876,400	871,647,600
TOTAL SOURCE OF FUNDS	2,342,807,900	2,042,601,200
EXPENDITURES BY CLASS		
Personnel Costs	728,884,900	752,589,700
Operating Expenses	225,036,600	221,340,700
Grants Loans Benefits	14,743,700	14,736,600
Debt Service	79,468,700	79,388,200
Capital Outlay	355,000	355,000
Construction	1,236,444,700	916,364,200
TOTAL EXPENDITURES	2,284,933,600	1,984,774,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	123,057,300	150,400,500
Federal Fund	955,999,900	962,726,300
Road Fund	1,205,876,400	871,647,600
TOTAL EXPENDITURES	2,284,933,600	1,984,774,400
EXPENDITURES BY UNIT		
Research	4,527,400	4,527,400
Construction	1,697,091,400	1,371,844,500
Maintenance	402,951,600	397,456,900
Engineering Administration	19,151,900	18,626,700
Planning	13,917,000	16,143,100
Highway Operations	61,642,500	84,118,700
Equipment Services	68,413,900	71,665,700
Highway Safety	17,237,900	20,391,400
TOTAL EXPENDITURES	2,284,933,600	1,984,774,400

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are eight programs in the Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, Highway Safety and Equipment Services. The Construction program is divided into five subprograms: Bond Funded Construction, State Funded Construction, Federal Funded Construction, Toll Bond Funded Construction, and the TIFIA Loan program.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation unit.

Combined travel by all motor vehicles over Kentucky's 78,000 miles of roads and streets equals over 47.6 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,500 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, unclassified roads, and approximately 9,000 state maintained bridges. Kentucky's interstate system, consisting of approximately 800 miles, carries 27 percent of all travel.

Transportation

Highways

Research

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Federal Fund		
Current Receipts	3,383,400	3,383,400
Total Federal Fund	<u>3,383,400</u>	<u>3,383,400</u>
Road Fund		
Regular Appropriation	1,144,000	1,144,000
Total Road Fund	<u>1,144,000</u>	<u>1,144,000</u>
TOTAL SOURCE OF FUNDS	<u>4,527,400</u>	<u>4,527,400</u>
EXPENDITURES BY CLASS		
Personnel Costs	4,519,400	4,519,400
Operating Expenses	8,000	8,000
TOTAL EXPENDITURES	<u>4,527,400</u>	<u>4,527,400</u>
EXPENDITURES BY FUND SOURCE		
Federal Fund	3,383,400	3,383,400
Road Fund	1,144,000	1,144,000
TOTAL EXPENDITURES	<u>4,527,400</u>	<u>4,527,400</u>

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code, which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

Transportation

Highways

Construction

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	47,892,200	47,719,300
Current Receipts	15,916,700	16,391,500
Non-Revenue Receipts	10,888,900	10,888,900
Total Restricted Funds	74,697,800	74,999,700
Federal Fund		
Current Receipts	931,975,100	935,701,500
Total Federal Fund	931,975,100	935,701,500
Road Fund		
Regular Appropriation	358,726,300	408,862,600
Surplus Expenditure Plan	139,800	
Current Year Appropriation	78,865,300	
Continuing Approp-Road Fund	300,406,400	
Total Road Fund	738,137,800	408,862,600
TOTAL SOURCE OF FUNDS	1,744,810,700	1,419,563,800
EXPENDITURES BY CLASS		
Personnel Costs	397,211,600	396,656,600
Operating Expenses	16,255,600	16,255,600
Grants Loans Benefits	11,296,100	11,296,100
Debt Service	79,468,700	79,388,200
Construction	1,192,859,400	868,248,000
TOTAL EXPENDITURES	1,697,091,400	1,371,844,500
EXPENDITURES BY FUND SOURCE		
Restricted Funds	26,978,500	27,280,400
Federal Fund	931,975,100	935,701,500
Road Fund	738,137,800	408,862,600
TOTAL EXPENDITURES	1,697,091,400	1,371,844,500

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into five sub-programs: Bond Funded Construction, State Funded Construction, Federal Funded Construction, Toll Bond Funded Construction, and the TIFIA Loan program. KRS 45.750(3) exempts road projects, including associated equipment and land acquisition purchases, from the capital construction statutes outlined in KRS Chapter 45.760 - 45.810.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority received authorization to sell bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005, 2006, 2008, 2009, and 2010 for projects identified as part of the Economic Development Road System. The Authority received authorization in 2008 and 2010 to issue bonds to support road projects specifically related to the Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system. The Highway Construction Contingency account, authorized in KRS 45.247, is also included in the State-Funded Construction program.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. From fiscal year 2005 to fiscal year 2008, \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds were appropriated to support interstate projects along I-64, I-75, and I-65. In addition, GARVEE bonds totaling \$336 million were authorized in 2008 and 2010 for the Louisville Bridges project. The 2010 Special Session of the General Assembly authorized \$330 million in GARVEE bonds for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project. For display purposes, the GARVEE bonds are located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

House Bill 4 from the 2009 Special Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority (KPTIA) to facilitate the construction, financing, operation, and oversight of mega-projects. According to the Federal Highway Administration, mega-projects are projects that have a total cost of \$500 million or more. The Authority has the power to finance mega-projects through the use of tolls, funds from any GARVEE, funds appropriated by the state or federal government, and any other funds pledged for their purpose.

Policy

The budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program, authorized by the Appropriations Act since the 2000-2002 biennium. The Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that expenditures remain within enacted appropriations.

The budget includes Road Fund in the amount of \$194,074,700 in fiscal year 2021 and \$131,721,200 in fiscal year 2022 within the State Funded Construction unit to support the 2020-2022 Biennial Highway Construction Program.

The budget includes Road Fund in the amount of \$16,600,000 in fiscal year 2021 and \$31,000,000 in fiscal year 2022 within the State Funded Construction unit for the Highway Construction Contingency Account.

The budget includes Road Fund in the amount of \$110,915,300 in fiscal year 2021 and \$125,000,000 in fiscal year 2022 within the State Funded Construction unit to support resurfacing.

Transportation

Highways

Maintenance

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	493,100	493,100
Current Receipts	3,572,300	3,687,900
Total Restricted Funds	<u>4,065,400</u>	<u>4,181,000</u>
Road Fund		
Regular Appropriation	399,379,300	393,769,000
Total Road Fund	<u>399,379,300</u>	<u>393,769,000</u>
TOTAL SOURCE OF FUNDS	<u>403,444,700</u>	<u>397,950,000</u>
EXPENDITURES BY CLASS		
Personnel Costs	217,285,100	210,256,700
Operating Expenses	173,332,900	173,335,700
Construction	12,333,600	13,864,500
TOTAL EXPENDITURES	<u>402,951,600</u>	<u>397,456,900</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	3,572,300	3,687,900
Road Fund	399,379,300	393,769,000
TOTAL EXPENDITURES	<u>402,951,600</u>	<u>397,456,900</u>

Kentucky has invested approximately \$19 billion in its highway infrastructure which is comprised of right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of Project Delivery and Preservation administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are explained in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

The Division of Maintenance responsibilities are broken down into two areas. The Roadway Preservation program maintains approximately 15,000 miles of state primary highways and 13,000 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on over 27,000 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities. The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck rest haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

Transportation		
Highways		
Engineering Administration		
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Road Fund		
Regular Appropriation	19,151,900	18,626,700
Total Road Fund	<u>19,151,900</u>	<u>18,626,700</u>
TOTAL SOURCE OF FUNDS	<u>19,151,900</u>	<u>18,626,700</u>
EXPENDITURES BY CLASS		
Personnel Costs	15,710,900	15,185,700
Operating Expenses	3,084,000	3,084,000
Capital Outlay	355,000	355,000
Construction	<u>2,000</u>	<u>2,000</u>
TOTAL EXPENDITURES	<u>19,151,900</u>	<u>18,626,700</u>
EXPENDITURES BY FUND SOURCE		
Road Fund	<u>19,151,900</u>	<u>18,626,700</u>
TOTAL EXPENDITURES	<u>19,151,900</u>	<u>18,626,700</u>

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists the Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Road Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal-aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right-of-Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Road Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Professional Services is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

Transportation

Highways

Planning

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Federal Fund		
Current Receipts	10,209,900	12,498,900
Total Federal Fund	10,209,900	12,498,900
Road Fund		
Regular Appropriation	3,707,100	3,644,200
Total Road Fund	3,707,100	3,644,200
TOTAL SOURCE OF FUNDS	13,917,000	16,143,100
EXPENDITURES BY CLASS		
Personnel Costs	12,876,900	15,103,000
Operating Expenses	1,040,100	1,040,100
TOTAL EXPENDITURES	13,917,000	16,143,100
EXPENDITURES BY FUND SOURCE		
Federal Fund	10,209,900	12,498,900
Road Fund	3,707,100	3,644,200
TOTAL EXPENDITURES	13,917,000	16,143,100

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine metropolitan planning organizations (MPOs) to implement the continuing, comprehensive, and cooperative planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADDs) Assistance administers a regional planning and public participation process in the state's 15 ADDs as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

	Transportation Highways Highway Operations	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Current Receipts	23,366,100	46,982,000
Total Restricted Funds	<u>23,366,100</u>	<u>46,982,000</u>
Road Fund		
Regular Appropriation	38,276,400	37,162,200
Total Road Fund	<u>38,276,400</u>	<u>37,162,200</u>
TOTAL SOURCE OF FUNDS	<u>61,642,500</u>	<u>84,144,200</u>
EXPENDITURES BY CLASS		
Personnel Costs	57,356,200	79,832,400
Operating Expenses	4,066,300	4,066,300
Construction	220,000	220,000
TOTAL EXPENDITURES	<u>61,642,500</u>	<u>84,118,700</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	23,366,100	46,956,500
Road Fund	38,276,400	37,162,200
TOTAL EXPENDITURES	<u>61,642,500</u>	<u>84,118,700</u>

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways oversees the Department, which includes the State Highway Engineer's Office, three offices which include 14 divisions, and 12 district offices across the state. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviews management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship program and the Engineering Graduate Training program, coordinates the Research program, and manages special projects, such as the Louisville Bridges project.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

In fiscal year 2016-2017, the Transportation Cabinet began collecting a portion of the toll revenue from the Louisville-Southern Indiana Ohio River Bridges project to fund toll system operations and maintenance and administrative costs of the Kentucky Public Transportation Infrastructure Authority (KPTIA). The toll revenue is collected in an enterprise fund within the Transportation Cabinet, and the costs that it supports are included in the above restricted funds.

Transportation

Highways

Equipment Services

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	7,965,200	7,965,200
Current Receipts	68,413,900	71,665,700
Total Restricted Funds	<u>76,379,100</u>	<u>79,630,900</u>
TOTAL SOURCE OF FUNDS	<u>76,379,100</u>	<u>79,630,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	17,017,500	17,268,400
Operating Expenses	20,361,700	20,362,600
Grants Loans Benefits	5,000	5,000
Construction	31,029,700	34,029,700
TOTAL EXPENDITURES	<u>68,413,900</u>	<u>71,665,700</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	<u>68,413,900</u>	<u>71,665,700</u>
TOTAL EXPENDITURES	<u>68,413,900</u>	<u>71,665,700</u>

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 12 repair garages located throughout the state.

	Transportation	
	Highways	
	Highway Safety	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	15,600	1,696,700
Current Receipts	647,500	737,000
Non-Revenue Receipts	1,760,100	
Total Restricted Funds	2,423,200	2,433,700
Federal Fund		
Current Receipts	10,431,500	11,142,500
Total Federal Fund	10,431,500	11,142,500
Road Fund		
Regular Appropriation	6,079,900	8,438,900
Total Road Fund	6,079,900	8,438,900
TOTAL SOURCE OF FUNDS	18,934,600	22,015,100
EXPENDITURES BY CLASS		
Personnel Costs	6,907,300	13,767,500
Operating Expenses	6,888,000	3,188,400
Grants Loans Benefits	3,442,600	3,435,500
TOTAL EXPENDITURES	17,237,900	20,391,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	726,500	810,000
Federal Fund	10,431,500	11,142,500
Road Fund	6,079,900	8,438,900
TOTAL EXPENDITURES	17,237,900	20,391,400

The Office of Transportation Safety is headed by an Executive Director who reports directly to the State Highway Engineer. The Office includes the Division of Incident Management and the Division of Highway Safety Programs. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes.

The Division of Incident Management manages the Transportation Operations Center and coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents.

The Division of Highway Safety Programs is charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems.

Policy

Additional Road Fund in the amount of \$3,000,000 is added in fiscal year 2022 for the Strategic Highway Safety Plan Implementation.

Additional Road Fund in the amount of \$2,500,000 is added in fiscal year 2022 for Transportation System Management and Operation.

	Transportation	
	Public Transportation	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	5,589,000	13,989,000
Continuing Approp-General Fund	456,200	
Total General Fund	6,045,200	13,989,000
Restricted Funds		
Current Receipts	7,703,600	713,400
Non-Revenue Receipts	1,500,000	
Total Restricted Funds	9,203,600	713,400
Federal Fund		
Current Receipts	66,287,400	25,804,500
Total Federal Fund	66,287,400	25,804,500
TOTAL SOURCE OF FUNDS	81,536,200	40,506,900
EXPENDITURES BY CLASS		
Personnel Costs	2,339,100	1,866,200
Operating Expenses	155,200	155,200
Grants Loans Benefits	79,041,900	38,460,300
TOTAL EXPENDITURES	81,536,200	40,481,700
EXPENDITURES BY FUND SOURCE		
General Fund	6,045,200	13,989,000
Restricted Funds	9,203,600	688,200
Federal Fund	66,287,400	25,804,500
TOTAL EXPENDITURES	81,536,200	40,481,700
EXPENDITURES BY UNIT		
Public Transportation	80,428,100	39,395,300
Multi-Modal Transportation	398,200	398,200
Human Services Delivery	709,900	688,200
TOTAL EXPENDITURES	81,536,200	40,481,700

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the following federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund and local matching funds, allow public transit authorities to acquire buses and vans.

Also included in the Public Transportation program is funding for Non-public School Transportation, a program that provides grants to non-public schools so that they may offer bus service to their students.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership between the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities. The program also partners with the Veterans' Program Trust Fund to provide transportation services for veterans.

Policy

The Governor's budget recommendation includes additional General Funds in the amount of \$8,400,000 in fiscal year 2021-2022 for the purpose of Matching Federal Transit grants. In previous years, toll credits were used as match for these federal grants, toll credits are no longer available.

The budget includes additional restricted funds in the amount of \$8,521,700 in fiscal year 2020-2021 for the purpose of Matching Federal Transit grants. These funds will be transferred from the Energy and Environment Cabinet's proceeds garnered from the Volkswagen Settlement and will be used in accordance with the Beneficiary Mitigation Plan.

The budget includes General Fund in the amount of \$3,500,000 in both fiscal years for nonpublic school transportation.

**Transportation
Revenue Sharing**

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
Road Fund		
Regular Appropriation	335,267,500	341,480,300
Continuing Approp-Road Fund	115,709,800	
Total Road Fund	450,977,300	341,480,300
TOTAL SOURCE OF FUNDS	450,977,300	341,480,300
EXPENDITURES BY CLASS		
Personnel Costs	4,682,100	4,654,400
Operating Expenses	9,406,500	9,402,400
Grants Loans Benefits	201,984,800	183,367,200
Construction	234,903,900	144,056,300
TOTAL EXPENDITURES	450,977,300	341,480,300
EXPENDITURES BY FUND SOURCE		
Road Fund	450,977,300	341,480,300
TOTAL EXPENDITURES	450,977,300	341,480,300
EXPENDITURES BY UNIT		
County Road Aid	140,934,000	129,053,900
Rural Secondary	246,717,200	156,557,200
Municipal Aid	61,035,800	54,301,300
Energy Recovery	836,700	142,000
Rural and Municipal Aid	1,453,600	1,425,900
TOTAL EXPENDITURES	450,977,300	341,480,300

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410 - 179.440; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365 – 177.366; the Energy Recovery Road program, authorized by KRS 177.977-177.978; and other Special Programs.

The County Road Aid, Rural Secondary Aid, and Municipal Aid programs receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels tax collections which is distributed to counties for the construction, reconstruction and maintenance of county roads and bridges. The Rural Secondary Aid program receives 22.2 percent of motor fuels tax collections, and funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one fifth is divided evenly among all counties, one fifth is divided proportionately based on the amount of rural population in each county, one fifth is distributed on the basis of rural road mileage in each county, and two fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Pursuant to KRS 183.220(3), two and one-tenth cents (\$0.021) of the tax collected under the motor fuel tax are excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program), KRS 177.320(2) (the County Road Aid program), and KRS 177.365 (the Municipal Road Aid program).

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

The Special Programs budget unit includes the Commissioner's Office, the Office of Local Programs, the Kentucky Bicycle and Bikeway Commission, and the Bicycle and Pedestrian Program.

Policy

The Motor Fuels revenue estimate upon which the Road Fund appropriations in the Revenue Sharing program are based, is \$756,200,000 in fiscal year 2021 and \$769,200,000 in fiscal year 2022. The Motor Fuels estimate is then reduced by the amount of truck trip permits, \$775,000 in fiscal year 2021 and \$780,000 in fiscal year 2022.

**Transportation
Vehicle Regulation**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	11,524,200	13,436,600
Current Receipts	19,307,900	20,017,800
Non-Revenue Receipts	-55,000	-4,355,000
Fund Transfers	-2,700,000	-3,400,000
Total Restricted Funds	28,077,100	25,699,400
Federal Fund		
Current Receipts	2,640,100	3,127,100
Total Federal Fund	2,640,100	3,127,100
Road Fund		
Regular Appropriation	46,232,900	45,844,700
Total Road Fund	46,232,900	45,844,700
TOTAL SOURCE OF FUNDS	76,950,100	74,671,200
EXPENDITURES BY CLASS		
Personnel Costs	38,847,500	36,764,000
Operating Expenses	19,516,000	21,328,400
Grants Loans Benefits	4,350,000	4,350,000
Debt Service	800,000	1,541,000
TOTAL EXPENDITURES	63,513,500	63,983,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	14,640,500	15,011,600
Federal Fund	2,640,100	3,127,100
Road Fund	46,232,900	45,844,700
TOTAL EXPENDITURES	63,513,500	63,983,400
EXPENDITURES BY UNIT		
Commissioner	1,373,400	1,358,000
Drivers Licensing	30,541,600	33,511,800
Motor Carriers	8,086,500	8,506,900
Motor Vehicle Licensing	21,221,000	18,323,000
Customer Service	1,273,600	1,256,900
Motor Vehicle Commission	1,017,400	1,026,800
TOTAL EXPENDITURES	63,513,500	63,983,400

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, Motor Vehicle Licensing, and Customer Service. The Motor Vehicle Commission is also attached to the Department for administrative purposes.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver's license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Carriers is responsible for the regulation of the trucking and lease/rental industries. The division also collects various taxes from the motor carrier industry, including the weight-distance tax.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices.

Newly created in 2012, the Division of Customer Service provides a single point of contact for all telephone calls to the Department of Vehicle Regulation in support of over 3 million public customers, Circuit Clerks, County Clerks, and commercial businesses.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a Restricted Fund account.

Policy

The budget includes an additional Road Fund appropriation in the amount of \$402,100 in fiscal year 2020-2021 and an additional Restricted Fund in the amount of \$700,000 in fiscal 2021-2022 for the ignition interlock program. The 2015 General Assembly created the Ignition Interlock License program for drunk driving offenders. In the 2019 Regular Session of the General Assembly, Senate Bill 85 expanded the ignition interlock program. House Bill 351 from the 2020 Regular Session of the General Assembly imposed a fee to fund the ignition interlock program.

The budget includes an additional Road Fund appropriation in the amount of \$17,834,800 in fiscal 2020-2021 and \$15,381,900 in fiscal 2021-2022 to set up and implement the issuance of REAL ID motor vehicle driver licensing and personal identification cards. Travelers will be required to provide a REAL ID or another TSA approved identification to fly or enter a federal building after the recently extended deadline of October 1, 2021. The issuance of REAL ID's will be by the Transportation Cabinet instead of the Circuit Court Clerks. Legislation was passed in the 2020 Session of the General Assembly to transition the issuance of all motor vehicle driver licensing to the Transportation Cabinet from the Judicial branch.

Statewide

	Statewide	
	Budget Reserve Trust Fund	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		100,000,000
Surplus Expenditure Plan	162,469,000	
Continuing Approp-General Fund	303,184,700	465,653,700
Total General Fund	465,653,700	565,653,700
TOTAL SOURCE OF FUNDS	465,653,700	565,653,700
EXPENDITURES BY CLASS		
TOTAL EXPENDITURES		
EXPENDITURES BY FUND SOURCE		
TOTAL EXPENDITURES		

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." KRS 48.705 provides for deposits to the Budget Reserve Trust Fund from half of each fiscal year's general fund surplus until the balance reaches five percent of the prior year's General Fund revenue receipts. The General Assembly has also appropriated amounts directly to the Budget Reserve Trust Fund after years in which withdrawals have reduced the balance to very low levels. The permitted uses of the Budget Reserve Trust Fund are outlined in each biennial Executive branch appropriations act. The most prominent use is when there is a revenue shortfall. The appropriation acts also provide that the Fund can be used for certain necessary government expenses if the General Fund surplus is insufficient to accommodate them. The Fund has not been used in the last four years when there was a General Fund revenue shortfall.

Policy

An unexpected General Fund surplus at the end of fiscal year 2020 resulted in the largest deposit from a surplus ever made to Kentucky's "Rainy Day Fund", in the amount of \$162.5 million. This brought the balance of the Fund to \$465.7 million, which is four percent of the revised fiscal year 2021 revenue estimate. That ratio is also the highest amount in the Fund's history.

To further build, protect and preserve the Budget Reserve Trust Fund, the Governor's budget recommendation provides \$100 million in direct appropriations in fiscal year 2022. This will bring the balance to \$565.7 million, 4.7 percent of fiscal year 2022 estimated revenues. To preserve the Budget Reserve Trust Fund, the Governor's budget recommends \$22.5 million in appropriations for the Judgments account. This action will prevent further reductions to the balance of the Budget Reserve Trust Fund.