

Commonwealth of Kentucky 2016 - 2018 Executive Budget

Matthew G. Bevin
Governor

Volume I

John E. Chilton
State Budget Director

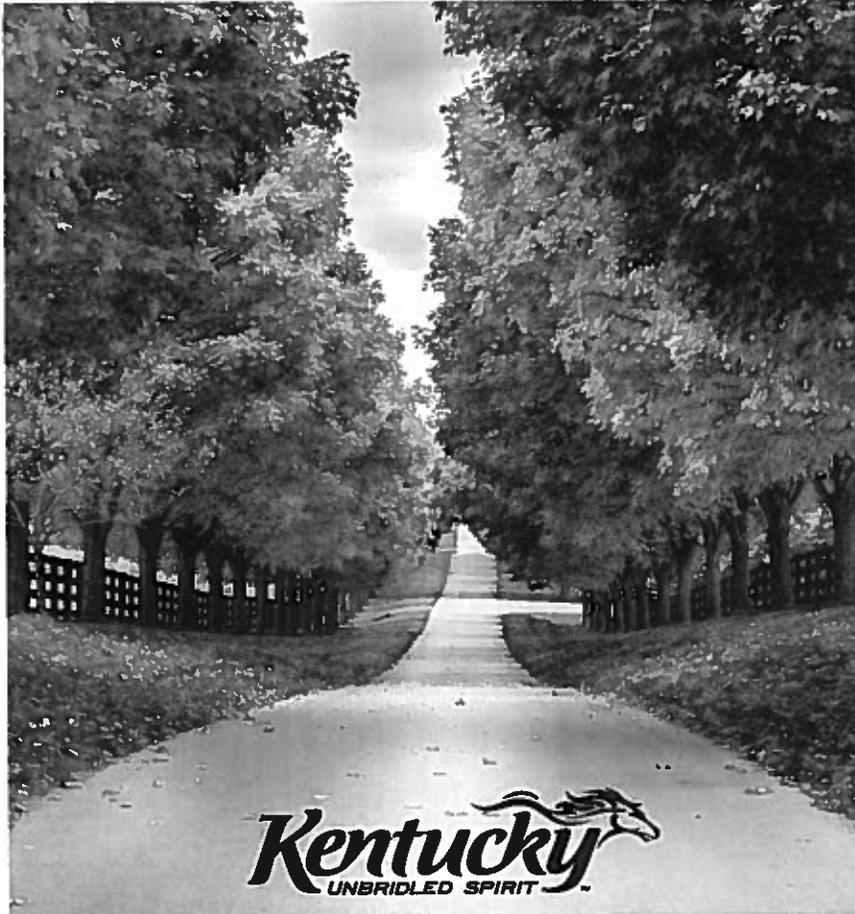


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Executive Branch

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,863,466,400	11,466,131,100	11,921,992,900	10,485,937,900	10,763,677,800
Surplus Expenditure Plan	82,514,310				
Special Appropriation	78,959,000				
Current Year Appropriation	33,157,500				
Continuing Approp-General Fund	88,468,536	209,447,046	209,447,046	209,447,000	362,883,000
Mandated Allotments	16,800,000				
Other	-43,938,700				
Total General Fund	10,119,427,046	11,675,578,146	12,131,439,946	10,695,384,900	11,126,560,800
Tobacco Fund					
Tobacco Settlement - Phase I	97,725,600	91,309,900	90,420,400	89,151,400	95,018,000
Special Appropriation	23,506,600				
Continuing Approp-Tob Settlement	22,551,200	18,761,100	16,005,000	20,706,200	15,817,000
Total Tobacco Fund	143,783,400	110,071,000	106,425,400	109,857,600	110,835,000
Restricted Funds					
Balance Forward	916,790,600	896,539,200	1,021,847,300	911,954,700	1,008,961,600
Current Receipts	6,805,984,767	7,225,093,700	7,624,985,500	7,234,703,800	7,638,129,200
Non-Revenue Receipts	1,101,474,433	1,044,917,900	958,344,900	1,058,169,000	964,898,100
Fund Transfers	-61,781,000	-13,078,400	-8,080,400	-45,116,100	-41,318,900
Total Restricted Funds	8,762,468,800	9,153,472,400	9,597,097,300	9,159,711,400	9,570,670,000
Federal Fund					
Balance Forward	92,819,481	40,234,500	37,462,900	40,063,000	37,483,700
Current Receipts	12,700,138,919	13,038,848,000	13,388,452,700	12,955,092,800	13,284,393,500
Non-Revenue Receipts	1,094,500	-3,083,800	-3,136,500	-3,069,800	-3,122,100
Total Federal Fund	12,794,052,900	13,075,998,700	13,422,779,100	12,992,086,000	13,318,755,100
Road Fund					
Regular Appropriation	1,545,167,600	1,536,589,300	1,562,329,600	1,453,846,200	1,473,941,300
Surplus Expenditure Plan	6,338,100				
Budget Reduction-Road Fund	-30,832,500				
Other	-61,952,200				
Total Road Fund	1,458,721,000	1,536,589,300	1,562,329,600	1,453,846,200	1,473,941,300
TOTAL SOURCE OF FUNDS	33,278,453,146	35,551,709,546	36,820,071,346	34,410,886,100	35,600,762,200
EXPENDITURES BY CLASS					
Personnel Costs	6,657,144,570	7,342,611,200	7,680,759,500	7,036,548,800	7,257,784,100
Operating Expenses	3,185,562,530	3,482,607,900	3,681,058,200	3,320,152,700	3,501,820,400
Grants Loans Benefits	19,601,412,100	20,895,060,900	21,404,417,000	20,216,545,600	20,709,767,800
Debt Service	1,111,913,700	1,156,627,400	1,372,708,900	1,141,366,200	1,242,539,600
Capital Outlay	253,063,000	363,185,600	378,567,100	279,645,700	289,224,700
Construction	1,099,249,900	1,008,585,000	1,009,619,500	962,641,100	987,213,600
TOTAL EXPENDITURES	31,908,345,800	34,248,678,000	35,527,130,200	32,956,900,100	33,988,350,200
EXPENDITURES BY FUND SOURCE					
General Fund	9,730,257,000	11,454,023,000	11,909,574,200	10,313,314,000	10,583,207,200
Tobacco Fund	136,897,700	92,105,200	90,906,600	87,867,100	89,528,500
Restricted Funds	7,850,514,100	8,127,425,100	8,579,349,600	8,150,753,500	8,566,073,000
Federal Fund	12,753,989,900	13,038,535,800	13,384,970,300	12,954,602,300	13,279,205,800
Road Fund	1,436,687,100	1,536,589,300	1,562,329,600	1,450,363,200	1,470,335,700
TOTAL EXPENDITURES	31,908,345,800	34,248,678,400	35,527,130,300	32,956,900,100	33,988,350,200
EXPENDITURES BY UNIT					
General Government	1,107,489,700	1,718,929,400	1,716,225,500	1,503,288,300	1,531,911,500

EXPENDITURES BY UNIT

Economic Development	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500
Department of Education	4,997,491,600	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900
Education and Workforce Development	835,839,200	871,863,800	887,426,200	833,470,500	847,236,600
Energy and Environment	258,295,100	259,724,900	261,631,700	237,321,900	233,780,700
Finance and Administration	830,473,700	880,147,600	955,561,900	860,160,500	904,971,200
Health and Family Services	12,613,140,100	13,278,360,400	13,841,369,000	12,954,806,900	13,442,186,100
Justice and Public Safety	986,970,600	1,203,078,600	1,235,659,400	1,038,865,300	1,041,148,500
Labor	221,717,400	236,342,400	244,137,300	233,079,800	237,495,100
Personnel	62,306,100	65,676,000	67,735,300	65,055,000	66,863,300
Postsecondary Education	7,275,163,100	7,780,660,900	8,323,747,300	7,630,081,700	8,052,714,200
Public Protection	98,791,600	108,962,800	112,436,700	107,373,900	108,306,900
Tourism, Arts and Heritage	235,399,800	271,666,500	285,277,500	234,406,800	238,146,000
Transportation	2,340,732,800	2,294,337,000	2,318,147,000	2,222,062,500	2,255,013,700
TOTAL EXPENDITURES	31,908,345,800	34,248,678,400	35,527,130,300	32,956,900,100	33,988,350,200

General Government

General Government

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	665,287,500	1,268,154,700	1,235,738,300	1,049,337,700	1,047,283,700
Continuing Approp-General Fund	299,100				
Other	-30,277,500				
Total General Fund	635,309,100	1,268,154,700	1,235,738,300	1,049,337,700	1,047,283,700
Tobacco Fund					
Tobacco Settlement - Phase I	35,833,200	30,871,200	30,871,200	28,008,000	31,100,200
Special Appropriation	16,000,000				
Continuing Approp-Tob Settlement	5,440,600	18,761,100	16,005,000	18,659,600	15,817,000
Total Tobacco Fund	57,273,800	49,632,300	46,876,200	46,667,600	46,917,200
Restricted Funds					
Balance Forward	97,278,401	93,140,900	80,795,700	93,608,500	83,422,800
Current Receipts	146,865,580	169,847,800	175,099,200	180,760,100	196,941,500
Non-Revenue Receipts	94,891,219	99,165,300	123,982,100	100,862,500	118,515,700
Fund Transfers	-1,750,000	-2,119,200	-2,119,200	-2,200,000	-700,000
Total Restricted Funds	337,285,200	360,034,800	377,757,800	373,031,100	398,180,000
Federal Fund					
Balance Forward	14,811,000	9,716,300	4,487,600	9,716,300	4,487,600
Current Receipts	172,834,900	131,952,500	130,860,800	131,762,200	130,132,800
Non-Revenue Receipts	-574,200				
Total Federal Fund	187,071,700	141,668,800	135,348,400	141,478,500	134,620,400
Road Fund					
Regular Appropriation	512,500	524,800	536,700	519,200	520,400
Total Road Fund	512,500	524,800	536,700	519,200	520,400
TOTAL SOURCE OF FUNDS	1,217,452,300	1,820,015,400	1,796,257,400	1,611,034,100	1,627,521,700
EXPENDITURES BY CLASS					
Personnel Costs	320,197,970	387,989,200	406,442,200	347,007,800	355,989,900
Operating Expenses	74,924,130	90,816,800	91,228,300	94,640,800	104,485,400
Grants Loans Benefits	446,626,400	964,750,800	916,190,300	786,798,500	784,081,200
Debt Service	259,786,900	262,579,500	287,109,600	268,625,200	280,984,800
Capital Outlay	5,954,300	12,793,100	15,255,100	6,216,000	6,370,200
TOTAL EXPENDITURES	1,107,489,700	1,718,929,400	1,716,225,500	1,503,288,300	1,531,911,500
EXPENDITURES BY FUND SOURCE					
General Fund	631,330,900	1,268,166,400	1,235,761,300	1,049,337,700	1,047,283,700
Tobacco Fund	54,614,200	33,817,900	33,575,400	26,828,500	27,828,700
Restricted Funds	243,676,700	279,239,100	311,366,400	289,612,000	322,021,000
Federal Fund	177,355,400	137,181,200	134,985,700	136,990,900	134,257,700
Road Fund	512,500	524,800	536,700	519,200	520,400
TOTAL EXPENDITURES	1,107,489,700	1,718,929,400	1,716,225,500	1,503,288,300	1,531,911,500
EXPENDITURES BY UNIT					
Office of the Governor	11,200,000	11,797,200	10,798,700	11,307,300	10,109,400
Office of State Budget Director	3,293,900	3,609,200	3,816,900	3,364,200	3,407,800
State Planning Fund	150,800	150,800	150,800	137,200	137,200
Homeland Security	6,008,600	6,532,400	6,617,300	5,998,100	6,044,000
Department of Veterans' Affairs	69,329,000	95,828,700	101,576,900	87,345,800	94,115,800
Governor's Office of Agricultural Policy	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000
Kentucky Infrastructure Authority	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400
Military Affairs	121,101,000	91,685,800	94,005,300	85,861,800	86,220,100

EXPENDITURES BY UNIT

Commission on Human Rights	1,905,600	3,091,000	3,225,700	1,929,700	1,948,600
Commission on Women	221,600	326,800	340,500	224,600	227,000
Department for Local Government	49,924,000	50,695,700	51,836,500	49,884,000	49,541,800
Local Government Economic Assistance Fund	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
Local Government Economic Development Fund	8,395,900	28,426,200	28,426,200	8,441,700	116,300
Area Development Fund	452,300	473,600	473,600	431,000	431,000
Executive Branch Ethics Commission	513,800	642,400	666,200	561,400	565,900
Secretary of State	3,615,100	4,107,600	4,179,900	4,400,700	4,359,100
Board of Elections	9,389,400	10,988,100	7,556,700	9,322,600	8,165,200
Registry of Election Finance	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
Attorney General	29,149,900	30,643,300	31,753,700	29,742,800	30,255,700
Unified Prosecutorial System	89,034,000	108,325,500	113,932,500	93,272,700	94,422,800
Treasury	3,262,700	3,692,400	3,835,100	3,493,500	3,565,200
Agriculture	33,350,500	34,802,100	35,742,100	32,649,700	32,810,700
Auditor of Public Accounts	13,129,500	15,190,000	15,631,000	13,596,300	13,718,500
Personnel Board	856,000	897,700	948,900	888,000	913,800
Kentucky Retirement Systems	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
KY Communications Network Authority	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
Occupational & Professional Boards & Commissions	23,779,700	26,357,400	27,111,400	25,625,100	25,785,500
Kentucky River Authority	3,614,500	4,104,100	5,636,800	3,752,400	3,762,000
School Facilities Construction Commission	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800
Teachers' Retirement System	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
Appropriations Not Otherwise Classified	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
TOTAL EXPENDITURES	1,107,489,700	1,718,929,400	1,716,225,500	1,503,288,300	1,531,911,500

**General Government
Office of the Governor**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,629,800	5,938,000	6,197,900	5,455,700	5,516,800
Total General Fund	5,629,800	5,938,000	6,197,900	5,455,700	5,516,800
Tobacco Fund					
Tobacco Settlement - Phase I	1,912,500	2,050,000	2,050,000	2,050,000	2,050,000
Continuing Approp-Tob Settlement	3,155,000	2,110,900	1,136,100	2,110,900	1,138,700
Total Tobacco Fund	5,067,500	4,160,900	3,186,100	4,160,900	3,188,700
Restricted Funds					
Balance Forward	255,100	168,200	82,800	168,200	84,400
Current Receipts	249,200	241,600	255,100	239,400	241,500
Total Restricted Funds	504,300	409,800	337,900	407,600	325,900
Federal Fund					
Balance Forward	18,800				
Current Receipts	2,512,000	2,507,400	1,077,700	2,506,200	1,078,900
Total Federal Fund	2,530,800	2,507,400	1,077,700	2,506,200	1,078,900
TOTAL SOURCE OF FUNDS	13,732,400	13,016,100	10,799,600	12,530,400	10,110,300
EXPENDITURES BY CLASS					
Personnel Costs	5,970,400	6,609,700	6,637,800	6,119,900	5,883,100
Operating Expenses	1,338,900	1,324,300	1,299,100	1,324,200	1,299,000
Grants Loans Benefits	3,890,700	3,863,200	2,861,800	3,863,200	2,927,300
TOTAL EXPENDITURES	11,200,000	11,797,200	10,798,700	11,307,300	10,109,400
EXPENDITURES BY FUND SOURCE					
General Fund	5,376,500	5,938,000	6,197,900	5,455,700	5,516,800
Tobacco Fund	2,956,600	3,024,800	3,186,100	3,022,200	3,188,700
Restricted Funds	336,100	327,000	337,000	323,200	325,000
Federal Fund	2,530,800	2,507,400	1,077,700	2,506,200	1,078,900
TOTAL EXPENDITURES	11,200,000	11,797,200	10,798,700	11,307,300	10,109,400
EXPENDITURES BY UNIT					
Governor	4,392,800	4,843,900	5,022,300	4,368,800	4,396,900
Governor's Office Expense Allowance	26,300	27,400	27,700	27,900	28,300
Lieutenant Governor	528,100	561,000	591,200	562,800	568,800
Lieutenant Governor's Expense Allowance	14,600	15,200	15,400	15,500	15,800
Secretary of the Cabinet	337,700	364,000	382,300	356,600	360,100
Kentucky Commission on Military Affairs	484,400	505,800	227,400	504,500	218,200
Office of Minority Empowerment	133,700	144,500	152,200	141,500	143,000
Faith Based Initiatives	80,000	86,700	91,400	84,800	85,700
Early Childhood Advisory Council	5,202,400	5,248,700	4,288,800	5,244,900	4,292,600
TOTAL EXPENDITURES	11,200,000	11,797,200	10,798,700	11,307,300	10,109,400

The Governor serves as the chief administrator of the Commonwealth and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies to executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

The Lieutenant Governor is a constitutional officer elected jointly with the Governor. The Lieutenant Governor is to assume the duties and responsibilities of the Office of the Governor should the Governor be impeached or removed from Office,

die, fail to qualify, resign, or be unable to discharge the duties of that office. Additional duties of the Lieutenant Governor include serving on various boards and commissions, serving on Kentucky delegations to several interstate compact commissions, and appointing members to various boards.

The Secretary of the Executive Cabinet develops and implements the major program decisions for the Executive Branch of government. As part of these duties, the Secretary of the Cabinet oversees the administration of the various cabinets and agencies of state government and coordinates legislative policy for the Governor. This role promotes cooperation and coordination among all agencies and programs of state government.

The Military Affairs Commission (KRS 154.12-203) has been a part of the Office of the Governor since 1996. The Commission serves in an advisory capacity to the Governor, the General Assembly, the Kentucky Congressional Delegation, and other appropriate government officials. This commission is designed to support the U.S. military's widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

The Office of Minority Empowerment was established in 2005 pursuant to KRS 12.023. The primary purpose of the Office is to help minorities realize full access to their government and be responsive to the needs of Kentucky's minority community. More specifically, the Office is charged with the responsibility of developing policies affecting Kentucky's minority community in the areas of economic empowerment, health care, housing, education, government services, and the criminal justice system. The Office also will maximize economic opportunities for minorities by reviewing state contracts awarded to minority businesses and reviewing job training and technical education initiatives to ensure and enhance the effectiveness of such programs. The constituents served by this office include, but are not limited to, minority individuals as defined and referenced in KRS 12.070, such as Native Americans, Alaskan Natives, African Americans, Hispanics, the disabled community, small-, minority-, and woman-owned businesses, and other underrepresented ethnic groups.

The Office for Faith-Based and Community Nonprofit Social Services was established in 2005 pursuant to KRS 12.510. The Office has lead responsibility in the Executive Branch to establish policies, priorities, and objectives for State Government's comprehensive effort to enlist, equip, enable, empower, and expand the work of faith-based and other community organizations to the extent permitted by law. The office is patterned closely with a similar effort at the federal government level begun in 2001.

The Early Childhood Advisory Council established in the Governor's Office in 2011 pursuant to KRS 200.700 coordinates development and continuing activities of Community Early Childhood Councils. The councils work toward implementation of Kentucky's long-range strategic plan for early childhood development on the local level. The councils build upon existing resources, foster public-private partnerships, and work within their communities toward such goals as the availability of high quality, accessible, and affordable early childhood care and education options. The Early Childhood Advisory Council provides technical assistance, monitoring, evaluation of outcomes of the local partnerships and provides financial assistance to the local councils through Tobacco Fund grants.

**General Government
Office of State Budget Director**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,195,400	3,380,100	3,574,600	3,135,100	3,165,500
Total General Fund	3,195,400	3,380,100	3,574,600	3,135,100	3,165,500
Restricted Funds					
Balance Forward	243,300	1,000		1,000	
Non-Revenue Receipts		228,100	242,300	228,100	242,300
Total Restricted Funds	243,300	229,100	242,300	229,100	242,300
TOTAL SOURCE OF FUNDS	3,438,700	3,609,200	3,816,900	3,364,200	3,407,800
EXPENDITURES BY CLASS					
Personnel Costs	2,848,200	3,166,000	3,362,100	2,929,000	2,961,000
Operating Expenses	445,700	443,200	454,800	435,200	446,800
TOTAL EXPENDITURES	3,293,900	3,609,200	3,816,900	3,364,200	3,407,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,051,600	3,380,100	3,574,600	3,135,100	3,165,500
Restricted Funds	242,300	229,100	242,300	229,100	242,300
TOTAL EXPENDITURES	3,293,900	3,609,200	3,816,900	3,364,200	3,407,800
EXPENDITURES BY UNIT					
Budget & Policy Analysis	2,527,900	2,807,400	2,961,600	2,563,500	2,587,200
Policy Research	211,300	222,500	237,400	221,300	226,800
Economic Analysis	554,700	579,300	617,900	579,400	593,800
TOTAL EXPENDITURES	3,293,900	3,609,200	3,816,900	3,364,200	3,407,800

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

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

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

The Governor's Office for Economic Analysis (GOEA) assists the State Budget Director and the Consensus Forecasting Group in providing timely and accurate estimates of General Fund and Road Fund receipts used to build and implement the Budget of the Commonwealth. On October 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.

**General Government
State Planning Fund**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	150,800	150,800	150,800	137,200	137,200
Total General Fund	150,800	150,800	150,800	137,200	137,200
TOTAL SOURCE OF FUNDS	150,800	150,800	150,800	137,200	137,200
EXPENDITURES BY CLASS					
Grants Loans Benefits	150,800	150,800	150,800	137,200	137,200
TOTAL EXPENDITURES	150,800	150,800	150,800	137,200	137,200
EXPENDITURES BY FUND SOURCE					
General Fund	150,800	150,800	150,800	137,200	137,200
TOTAL EXPENDITURES	150,800	150,800	150,800	137,200	137,200
EXPENDITURES BY UNIT					
State Planning Fund	150,800	150,800	150,800	137,200	137,200
TOTAL EXPENDITURES	150,800	150,800	150,800	137,200	137,200

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

**General Government
Homeland Security**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	236,600	753,800	767,400	229,200	231,800
Total General Fund	236,600	753,800	767,400	229,200	231,800
Restricted Funds					
Balance Forward	1,820,900	1,609,200	1,325,300	1,609,200	1,329,400
Current Receipts	1,169,900	1,186,600	1,203,400	1,186,600	1,203,400
Non-Revenue Receipts	1,700	1,700	1,700	1,700	1,700
Total Restricted Funds	2,992,500	2,797,500	2,530,400	2,797,500	2,534,500
Federal Fund					
Balance Forward	114,200				
Current Receipts	4,022,600	4,031,600	4,081,400	4,031,600	4,081,400
Total Federal Fund	4,136,800	4,031,600	4,081,400	4,031,600	4,081,400
Road Fund					
Regular Appropriation	262,500	274,800	286,700	269,200	270,400
Total Road Fund	262,500	274,800	286,700	269,200	270,400
TOTAL SOURCE OF FUNDS	7,628,400	7,857,700	7,665,900	7,327,500	7,118,100
EXPENDITURES BY CLASS					
Personnel Costs	1,958,500	2,173,900	2,272,800	2,139,600	2,199,500
Operating Expenses	234,100	234,700	235,400	234,700	235,400
Grants Loans Benefits	3,816,000	4,123,800	4,109,100	3,623,800	3,609,100
TOTAL EXPENDITURES	6,008,600	6,532,400	6,617,300	5,998,100	6,044,000
EXPENDITURES BY FUND SOURCE					
General Fund	226,000	753,800	767,400	229,200	231,800
Restricted Funds	1,383,300	1,472,200	1,481,800	1,468,100	1,460,400
Federal Fund	4,136,800	4,031,600	4,081,400	4,031,600	4,081,400
Road Fund	262,500	274,800	286,700	269,200	270,400
TOTAL EXPENDITURES	6,008,600	6,532,400	6,617,300	5,998,100	6,044,000
EXPENDITURES BY UNIT					
Office of Homeland Security	5,275,300	5,685,200	5,747,600	5,155,000	5,195,700
Commerical Mobile Radio Service	733,300	847,200	869,700	843,100	848,300
TOTAL EXPENDITURES	6,008,600	6,532,400	6,617,300	5,998,100	6,044,000

The Kentucky Office of Homeland Security (KOHS), administratively attached to the Office of the Governor in accordance with KRS 39G.010, was created to coordinate efforts with public and private partners on issues affecting homeland security. KOHS focuses on preparing Kentucky for man-made or natural disasters. Although its primary role is to serve as the state's administrative liaison with the U. S. Department of Homeland Security, KOHS has initiated a comprehensive prevention-focused homeland security strategy to ensure Kentucky's communities, first responders and families have the resources and information necessary to be prepared for disaster or attack.

The Commercial Mobile Radio Service Emergency Telecommunications Board (CMRS) is administratively attached to the Kentucky Office of Homeland Security pursuant to KRS 65.7623. The CMRS Board collects user fees monthly from subscribers of the approximately 35 wireless carriers providing wireless telephone service in Kentucky. These fees are used to fund technology upgrades at Kentucky's enhanced 911 centers and to enhance the networks operated by the carriers.

**General Government
Veterans' Affairs**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	17,815,100	18,469,200	19,925,600	17,259,900	17,461,600
Total General Fund	17,815,100	18,469,200	19,925,600	17,259,900	17,461,600
Restricted Funds					
Balance Forward	7,141,200	13,029,400	8,204,300	13,476,500	11,481,600
Current Receipts	58,650,900	72,534,400	75,579,600	68,091,000	74,463,900
Total Restricted Funds	65,792,100	85,563,800	83,783,900	81,567,500	85,945,500
TOTAL SOURCE OF FUNDS	83,607,200	104,033,000	103,709,500	98,827,400	103,407,100
EXPENDITURES BY CLASS					
Personnel Costs	50,809,200	72,711,500	76,560,800	65,268,000	71,555,400
Operating Expenses	11,540,900	15,403,600	15,937,600	14,652,400	14,837,000
Grants Loans Benefits	6,124,700	7,477,800	7,718,500	7,103,700	7,401,700
Debt Service			1,128,000		
Capital Outlay	854,200	235,800	232,000	321,700	321,700
TOTAL EXPENDITURES	69,329,000	95,828,700	101,576,900	87,345,800	94,115,800
EXPENDITURES BY FUND SOURCE					
General Fund	17,013,400	18,469,200	19,925,600	17,259,900	17,461,600
Restricted Funds	52,315,600	77,359,500	81,651,300	70,085,900	76,654,200
TOTAL EXPENDITURES	69,329,000	95,828,700	101,576,900	87,345,800	94,115,800
EXPENDITURES BY UNIT					
Field Services and Cemeteries	5,716,200	6,616,000	6,979,700	6,502,300	6,687,900
Kentucky Veterans' Centers	63,612,800	89,212,700	94,597,200	80,843,500	87,427,900
TOTAL EXPENDITURES	69,329,000	95,828,700	101,576,900	87,345,800	94,115,800

The Kentucky Department of Veterans' Affairs (KDVA), established by KRS 40.300, assists over 370,000 Kentucky veterans and their families in applying for federal, state, and local veteran's benefits. Services include: benefits counseling and claims processing regarding the existence or availability of educational, training, and retraining facilities; health, medical rehabilitation, and housing services and facilities; employment and reemployment services; and provision of services under federal, state, and local laws affording rights, privileges, and benefits to eligible veterans and their dependents. These services are supported by a cooperative network of veterans' benefits field representatives, volunteers, and personal service contracts with major veterans' organizations.

Pursuant to KRS 40.325, the Office of Kentucky Veterans' Centers within the KDVA currently manages Kentucky's three state veterans' nursing homes, which serve the long-term nursing care needs of Kentucky's elderly veteran population, which includes about 110,000 of Kentucky's veterans.

The Thomson-Hood Veterans' Center, located in Wilmore in Jessamine County, is a 285-bed long-term nursing care facility specifically for Kentucky's elderly veteran population. The Eastern Kentucky Veterans' Center is a 120-bed facility located in Hazard (Perry County). The Western Kentucky Veterans' Center is a 120-bed facility in Hanson (Hopkins County). Both facilities opened in 2002 and include in-house physician care, nurse practitioners, 24-hour nursing staff, and staffing for a rehab therapy department, barbershop, library, gift shop, laundry facility, and a dietary department.

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 will provide a more personalized care for its residents. A fourth 120-bed Veterans' Center, in Hardin County, is under construction and will also utilize the "Community Living Concept." The fourth facility is scheduled to open in calendar year 2016.

The KDVA is required by KRS 40.315 to establish and maintain Kentucky state veterans' cemeteries. The Kentucky Veterans' Cemetery-West is located on Highway 41A south of Hopkinsville. The Veterans' Cemetery-Central in Ft. Knox opened in June 2007. The Veterans' Cemetery-North near Williamstown opened in early fiscal year 2009. The Veterans' Cemetery-Northeast in Greenup County opened in the fall of 2010. Each facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path

and landscaping. The Veterans Cemetery-Southeast in Leslie County is under construction and scheduled to open in calendar year 2017.

KRS 40.600 established the Women Veterans Program to ensure Kentucky women veterans have equitable access to federal and state veterans' services and benefits. KRS 40.350 established the Wounded or Disabled Veterans Program to assist wounded or disabled veterans in the transition from active service and ensure they receive the federal, state and private benefits to which they are entitled as wounded or disabled veterans.

The KDVA contracts with Volunteers of America to help support the operation of a Homeless Veterans' Transitional Shelter which opened for business in April 2005 on the Leestown Veterans Administration Hospital property in Lexington.

General Government
Governor's Office of Agricultural Policy

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Tobacco Fund					
Tobacco Settlement - Phase I	33,320,700	28,221,200	28,221,200	25,358,000	28,450,200
Special Appropriation	16,000,000				
Continuing Approp-Tob Settlement	2,285,600	16,650,200	14,868,900	16,548,700	14,678,300
Total Tobacco Fund	51,606,300	44,871,400	43,090,100	41,906,700	43,128,500
Restricted Funds					
Balance Forward	326,600	152,600	121,600	152,600	121,600
Current Receipts	126,000	119,000	119,000	119,000	119,000
Total Restricted Funds	452,600	271,600	240,600	271,600	240,600
TOTAL SOURCE OF FUNDS	52,058,900	45,143,000	43,330,700	42,178,300	43,369,100
EXPENDITURES BY CLASS					
Personnel Costs	1,512,700	1,685,400	1,776,600	1,669,000	1,686,400
Operating Expenses	256,400	256,400	256,400	260,700	260,700
Grants Loans Benefits	49,588,500	28,401,300	27,906,300	21,426,600	22,242,900
TOTAL EXPENDITURES	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000
EXPENDITURES BY FUND SOURCE					
Tobacco Fund	51,057,600	30,193,100	29,789,300	23,206,300	24,040,000
Restricted Funds	300,000	150,000	150,000	150,000	150,000
TOTAL EXPENDITURES	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000
EXPENDITURES BY UNIT					
Governor's Office of Agricultural Policy	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000
TOTAL EXPENDITURES	51,357,600	30,343,100	29,939,300	23,356,300	24,190,000

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.

KRS 248.703 provides that 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. However, the 2014-2016 biennial budget directed that the debt service supporting these projects be taken from the Tobacco Settlement Agreement Fund (KRS 248.654).

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.

Policy

The Executive Budget suspends KRS 248.703(1)(a), and directs that the counties' portion of the Tobacco Settlement-Phase I payments will be \$8,875,300 in fiscal year 2016-2017 and \$9,957,600 in fiscal year 2017-2018.

The Executive Budget includes an additional appropriation of \$21,099,500 of Tobacco Master Settlement Agreement (Phase I) funds in fiscal year 2015-2016. These funds are available due to a higher official revenue estimate and an unappropriated amount from a prior year.

**General Government
Kentucky Infrastructure Authority**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,337,300	1,337,300	3,410,300	1,518,900	2,119,900
Total General Fund	1,337,300	1,337,300	3,410,300	1,518,900	2,119,900
Restricted Funds					
Balance Forward	178,800				
Non-Revenue Receipts	32,041,600	32,316,900	54,493,500	37,791,900	53,459,600
Total Restricted Funds	32,220,400	32,316,900	54,493,500	37,791,900	53,459,600
Federal Fund					
Current Receipts	29,381,900	29,381,900	29,381,900	29,381,900	29,381,900
Total Federal Fund	29,381,900	29,381,900	29,381,900	29,381,900	29,381,900
TOTAL SOURCE OF FUNDS	62,939,600	63,036,100	87,285,700	68,692,700	84,961,400
EXPENDITURES BY CLASS					
Personnel Costs	2,741,000	2,897,600	2,979,000	2,772,300	2,788,800
Operating Expenses	174,100	174,200	174,200	174,100	174,100
Grants Loans Benefits	28,964,300	28,964,300	28,964,300	28,964,300	28,964,300
Debt Service	31,000,000	31,000,000	55,168,200	36,782,000	53,034,200
TOTAL EXPENDITURES	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,277,100	1,337,300	3,410,300	1,518,900	2,119,900
Restricted Funds	32,220,400	32,316,900	54,493,500	37,791,900	53,459,600
Federal Fund	29,381,900	29,381,900	29,381,900	29,381,900	29,381,900
TOTAL EXPENDITURES	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400
EXPENDITURES BY UNIT					
Kentucky Infrastructure Authority	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400
TOTAL EXPENDITURES	62,879,400	63,036,100	87,285,700	68,692,700	84,961,400

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

The agency is authorized to issues notes and bonds to provide infrastructure financing for governmental agencies and to a limited extent investor-owned private utilities. The provisions of KRS 224A.165 dictate certain limits on the amount of notes and bonds the Authority can have outstanding. The purpose of the loans is to assist in financing the construction of infrastructure projects. The Authority also provides grants and subsidized loan incentives.

The following provides a description of the Authority's programs:

Fund A Wastewater Revolving Loan Program – Local wastewater treatment facilities that qualify under the U.S. Environmental Protection Agency (EPA) standards are financed through this program. Jointly administered by the KIA and the Kentucky Division of Water in the Energy and Environment Cabinet, loans are provided to governmental agencies at below-market interest rates.

Fund B Revolving Loan/Grant Program – Loans are made to governmental entities that are unable to wholly finance a project through other public grant or loan programs, through commercial credit at reasonable rates, or from their own resources. The loans are offered at or below market interest rates for a term not to exceed 30 years. Grants are available, but are reserved for borrowers facing both a financial hardship and an extreme health hazard.

Fund B 2020 Program – This fund provides financing primarily for, but not limited to, water service projects. The fund promotes the merger and consolidation of systems, and encourages the increased financial, managerial, and technical capacity of systems to provide service.

Fund C Governmental Agencies Program – This program provides local governmental agencies access to funding at better terms than could be obtained on an independent basis. Loans are available at terms of up to thirty years for any eligible infrastructure project owned by governmental entities in the Commonwealth. The loans may be used to fund totally a construction project or they can be used to supplement grants or cash contributions.

Fund F Drinking Water Revolving Loan Fund – This fund was established to assist in financing local drinking water treatment and distribution facilities that qualify under EPA requirements. Projects must be recommended by the Kentucky Division of Water in the Energy and Environment Cabinet from the Project Priority List and must be financially feasible as determined by KIA staff.

Coal Development and Tobacco Development Funds – These funds were created by the 2003 Regular Session of the General Assembly to support various water and sewer projects in Coal Producing and Tobacco Producing Counties. The Authority coordinates the process of implementation and provides project administration for the projects funded in these programs.

Infrastructure for Economic Development Funds – These funds were authorized by the 2005, 2006 and 2008 General Assembly for an array of water and sewer projects included in the Commonwealth budget by specific designation. The Authority coordinates the implementation process and provides project administration for the projects funded in these programs.

Local Government Economic Development Fund – (Coal Severance Tax Projects) – These funds were authorized by the 2008, 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

Included in the General Fund appropriation is \$166,500 in fiscal year 2016-2017 and \$496,500 in fiscal year 2017-2018 for debt service to support \$7,500,000 in bonds to match an estimated \$35,740,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$135,500 in fiscal year 2016-2017 and \$406,500 in fiscal year 2017-2018 for debt service to support \$6,100,000 in bonds to match an estimated \$27,540,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

Included in the capital budget is authorization for the Kentucky Infrastructure Authority to expend loan repayment receipts on deposit at the trustee bank to support Agency Leverage Bonds for the Wastewater Revolving Loan program (Fund A) and the Safe Drinking Water Revolving Loan program (Fund F).

General Government

Military Affairs

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,200,200	14,113,900	14,828,700	9,064,900	9,198,200
Total General Fund	9,200,200	14,113,900	14,828,700	9,064,900	9,198,200
Restricted Funds					
Balance Forward	21,374,800	20,820,400	21,068,400	20,320,400	19,805,100
Current Receipts	31,728,200	36,739,800	37,750,000	36,184,300	36,991,800
Non-Revenue Receipts	-4,000,000	-1,000,000	-1,000,000	-3,835,000	-2,650,000
Fund Transfers	300,000	-1,700,000	-1,700,000	300,000	300,000
Total Restricted Funds	49,403,000	54,860,200	56,118,400	52,969,700	54,446,900
Federal Fund					
Current Receipts	83,232,200	43,780,100	44,359,600	43,632,300	43,707,100
Total Federal Fund	83,232,200	43,780,100	44,359,600	43,632,300	43,707,100
TOTAL SOURCE OF FUNDS	141,835,400	112,754,200	115,306,700	105,666,900	107,352,200
EXPENDITURES BY CLASS					
Personnel Costs	37,260,100	40,134,200	42,133,300	39,738,800	40,104,900
Operating Expenses	22,787,300	30,824,000	31,177,200	24,353,300	24,186,200
Grants Loans Benefits	55,361,800	15,239,400	15,225,500	15,239,400	15,225,500
Debt Service	1,800,700	1,800,700	1,800,700	1,800,700	1,800,700
Capital Outlay	3,891,100	3,687,500	3,668,600	4,729,600	4,902,800
TOTAL EXPENDITURES	121,101,000	91,685,800	94,005,300	85,861,800	86,220,100
EXPENDITURES BY FUND SOURCE					
General Fund	8,786,200	14,113,900	14,828,700	9,064,900	9,198,200
Restricted Funds	29,082,600	33,791,800	34,817,000	33,164,600	33,314,800
Federal Fund	83,232,200	43,780,100	44,359,600	43,632,300	43,707,100
TOTAL EXPENDITURES	121,101,000	91,685,800	94,005,300	85,861,800	86,220,100
EXPENDITURES BY UNIT					
Statutory State Operations	23,301,400	26,910,800	27,881,900	24,266,700	24,423,100
Emergency Management	63,430,800	25,465,500	25,788,700	23,717,800	23,766,800
National Guard Operations	191,000	400,000	400,000	182,000	182,000
Emergency & Public Safety Operations					
Bluegrass Station	11,434,600	14,808,200	15,043,100	13,804,000	13,825,000
Central Clothing Distribution	14,765,700	15,856,900	16,412,800	15,878,200	15,999,200
Federal & Grant Operations	7,977,500	8,244,400	8,478,800	8,013,100	8,024,000
TOTAL EXPENDITURES	121,101,000	91,685,800	94,005,300	85,861,800	86,220,100

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

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

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

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

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

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

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

The Department also operates Bluegrass Station in Fayette County, formerly the AVON Army Depot. The property was acquired by the Commonwealth in 1989 under the Base Re-alignment and Closure Act. This 777 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 employs 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. The 2014-2016 enacted budget allows students accepted in the Challenge Program to be included in the student count used for determining state funding allocated to local school districts through the Support Education Excellence in Kentucky (SEEK) program. The district will calculate the SEEK Funds for the Challenge enrollees and transmit the funds to the Challenge Academy.

Policy

The Executive Budget includes Restricted Funds in the amount of \$100,000 in each fiscal year to support the Military Burial Honor Guard Program for providing the proper support and decorum for military funeral honors pursuant to KRS 36.390 to 36.396.

**General Government
Commission on Human Rights**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,738,800	2,846,000	2,980,700	1,684,700	1,703,600
Total General Fund	1,738,800	2,846,000	2,980,700	1,684,700	1,703,600
Federal Fund					
Current Receipts	245,000	245,000	245,000	245,000	245,000
Total Federal Fund	245,000	245,000	245,000	245,000	245,000
TOTAL SOURCE OF FUNDS	1,983,800	3,091,000	3,225,700	1,929,700	1,948,600
EXPENDITURES BY CLASS					
Personnel Costs	1,684,000	2,676,600	2,813,800	1,727,000	1,747,400
Operating Expenses	221,600	414,400	411,900	202,700	201,200
TOTAL EXPENDITURES	1,905,600	3,091,000	3,225,700	1,929,700	1,948,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,660,600	2,846,000	2,980,700	1,684,700	1,703,600
Federal Fund	245,000	245,000	245,000	245,000	245,000
TOTAL EXPENDITURES	1,905,600	3,091,000	3,225,700	1,929,700	1,948,600
EXPENDITURES BY UNIT					
General Administration and Support	719,200	914,800	945,000	710,500	714,800
Enforcement Branch	518,100	783,300	824,400	535,900	542,200
Research and Information	372,100	910,000	950,900	380,500	385,100
Legal Affairs	296,200	482,900	505,400	302,800	306,500
TOTAL EXPENDITURES	1,905,600	3,091,000	3,225,700	1,929,700	1,948,600

The Kentucky Commission on Human Rights is the sole state civil rights enforcement agency in Kentucky, and is mandated to "...safeguard all individuals within the state from discrimination." Pursuant to KRS Chapter 344, the Commission investigates, litigates, and administratively decides complaints of discrimination in the areas of employment, public accommodation, housing, and credit based on race, religion, national origin, age, disability, sex, smoking in employment, and familial status for housing decisions. The Commission has four service units: General Administration and Support, Enforcement, Research and Information, and Legal Affairs.

General Administration and Support performs personnel and fiscal activities and serves as a liaison with the Governor's Office, legislators, and other agencies in state government. This unit is responsible for development of internal policy directives and legislative initiatives.

The Enforcement Branch consists of two sections: Employment/Public Accommodations and Housing. Employees assigned to these sections receive, investigate, and conciliate complaints of discrimination in the areas of employment, public accommodation, credit transactions, and housing.

The Research and Information Branch provides technical assistance and education to local citizen groups, employers, public accommodations staff, educational institutions, local human rights commissions, and government officials. The staff conducts seminars and workshops on sexual harassment, the Kentucky Civil Rights Act, cultural diversity, and the Americans with Disabilities Act.

The Legal Affairs Branch litigates discrimination cases before administrative hearing officers, provides legal advice to inquiries, sworn complaints, and file closures. The legal staff takes depositions of witnesses, prepares legal briefs and appeals, and serves as in-house counsel.

**General Government
Commission on Women**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	232,000	326,800	340,500	224,600	227,000
Total General Fund	232,000	326,800	340,500	224,600	227,000
TOTAL SOURCE OF FUNDS	232,000	326,800	340,500	224,600	227,000
EXPENDITURES BY CLASS					
Personnel Costs	207,300	304,000	317,700	210,900	213,300
Operating Expenses	14,300	22,800	22,800	13,700	13,700
TOTAL EXPENDITURES	221,600	326,800	340,500	224,600	227,000
EXPENDITURES BY FUND SOURCE					
General Fund	221,600	326,800	340,500	224,600	227,000
TOTAL EXPENDITURES	221,600	326,800	340,500	224,600	227,000
EXPENDITURES BY UNIT					
Commission on Women	221,600	326,800	340,500	224,600	227,000
TOTAL EXPENDITURES	221,600	326,800	340,500	224,600	227,000

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

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

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

General Government
Department for Local Government

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,487,600	8,931,800	10,423,300	8,161,400	8,205,300
Total General Fund	8,487,600	8,931,800	10,423,300	8,161,400	8,205,300
Restricted Funds					
Balance Forward	802,200	587,300	364,400	587,300	364,400
Current Receipts	700,800	700,800	442,500	700,800	442,500
Non-Revenue Receipts	200,000	200,000	200,000	200,000	200,000
Total Restricted Funds	1,703,000	1,488,100	1,006,900	1,488,100	1,006,900
Federal Fund					
Balance Forward	410,700	562,700	462,700	562,700	462,700
Current Receipts	41,428,800	40,540,200	40,430,800	40,498,900	40,354,100
Non-Revenue Receipts	-574,200				
Total Federal Fund	41,265,300	41,102,900	40,893,500	41,061,600	40,816,800
TOTAL SOURCE OF FUNDS	51,455,900	51,522,800	52,323,700	50,711,100	50,029,000
EXPENDITURES BY CLASS					
Personnel Costs	5,258,900	6,001,700	6,318,900	5,371,800	5,442,000
Operating Expenses	764,400	822,900	817,100	722,800	717,000
Grants Loans Benefits	43,900,700	43,871,100	43,464,500	43,789,400	43,382,800
Debt Service			1,236,000		
TOTAL EXPENDITURES	49,924,000	50,695,700	51,836,500	49,884,000	49,541,800
EXPENDITURES BY FUND SOURCE					
General Fund	8,105,700	8,931,800	10,423,300	8,161,400	8,205,300
Restricted Funds	1,115,700	1,123,700	882,400	1,123,700	882,400
Federal Fund	40,702,600	40,640,200	40,530,800	40,598,900	40,454,100
TOTAL EXPENDITURES	49,924,000	50,695,700	51,836,500	49,884,000	49,541,800
EXPENDITURES BY UNIT					
Operations	5,671,400	6,424,100	7,932,600	5,735,400	5,796,300
Grants	44,252,600	44,271,600	43,903,900	44,148,600	43,745,500
TOTAL EXPENDITURES	49,924,000	50,695,700	51,836,500	49,884,000	49,541,800

The Department for Local Government (DLG), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. DLG serves as the liaison between the Governor and local units of government. It coordinates and resolves local government issues and concerns. The Department administers grants-in-aid, and serves as the cognizant state agency for Kentucky's fifteen Area Development Districts.

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 420 cities, 1500 special districts and the 15 Area Development Districts. The Trover Grant which brings University of Louisville medical students to the Western Kentucky Coal Fields for a portion of their residency is administered by the Commissioner's Office.

The Federal Grants Office administers the Community Development Block Grant program for small cities, the Neighborhood Stabilization Program, the Land and Water Conservation Fund and the Kentucky Recreational Trails program. Moreover, the Office develops and conducts training programs for local governments across the Commonwealth in conjunction with other governmental agencies, associations and the Area Development Districts. It maintains the Commonwealth's Clearinghouse for all federal grants and administers the Joint Funding Agreement and Appalachian Regional Commission grants.

The Flood Control program also is administered by the Federal Grants Office. In partnership with federal and local agencies, the matching program lessens flood damage losses by providing structural and nonstructural assistance to Kentucky communities. The Fund ensures that matching funds required by the U.S. Army Corp of Engineers, Federal Emergency Management Agency, and Natural Resources Conservation Service are available for vital projects. The program provides matching dollars for federal grants for straight sewage pipe removal projects funded by the Personal

Responsibility in a Desirable Environment program.

The Field Services Office makes state government more accessible to citizens of the Commonwealth. Field service representatives travel throughout the Commonwealth of Kentucky and answer citizens' questions, resolve problems, and aid local government officials with their government duties.

The Office of Financial Management and Administrative Services provides agency administrative support. It has responsibility for personnel administration, payroll, purchasing, library management, accounting, and budgeting for the entire agency. The Office provides information technology support for the Department and to local government units.

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

Policy

The Executive Budget includes an allocation from the General Fund of \$910,000 in each year of the biennium for the Trover Clinic Grant in Madisonville. These General Fund dollars are derived from coal severance revenues.

Included in the General Fund appropriation in each fiscal year of the biennium is \$200,000 for administrative support of the Shaping Our Appalachian Region (SOAR) initiative.

General Government					
Local Government Economic Assistance Fund					
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,690,000	48,690,000	48,690,000	37,594,600	37,406,100
Other	-10,247,200				
Total General Fund	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
TOTAL SOURCE OF FUNDS	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
EXPENDITURES BY CLASS					
Grants Loans Benefits	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
TOTAL EXPENDITURES	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
EXPENDITURES BY FUND SOURCE					
General Fund	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
TOTAL EXPENDITURES	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100
EXPENDITURES BY UNIT					
County Coal Severance	18,080,500	22,900,000	22,900,000	17,681,600	17,592,900
Cities Coal Severance	2,368,700	3,000,000	3,000,000	2,316,300	2,304,700
County Mineral Severance	15,948,700	20,200,000	20,200,000	15,596,900	15,518,700
Cities Mineral Severance	2,044,900	2,590,000	2,590,000	1,999,800	1,989,800
TOTAL EXPENDITURES	38,442,800	48,690,000	48,690,000	37,594,600	37,406,100

The Local Government Economic Assistance Fund (LGEAF) in KRS 42.450-42.495 is a revenue sharing program that was created by the 1980 Regular Session of the General Assembly to return a portion of the coal and minerals severance taxes to local governments in areas where the minerals were extracted. These funds are used by those communities to strengthen and “to improve the environment for new industry and to improve the quality of life of the residents”. Counties that contain industries that are involved in the production of coal or minerals such as natural gas, oil, and stone and incorporated cities within those counties are eligible to receive LGEAF payments. Likewise, counties and their cities affected by the transportation of coal are eligible to receive a portion of the returned severance taxes.

The LGEAF coal severance tax program currently returns funds to an estimated 60 counties and approximately 248 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 15 percent of the coal severance tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

Additionally, the LGEAF minerals severance tax program currently returns funds to an estimated 102 counties and approximately 359 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 50 percent of the other mineral tax receipts be transferred to the LGEAF for subsequent allocation and distribution to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

KRS 42.455(2)(3)(4) specifically prohibits the expenditure of LGEAF for the administration of government. Coal “impact” counties must expend 100 percent of funds in the transportation category. Thirty percent of all funds given to coal “producer” counties must be expended on the county coal haul road system. Expenditure of the remaining 70 percent given to coal “producers” and 100 percent of non-coal mineral severance producing funds must be directly related to the remaining priority categories:

- Public safety, including law enforcement, fire protection, ambulance service and other related services,
- Environmental protection, including sewage disposal, sanitation, solid waste and other related programs,
- Public transportation, including mass transit systems, streets and roads,
- Health,
- Recreation,
- Libraries and educational facilities,
- Services for the poor, aged, and handicapped,
- Industrial and economic development,
- Vocational education; and
- Workforce.

General Government					
Local Government Economic Development Fund					
	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,426,200	28,426,200	28,426,200	8,441,700	116,300
Other	-20,030,300				
Total General Fund	8,395,900	28,426,200	28,426,200	8,441,700	116,300
TOTAL SOURCE OF FUNDS	8,395,900	28,426,200	28,426,200	8,441,700	116,300
EXPENDITURES BY CLASS					
Grants Loans Benefits	8,395,900	28,426,200	28,426,200	8,441,700	116,300
TOTAL EXPENDITURES	8,395,900	28,426,200	28,426,200	8,441,700	116,300
EXPENDITURES BY FUND SOURCE					
General Fund	8,395,900	28,426,200	28,426,200	8,441,700	116,300
TOTAL EXPENDITURES	8,395,900	28,426,200	28,426,200	8,441,700	116,300
EXPENDITURES BY UNIT					
Economic Development Fund	8,395,900	28,426,200	28,426,200	8,441,700	116,300
TOTAL EXPENDITURES	8,395,900	28,426,200	28,426,200	8,441,700	116,300

The Local Government Economic Development Fund (LGEDF) in KRS 42.458-42.495 is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal producing counties with the means to diversify their economies. The governing statute mandates that 35 percent of coal severance tax revenue be returned to coal producing counties. Two-thirds of the funds are distributed to individual county accounts using a formula based on coal severance taxes paid from the county, surplus labor rate, relative mining earnings, and relative mining employment. One-third of the dollars are reserved for the Multi-County Fund for joint projects. Currently, 35 counties receive coal severance allocations.

The Department for Local Government (DLG) is responsible for LGEDF financial management, accounting, and fund allocation and reporting. It also reviews and approves LGEDF grant applications for both the Single County and Multi-County Accounts. DLG oversees those projects and others authorized by the General Assembly through the budget.

The accompanying chart illustrates the policy described below.

Off-the-Top Funding Items: Notwithstanding KRS 42.4582 and KRS 42.4585, \$910,000 in each fiscal year is provided to the Trover Clinic Grant through the Department for Local Government. Pursuant to KRS 164.7890 and KRS 164.7891, \$540,000 is provided in fiscal year 2016-2017 and \$580,000 in fiscal year 2017-2018 for Pharmacy Scholarships and \$306,000 is provided in fiscal year 2016-2017 and \$326,000 in fiscal year 2017-2018 to the Osteopathic Medicine Scholarship Program through the Kentucky Higher Education Assistance Authority.

Out-of-the-Middle Funding Items: The Executive Budget provides funding to support Operation Unite grants in coal-producing counties of \$2,000,000 each fiscal year, the Coal County College Completion Scholarship Program administered by the Kentucky Higher Education Assistance Authority in the amount of \$2,000,000 each fiscal year, \$200,000 in each fiscal year for administrative support of the Shaping Our Appalachian Region (SOAR) initiative, funding for the Robinson Scholars Program in the amount of \$1,000,000 in each fiscal year to the University of Kentucky, services provided to coal producing counties by the Department of Local Government and the Kentucky Infrastructure Authority by allocating \$1,039,700 in each fiscal year, allocation of \$300,000 each year for a Mining Engineering Scholarship Program at the University of Kentucky, \$1,750,000 in each fiscal year to the Department of Education for purpose of enhancing education technology in local school districts within coal-producing counties, and \$500,000 is provided in each fiscal year for the Save the Children program. Debt service support of \$25,282,400 in fiscal year 2016-2017 and \$29,409,300 in fiscal year 2017-2018 for the following: school facilities construction projects from 2002-2004 and KIA water and sewer projects from 2002-2004, 2004-2006, 2006-2008 and 2008-2010.

Policy

The Executive Budget includes \$2,000,000 in each fiscal year for the Regional Strategic Development Fund from the portion of the Single County Fund allocated to counties in Eastern Kentucky.

Notwithstanding KRS 42.4592, except for the \$2,000,000 provided for the Regional Strategic Development Fund, no funds shall be allocated pursuant KRS 42.4592(1)(a), (b), and (c). Any amount that would have been allocated pursuant to KRS 42.4592(1)(a) or(b) shall remain unexpended in fiscal year 2016-2017 and continue into fiscal year 2017-2018 to be available for the “out-of-the-middle” funding items and the Regional Strategic Development Fund. Any amount that would have been allocated pursuant to KRS 42.4592(1)(c) shall be allocated pursuant to KRS 42.470 from the General Fund appropriated to the Local Government Economic Development Fund budget unit.

Severance Tax Dedicated Programs 2016-2018 Biennium

	FY 2016 Revised	FY 2017 Recommended	FY 2018 Recommended
Coal Severance Tax Resources			
Coal Severance Tax*	144,351,500	123,224,000	111,288,300
Less: Osteopathic Medicine Scholarship Program (KRS 164.7891)	(872,500)	(306,000)	(326,000)
Less: Pharmacy Scholarships (KRS 164.7890)	(800,000)	(540,000)	(580,000)
Less: Trover Clinic Grant	(1,000,000)	(910,000)	(910,000)
Total coal severance tax resources to be distributed	141,679,000	121,468,000	109,472,300

Local Government Economic Assistance Fund (LGEAF) Total Funds			
Coal Severance Tax Revenue (15% of Revenue)	21,251,800	18,220,200	16,420,800
Other Mineral Severance Tax Revenue (50% of Revenue)	17,191,000	19,374,400	20,985,300
Total LGEAF to be distributed	38,442,800	37,594,600	37,406,100

Local Government Economic Development Fund (LGEDF)			
Coal Severance (35% of amounts remaining to be distributed)	49,587,700	42,513,800	38,315,300
Less: Debt Service (Past Bond Appropriations)	(31,282,300)	(25,282,400)	(29,409,300)
Less: Operation Unite		(2,000,000)	(2,000,000)
Less: Coal County College Completion Scholarship Program		(2,000,000)	(2,000,000)
Less: SOAR Administrative Costs (DLG)		(200,000)	(200,000)
Less: Robinson Scholars Program (UK)	(1,000,000)	(1,000,000)	(1,000,000)
Less: LGEDF Project Administration (DLG - KIA)	(1,039,700)	(1,039,700)	(1,039,700)
Less: Mining Engineering Scholarship Program (UK)	(300,000)	(300,000)	(300,000)
Less: School Technology in Coal Counties (Education)	(1,750,000)	(1,750,000)	(1,750,000)
Less: Save the Children (Education)	(500,000)	(500,000)	(500,000)
Less: Read to Achieve (Education)	(2,100,000)		
Less: Mine Safety (Natural Resources)	(3,219,800)		
Total LGEDF for County Distribution	8,395,900	8,441,700	116,300
Balance Continued from Prior Year			3,627,800
Total LGEDF for Single County Calculation (66.7% of LGEDF Distribution)	5,597,300	5,627,800	2,496,100
Less: Regional Strategic Development Fund (Eastern Kentucky)	(2,000,000)	(2,000,000)	(2,000,000)
Total LGEDF for Single County Distribution / Continuing Balance	3,597,300	3,627,800	496,100

Local Government Economic Development Multi-County Fund			
Multi-County Allocation (33.3% of LGEDF County Distribution)	2,798,600	2,813,900	1,248,000
Less: Allocation Pursuant to KRS 42.470 LGEAF Formula to Counties/Cities		(2,813,900)	(1,248,000)
Less: Energy Research Grants (Energy Development & Independence)	(373,600)		
Less: Operation Unite (Office of Drug Control Policy)	(2,000,000)		
Less: SOAR Administrative Costs (DLG)	(200,000)		
Less: 12 Multi-County Regional Industrial Park Authorities	(200,000)		
Less: Update Best Practices Manual (Division of Oil and Gas)	(25,000)		
Balance	-	-	-

**Revenue numbers account for quarter lag*

**General Government
Area Development Fund**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	473,600	473,600	473,600	431,000	431,000
Total General Fund	473,600	473,600	473,600	431,000	431,000
TOTAL SOURCE OF FUNDS	473,600	473,600	473,600	431,000	431,000
EXPENDITURES BY CLASS					
Grants Loans Benefits	452,300	473,600	473,600	431,000	431,000
TOTAL EXPENDITURES	452,300	473,600	473,600	431,000	431,000
EXPENDITURES BY FUND SOURCE					
General Fund	452,300	473,600	473,600	431,000	431,000
TOTAL EXPENDITURES	452,300	473,600	473,600	431,000	431,000
EXPENDITURES BY UNIT					
Area Development Fund	452,300	473,600	473,600	431,000	431,000
TOTAL EXPENDITURES	452,300	473,600	473,600	431,000	431,000

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

**General Government
Executive Branch Ethics Commission**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	463,200	565,600	592,200	445,700	450,200
Total General Fund	463,200	565,600	592,200	445,700	450,200
Restricted Funds					
Balance Forward	200	2,800		2,800	1,400
Current Receipts	74,000	74,000	74,000	114,300	114,300
Total Restricted Funds	74,200	76,800	74,000	117,100	115,700
TOTAL SOURCE OF FUNDS	537,400	642,400	666,200	562,800	565,900
EXPENDITURES BY CLASS					
Personnel Costs	439,800	571,900	600,300	498,000	498,800
Operating Expenses	74,000	70,500	65,900	63,400	67,100
TOTAL EXPENDITURES	513,800	642,400	666,200	561,400	565,900
EXPENDITURES BY FUND SOURCE					
General Fund	442,400	565,600	592,200	445,700	450,200
Restricted Funds	71,400	76,800	74,000	115,700	115,700
TOTAL EXPENDITURES	513,800	642,400	666,200	561,400	565,900
EXPENDITURES BY UNIT					
Executive Branch Ethics Commission	513,800	642,400	666,200	561,400	565,900
TOTAL EXPENDITURES	513,800	642,400	666,200	561,400	565,900

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

Notwithstanding KRS 11A.211(5), the registration fee paid by each employer of one or more executive agency lobbyists upon the filing of an updated registration statement shall be \$199.

**General Government
Secretary of State**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,662,800	1,667,700	1,672,600	1,663,100	1,690,600
Total General Fund	1,662,800	1,667,700	1,672,600	1,663,100	1,690,600
Restricted Funds					
Balance Forward	4,436,600	3,891,200	4,198,200	3,891,200	4,198,200
Current Receipts	2,504,700	2,469,900	2,567,900	3,767,600	3,729,100
Fund Transfers	-1,300,000	0	0	-1,000,000	-1,000,000
Total Restricted Funds	5,641,300	6,361,100	6,766,100	6,658,800	6,927,300
Federal Fund					
Current Receipts	277,000	277,000	221,400	277,000	221,400
Total Federal Fund	277,000	277,000	221,400	277,000	221,400
TOTAL SOURCE OF FUNDS	7,581,100	8,305,800	8,660,100	8,598,900	8,839,300
EXPENDITURES BY CLASS					
Personnel Costs	2,719,100	3,086,700	3,243,000	2,844,200	2,878,300
Operating Expenses	896,000	991,900	916,900	1,527,500	1,460,800
Capital Outlay		29,000	20,000	29,000	20,000
TOTAL EXPENDITURES	3,615,100	4,107,600	4,179,900	4,400,700	4,359,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,588,000	1,667,700	1,672,600	1,663,100	1,690,600
Restricted Funds	1,750,100	2,162,900	2,285,900	2,460,600	2,447,100
Federal Fund	277,000	277,000	221,400	277,000	221,400
TOTAL EXPENDITURES	3,615,100	4,107,600	4,179,900	4,400,700	4,359,100
EXPENDITURES BY UNIT					
General Administration	2,356,900	2,809,700	2,843,200	2,432,400	2,404,600
General Operations	1,258,200	1,297,900	1,336,700	1,968,300	1,954,500
TOTAL EXPENDITURES	3,615,100	4,107,600	4,179,900	4,400,700	4,359,100

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.

General Government

Board of Elections

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,047,200	5,040,900	3,265,800	3,865,400	3,874,300
Total General Fund	4,047,200	5,040,900	3,265,800	3,865,400	3,874,300
Restricted Funds					
Balance Forward	756,700	557,100	356,500	557,100	356,500
Current Receipts	46,400	535,400	44,400	45,400	44,400
Total Restricted Funds	803,100	1,092,500	400,900	602,500	400,900
Federal Fund					
Balance Forward	14,267,300	9,153,600	4,024,900	9,153,600	4,024,900
Current Receipts	97,500	82,500	20,000	82,500	20,000
Total Federal Fund	14,364,800	9,236,100	4,044,900	9,236,100	4,044,900
TOTAL SOURCE OF FUNDS	19,215,100	15,369,500	7,711,600	13,704,000	8,320,100
EXPENDITURES BY CLASS					
Personnel Costs	1,187,300	1,374,800	1,428,900	1,199,700	1,209,700
Operating Expenses	521,900	1,113,100	566,000	500,600	452,000
Grants Loans Benefits	7,680,200	8,500,200	5,561,800	7,622,300	6,503,500
TOTAL EXPENDITURES	9,389,400	10,988,100	7,556,700	9,322,600	8,165,200
EXPENDITURES BY FUND SOURCE					
General Fund	3,932,200	5,040,900	3,265,800	3,865,400	3,874,300
Restricted Funds	246,000	736,000	246,000	246,000	246,000
Federal Fund	5,211,200	5,211,200	4,044,900	5,211,200	4,044,900
TOTAL EXPENDITURES	9,389,400	10,988,100	7,556,700	9,322,600	8,165,200
EXPENDITURES BY UNIT					
General Administration and Support	1,261,200	2,033,900	1,594,400	1,252,300	1,261,200
State Share of County Election Expenses	1,490,700	1,902,800		1,490,700	1,490,700
State Share of Voter Registration Expenses	1,230,300	1,638,200	1,721,400	1,172,400	1,172,400
Presidential Electors		6,000			
Election Fund	5,407,200	5,407,200	4,240,900	5,407,200	4,240,900
TOTAL EXPENDITURES	9,389,400	10,988,100	7,556,700	9,322,600	8,165,200

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

KRS 117.015 designates the Secretary of State as the chair of the Board. Six other members are appointed by the Governor.

General Administration and Support

The General Administration and Support program objectives are to maintain an up to date computerized record of registered voters in the state, certify election results, produce precinct rosters, issue certification of nomination and election, train county clerks in election duties, and conduct a nonpartisan voter education program.

The State Board of Elections' online Election Night Tally System provides up-to-the-minute, unofficial election results on all candidates who file with the state.

State Share of County Election Expenses

The State Share of County Election Expenses program reimburses county fiscal courts the state's share of county election

expenses pursuant to KRS 117.345(2).

The state currently has 3,731 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 Executive Budget includes General Fund in the amount of \$1,490,700 in each fiscal year for the State Share of County Election Expenses.

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

**General Government
Registry of Election Finance**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,220,800	1,351,300	1,409,400	1,166,500	1,176,800
Total General Fund	1,220,800	1,351,300	1,409,400	1,166,500	1,176,800
TOTAL SOURCE OF FUNDS	1,220,800	1,351,300	1,409,400	1,166,500	1,176,800
EXPENDITURES BY CLASS					
Personnel Costs	1,021,500	1,176,300	1,235,700	1,007,100	1,018,700
Operating Expenses	144,400	175,000	173,700	159,400	158,100
TOTAL EXPENDITURES	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
TOTAL EXPENDITURES	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
EXPENDITURES BY UNIT					
Registry of Election Finance	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800
TOTAL EXPENDITURES	1,165,900	1,351,300	1,409,400	1,166,500	1,176,800

The role of the Kentucky Registry of Election Finance is to ensure the integrity of the Commonwealth's electoral process by making certain there is full public access to campaign financial data and financial disclosure reports, and by administering Kentucky's campaign finance laws.

Under KRS Chapter 121, Kentucky's campaign finance laws apply to all candidates for public office, except federal office, as well as political issues committees, permanent committees, state and local party executive committees, inaugural committees, and caucus campaign committees. The Registry also receives, compiles, and maintains financial disclosure reports of elected officials and candidates for specified offices as provided in KRS Chapter 61.

Regulatory functions of the Registry include: educating candidates and committees on campaign finance laws; ensuring compliance with campaign finance reporting requirements, including the timely filing of campaign finance reports; providing the means for electronic reporting of campaign finance data; conducting desk reviews and random audits; investigating complaints; and adjudicating charges of administrative violations of campaign finance laws.

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

Pursuant to KRS 121.170(5), the Registry receives copies of reports filed with the Federal Election Commission by federally registered out-of-state permanent committees that contribute to Kentucky candidates. These and the reports of other candidates and committees who are required to file with the Federal Election Commission may be viewed at the Registry's office in Frankfort pursuant to 2 U.S.C. Section 439(c).

General Government

Attorney General

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,729,700	11,663,600	12,600,100	10,333,900	10,436,900
Total General Fund	10,729,700	11,663,600	12,600,100	10,333,900	10,436,900
Restricted Funds					
Balance Forward	14,443,206	11,748,500	7,781,100	11,855,500	7,669,500
Current Receipts	4,354,480	4,017,500	4,017,500	4,017,500	4,017,500
Non-Revenue Receipts	8,085,714	7,020,500	7,076,600	7,231,100	7,286,700
Total Restricted Funds	26,883,400	22,786,500	18,875,200	23,104,100	18,973,700
Federal Fund					
Current Receipts	3,870,300	3,974,300	4,092,100	3,974,300	4,092,100
Total Federal Fund	3,870,300	3,974,300	4,092,100	3,974,300	4,092,100
TOTAL SOURCE OF FUNDS	41,483,400	38,424,400	35,567,400	37,412,300	33,502,700
EXPENDITURES BY CLASS					
Personnel Costs	20,597,200	22,356,700	23,468,400	21,522,600	22,031,100
Operating Expenses	2,445,200	2,660,900	2,660,900	2,594,500	2,600,200
Grants Loans Benefits	6,107,500	5,625,700	5,624,400	5,625,700	5,624,400
TOTAL EXPENDITURES	29,149,900	30,643,300	31,753,700	29,742,800	30,255,700
EXPENDITURES BY FUND SOURCE					
General Fund	10,251,700	11,663,600	12,600,100	10,333,900	10,436,900
Restricted Funds	15,027,900	15,005,400	15,061,500	15,434,600	15,726,700
Federal Fund	3,870,300	3,974,300	4,092,100	3,974,300	4,092,100
TOTAL EXPENDITURES	29,149,900	30,643,300	31,753,700	29,742,800	30,255,700
EXPENDITURES BY UNIT					
Administrative Services	3,851,700	4,247,000	4,441,800	3,950,200	3,994,400
Criminal Services	9,686,400	10,516,000	10,956,700	10,281,000	10,324,800
Advocacy Services	5,295,100	5,641,700	5,885,600	5,492,700	5,526,800
Civil Services	3,241,600	3,568,100	3,743,000	3,348,400	3,683,100
Uninsured Employers Fund	7,075,100	6,670,500	6,726,600	6,670,500	6,726,600
TOTAL EXPENDITURES	29,149,900	30,643,300	31,753,700	29,742,800	30,255,700

The Attorney General, as the Commonwealth's constitutional chief law enforcement officer, performs a range of legal, investigative, and administrative duties. The Office has ten organizational units to support the mission of the office.

The duties of the Office of Administrative Services include: personnel, payroll, fiscal, budget, information systems, state and federal grants, and employee training. The duties of the Office of Prosecutors Advisory Council include: personnel, payroll, fiscal, budget, state and federal grants, and legal education related to the Unified Prosecutorial System, along with the maintenance of child sexual abuse caseload and statistics, and the responsibility for the Victim and Witness Protection program.

The Office of Criminal Appeals represents the Commonwealth in all state and federal criminal appeals in which the Commonwealth has an interest. The Office of Medicaid Fraud and Abuse Control investigates and prosecutes cases of Medicaid Provider fraud pursuant to KRS 194A.505 and KRS 205, and further complaints of abuse, neglect, and exploitation of residents in Medicaid facilities. The Department of Criminal Investigations investigates specialized, primarily white-collar criminal activity, identity theft, and computer crimes. The Office of Special Prosecutions pursuant to KRS 15.190-215, prosecutes complex criminal cases when local prosecutors need assistance or disqualification from the case, prosecutes thefts from the Commonwealth by employees or elected officials, and prosecutes election and ethics law violations.

The Office of Consumer Protection enforces the provisions of the Consumer Protection Act that prohibit unfair, false, misleading, and deceptive acts or practices in trade or commerce and provides educational services to the elderly. The Office of Rate Intervention is responsible for representing the interests of consumers before federal, state, and local

rate-making and regulatory bodies in the areas of utilities and health care insurance. The Office of Victim's Advocacy administers the victim's advocate program and provides support services to victims of crime.

The Office of Civil and Environmental Law represents the state's boards and agencies; issues formal opinions; represents state officials, elected prosecutors, and the judiciary in legal proceedings; provides hearing officer services and mediation to state agencies; and intervenes in constitutional challenges to state statutes. The Office serves as the legal representative of the Uninsured Employer's Fund in all proceedings to enforce Workers' Compensation claims involving the Fund.

The Uninsured Employer's Fund, pursuant to KRS 342.760, is responsible for payment of Workers' Compensation to employees when the employer does not have Workers' Compensation insurance.

**General Government
Commonwealth's Attorneys**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	45,444,800	56,774,000	59,841,000	48,439,600	49,024,300
Total General Fund	45,444,800	56,774,000	59,841,000	48,439,600	49,024,300
Restricted Funds					
Balance Forward	1,661,700	1,416,100	1,308,100	1,416,100	1,479,400
Current Receipts	2,441,500	2,750,500	2,869,500	1,716,300	1,835,300
Total Restricted Funds	4,103,200	4,166,600	4,177,600	3,132,400	3,314,700
Federal Fund					
Balance Forward	-88,200	-88,200	-88,200	-88,200	-88,200
Current Receipts	35,500	38,900	40,300	38,900	40,300
Total Federal Fund	-52,700	-49,300	-47,900	-49,300	-47,900
TOTAL SOURCE OF FUNDS	49,495,300	60,891,300	63,970,700	51,522,700	52,291,100
EXPENDITURES BY CLASS					
Personnel Costs	43,703,000	54,560,700	57,977,200	45,817,400	46,448,900
Operating Expenses	4,279,400	5,016,900	4,794,500	4,245,300	4,208,600
Grants Loans Benefits	20,000	43,800	35,000	18,800	10,000
Capital Outlay	165,000	50,000	50,000	50,000	50,000
TOTAL EXPENDITURES	48,167,400	59,671,400	62,856,700	50,131,500	50,717,500
EXPENDITURES BY FUND SOURCE					
General Fund	45,444,800	56,774,000	59,841,000	48,439,600	49,024,300
Restricted Funds	2,687,100	2,858,500	2,975,400	1,653,000	1,652,900
Federal Fund	35,500	38,900	40,300	38,900	40,300
TOTAL EXPENDITURES	48,167,400	59,671,400	62,856,700	50,131,500	50,717,500
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	48,167,400	59,671,400	62,856,700	50,131,500	50,717,500
TOTAL EXPENDITURES	48,167,400	59,671,400	62,856,700	50,131,500	50,717,500

The Commonwealth's Attorneys program is made up of 57 elected Commonwealth's Attorneys and their staffs, one for each judicial circuit. As of January 1, 2008, 51 circuits have full-time Commonwealth's Attorneys, with the remaining being part-time. Commonwealth's Attorneys are responsible for all felony prosecutions, including those prosecutions in which the penalty of death may be imposed upon the defendant. The prosecution of each felony requires a thorough investigation that involves extensive research and trial preparation by the prosecutor. Witness interviews, grand jury presentations, motions (including post-conviction motions), conferences, plea-bargaining, case studies, continuing legal education and participation on multi-disciplinary teams are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

Pursuant to KRS 15.725, the Commonwealth's Attorneys attend each circuit court held in the judicial circuit. The Commonwealth's Attorneys, except as provided by KRS 15.715, have the duty to prosecute all violations of the criminal and penal laws which are tried in the circuit court. In addition, the Commonwealth's Attorneys have the primary responsibility within the judicial circuit to present evidence to the grand jury concerning such violations.

In accordance with KRS 15.735, the Commonwealth's Attorneys serve as special prosecutors in cases where the regularly elected prosecutors have been disqualified.

**General Government
County Attorneys**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,640,500	47,350,600	49,723,300	42,080,300	42,647,000
Total General Fund	39,640,500	47,350,600	49,723,300	42,080,300	42,647,000
Restricted Funds					
Balance Forward	486,500	317,800	182,700	317,800	259,500
Current Receipts	551,700	662,200	754,500	496,400	588,700
Total Restricted Funds	1,038,200	980,000	937,200	814,200	848,200
Federal Fund					
Balance Forward	88,200	88,200	88,200	88,200	88,200
Current Receipts	505,700	506,200	503,700	506,200	503,700
Total Federal Fund	593,900	594,400	591,900	594,400	591,900
TOTAL SOURCE OF FUNDS	41,272,600	48,925,000	51,252,400	43,488,900	44,087,100
EXPENDITURES BY CLASS					
Personnel Costs	39,706,600	46,903,600	49,376,600	42,230,700	42,846,100
Operating Expenses	1,160,000	1,750,500	1,699,200	910,500	859,200
TOTAL EXPENDITURES	40,866,600	48,654,100	51,075,800	43,141,200	43,705,300
EXPENDITURES BY FUND SOURCE					
General Fund	39,640,500	47,350,600	49,723,300	42,080,300	42,647,000
Restricted Funds	720,400	797,300	848,800	554,700	554,600
Federal Fund	505,700	506,200	503,700	506,200	503,700
TOTAL EXPENDITURES	40,866,600	48,654,100	51,075,800	43,141,200	43,705,300
EXPENDITURES BY UNIT					
County Attorneys	40,866,600	48,654,100	51,075,800	43,141,200	43,705,300
TOTAL EXPENDITURES	40,866,600	48,654,100	51,075,800	43,141,200	43,705,300

Pursuant to KRS 15.725(2), each County Attorney attends the district court in the respective county and prosecutes all violations of criminal and penal laws within the jurisdiction of that district court. In accordance with KRS 15.735, County Attorneys also serve as special prosecutors in cases where the elected prosecutors have been disqualified.

Criminal cases at the district level include felonies (until the case is transferred to circuit court), misdemeanors, juvenile cases, and traffic cases. County Attorneys prosecute the majority of DUI cases. Most counties have Family Court, Drug Court, and/or Truancy Court requiring representation from the Office of the County Attorney. The County Attorney receives numerous criminal complaints from local law enforcement and the general public and frequently mediates local complaints so many of the services provided may never appear on a court docket. County Attorneys are also required to participate on multi-disciplinary teams involving child sexual abuse cases.

General Government

Treasury

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,818,600	2,112,900	2,210,900	1,835,000	1,887,700
Total General Fund	1,818,600	2,112,900	2,210,900	1,835,000	1,887,700
Restricted Funds					
Balance Forward	254,700	98,700	122,300	98,700	54,600
Current Receipts	38,900	38,900	38,900	38,900	38,900
Non-Revenue Receipts	1,081,000	1,314,200	1,357,700	1,325,500	1,334,000
Total Restricted Funds	1,374,600	1,451,800	1,518,900	1,463,100	1,427,500
Road Fund					
Regular Appropriation	250,000	250,000	250,000	250,000	250,000
Total Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL SOURCE OF FUNDS	3,443,200	3,814,700	3,979,800	3,548,100	3,565,200
EXPENDITURES BY CLASS					
Personnel Costs	2,708,800	3,124,200	3,265,900	2,898,700	2,938,300
Operating Expenses	553,900	568,200	569,200	594,800	626,900
TOTAL EXPENDITURES	3,262,700	3,692,400	3,835,100	3,493,500	3,565,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,736,800	2,112,900	2,210,900	1,835,000	1,887,700
Restricted Funds	1,275,900	1,329,500	1,374,200	1,408,500	1,427,500
Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	3,262,700	3,692,400	3,835,100	3,493,500	3,565,200
EXPENDITURES BY UNIT					
General Administration and Support	1,098,200	1,413,600	1,460,700	1,196,400	1,249,100
Disbursements and Accounting	899,700	964,600	1,016,700	971,600	982,100
Abandoned Property Administration	1,264,800	1,314,200	1,357,700	1,325,500	1,334,000
TOTAL EXPENDITURES	3,262,700	3,692,400	3,835,100	3,493,500	3,565,200

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, and is Vice-Chair of the State Investment Commission. The Treasury Department reviews and records all investment transactions of the Commonwealth.

The General Administration and Support Division provides management support for Treasury including: fiscal control, personnel administration, and policy development and implementation. The Division issues over 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 Chapter 393 related to escheats. This program receives unclaimed property reports from holders and potential holders of unclaimed property, collects unclaimed property, pursues the location and collection of the property, and attempts to locate the rightful property owner.

Policy

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$1,325,200 in fiscal year 2016-2017 and \$1,334,000 in fiscal year 2017-2018. 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 \$250,000 is included each fiscal year to support the central check writing system and other central administrative responsibilities of state government.

General Government

Agriculture

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,690,900	17,690,500	18,630,500	15,974,200	16,112,400
Continuing Approp-General Fund	299,100				
Total General Fund	16,990,000	17,690,500	18,630,500	15,974,200	16,112,400
Tobacco Fund					
Tobacco Settlement - Phase I	600,000	600,000	600,000	600,000	600,000
Total Tobacco Fund	600,000	600,000	600,000	600,000	600,000
Restricted Funds					
Balance Forward	13,351,600	11,650,000	9,948,500	11,650,000	9,205,600
Current Receipts	6,258,100	6,258,200	6,258,100	6,558,200	6,558,100
Non-Revenue Receipts	2,145,000	2,145,000	2,145,000	2,166,000	2,166,000
Fund Transfers				-1,500,000	
Total Restricted Funds	21,754,700	20,053,200	18,351,600	18,874,200	17,929,700
Federal Fund					
Current Receipts	6,406,900	6,406,900	6,406,900	6,406,900	6,406,900
Total Federal Fund	6,406,900	6,406,900	6,406,900	6,406,900	6,406,900
TOTAL SOURCE OF FUNDS	45,751,600	44,750,600	43,989,000	41,855,300	41,049,000
EXPENDITURES BY CLASS					
Personnel Costs	19,173,300	21,021,600	21,960,300	19,049,400	19,146,400
Operating Expenses	6,238,500	6,006,300	6,018,300	5,704,100	5,778,800
Grants Loans Benefits	7,296,400	7,131,900	7,121,200	6,953,900	6,943,200
Capital Outlay	642,300	642,300	642,300	942,300	942,300
TOTAL EXPENDITURES	33,350,500	34,802,100	35,742,100	32,649,700	32,810,700
EXPENDITURES BY FUND SOURCE					
General Fund	16,238,900	17,690,500	18,630,500	15,974,200	16,112,400
Tobacco Fund	600,000	600,000	600,000	600,000	600,000
Restricted Funds	10,104,700	10,104,700	10,104,700	9,668,600	9,691,400
Federal Fund	6,406,900	6,406,900	6,406,900	6,406,900	6,406,900
TOTAL EXPENDITURES	33,350,500	34,802,100	35,742,100	32,649,700	32,810,700
EXPENDITURES BY UNIT					
Strategic Planning and Administration	4,977,300	5,407,300	5,560,300	5,074,400	5,097,200
Motor Fuel Inspection and Testing	226,700	227,400	228,100	233,100	234,900
Consumer and Environmental Programs	14,725,400	15,277,500	15,690,900	14,439,600	14,510,100
State Veterinarian	3,863,800	4,153,200	4,314,600	3,779,600	3,820,600
Animal Control	92,400	90,800	90,800	90,800	90,800
Farmland Preservation	584,800	584,800	584,800	584,800	584,800
Agriculture Marketing and Product Promotion	8,213,400	8,657,200	8,865,000	8,105,100	8,129,300
Small Winery Support Fund	666,700	403,900	407,600	342,300	343,000
TOTAL EXPENDITURES	33,350,500	34,802,100	35,742,100	32,649,700	32,810,700

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. The Small Farm Winery Support Fund was created in 2006 and the Department administers funds each year of the biennium to develop marketing and promotion strategies to assist this emerging industry.

Policy

The Executive Budget provides Tobacco Settlement Funds in the amount of \$600,000 in each fiscal year for the Farms to Food Banks program. Farms to Food Banks provides fresh, healthy produce to Kentuckians in need while reducing losses for farmers by purchasing Kentucky-grown surplus and produce that is perfectly edible but not saleable on the retail market. The program distributes it at no cost through the food bank network.

The Executive Budget includes Restricted Funds in each fiscal year of the biennium for a \$4,000 training incentive stipend for Department of Agriculture Investigators. These funds are from the Kentucky Law Enforcement Foundation Program Fund.

**General Government
Auditor of Public Accounts**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,775,300	6,968,600	7,409,600	4,630,900	4,680,000
Total General Fund	4,775,300	6,968,600	7,409,600	4,630,900	4,680,000
Restricted Funds					
Balance Forward	121,900				
Current Receipts	8,447,200	8,221,400	8,221,400	8,965,400	9,038,500
Total Restricted Funds	8,569,100	8,221,400	8,221,400	8,965,400	9,038,500
TOTAL SOURCE OF FUNDS	13,344,400	15,190,000	15,631,000	13,596,300	13,718,500
EXPENDITURES BY CLASS					
Personnel Costs	11,960,900	13,944,100	14,375,800	12,583,700	12,721,600
Operating Expenses	1,168,600	1,245,900	1,255,200	1,012,600	996,900
TOTAL EXPENDITURES	13,129,500	15,190,000	15,631,000	13,596,300	13,718,500
EXPENDITURES BY FUND SOURCE					
General Fund	4,560,400	6,968,600	7,409,600	4,630,900	4,680,000
Restricted Funds	8,569,100	8,221,400	8,221,400	8,965,400	9,038,500
TOTAL EXPENDITURES	13,129,500	15,190,000	15,631,000	13,596,300	13,718,500
EXPENDITURES BY UNIT					
Auditor of Public Accounts	1,432,500	1,598,400	1,673,600	1,458,100	1,474,100
Financial Audit	9,691,500	11,268,200	11,539,600	10,114,000	10,200,800
Technology and Specialized Audits	2,005,500	2,323,400	2,417,800	2,024,200	2,043,600
TOTAL EXPENDITURES	13,129,500	15,190,000	15,631,000	13,596,300	13,718,500

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, Office of Financial Audits, and the Office of Technology and Special Audits.

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

The Office of Financial Audits is responsible for financial audits of state agency transactions, pursuant to KRS 43.050, and of county officials such as fiscal courts, sheriffs, county clerks, property valuation administrators, county attorneys, and circuit clerks per KRS 43.070. 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.

The Office of Technology and Special Audits 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.

General Government

Personnel Board

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	180,500	175,100	163,000	175,100	172,700
Current Receipts	850,600	885,600	885,600	885,600	885,600
Total Restricted Funds	1,031,100	1,060,700	1,048,600	1,060,700	1,058,300
TOTAL SOURCE OF FUNDS	1,031,100	1,060,700	1,048,600	1,060,700	1,058,300
EXPENDITURES BY CLASS					
Personnel Costs	726,500	769,500	800,700	758,800	764,600
Operating Expenses	129,500	128,200	148,200	129,200	149,200
TOTAL EXPENDITURES	856,000	897,700	948,900	888,000	913,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	856,000	897,700	948,900	888,000	913,800
TOTAL EXPENDITURES	856,000	897,700	948,900	888,000	913,800
EXPENDITURES BY UNIT					
Personnel Board	856,000	897,700	948,900	888,000	913,800
TOTAL EXPENDITURES	856,000	897,700	948,900	888,000	913,800

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

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

Policy

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

**General Government
Kentucky Retirement Systems**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation				76,718,000	80,480,500
Total General Fund				76,718,000	80,480,500
Restricted Funds					
Non-Revenue Receipts	41,306,800	43,107,700	44,492,100	42,819,200	42,960,400
Total Restricted Funds	41,306,800	43,107,700	44,492,100	42,819,200	42,960,400
TOTAL SOURCE OF FUNDS	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
EXPENDITURES BY CLASS					
Personnel Costs	29,702,500	31,498,200	32,869,800	31,209,700	31,338,100
Operating Expenses	9,404,300	9,409,500	9,422,300	9,409,500	9,422,300
Grants Loans Benefits	2,200,000	2,200,000	2,200,000	78,918,000	82,680,500
TOTAL EXPENDITURES	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
EXPENDITURES BY FUND SOURCE					
General Fund				76,718,000	80,480,500
Restricted Funds	41,306,800	43,107,700	44,492,100	42,819,200	42,960,400
TOTAL EXPENDITURES	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
EXPENDITURES BY UNIT					
Kentucky Retirement Systems	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900
TOTAL EXPENDITURES	41,306,800	43,107,700	44,492,100	119,537,200	123,440,900

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

Kentucky Retirement Systems is administered by a thirteen-member board of trustees consisting of the Secretary of the Personnel Cabinet, six 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. However, the General Assembly may adopt a rate that varies from the actuarial valuation. Employees contribute at a fixed rate set in the statutes. The assets of the system are considered trust funds. All expenses are paid from the trust.

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

Policy

The Executive Budget recognizes and highlights the serious problems with the unfunded pension liabilities for the Kentucky Employees Retirement (KERS) systems. As of the June 30, 2015 valuation, the combined unfunded pension liabilities of the three state government retirement plans: the Non-hazardous, hazardous, and State Police, was over \$10.8 billion. The unfunded pension liability of the Kentucky Teachers' Retirement System was over \$13.9 billion. The KERS

Non-hazardous plan was measured at 18.7 percent funded and the State Police plan was at 33.6 percent funded. When the KERS Board passed a resolution in December, 2015 to reduce the assumed rate of return on investments for these two plans from 7.5 percent to 6.75 percent, the funded ratio dropped even further.

The Executive Budget continues the responsible obligation begun in fiscal year 2014-2015 and funds the full actuarially required contribution (ARC) rate for the three KERS state government plans. The required employer contribution rate jumps another 25 percent in fiscal year 2016-2017, after rising almost 45 percent in fiscal year 2014-2015. The higher ARC rates could yield another \$160 million in increased contributions in fiscal year 2016-2017 and an additional \$27 million in fiscal year 2017-2018, among all employer participants, both within and outside Kentucky state government. The General Fund budget is estimated to finance about \$60.2 million more in fiscal year 2016-2017 and about \$70.5 million more in fiscal year 2017-2018.

The Governor’s 2016-18 biennial budget recommendation does not stop at fully funding the ARC rates; it takes another big step toward resolving the large unfunded liabilities. An additional \$44.7 million each year from the General Fund is included in the Governor’s recommendation as a direct appropriation to the Kentucky Retirement Systems.

Moreover, the Governor is recommending the prospect of up to another \$32,050,000 in fiscal year 2016-2017 and \$35,312,500 in fiscal year 2017-2018, if General Fund revenue receipts meet the official estimates rendered by the Consensus Forecasting Group for the next biennium. The official General Fund revenue estimate from the Consensus Forecasting Group for fiscal year 2016-2017 is \$10,617,200,000 and \$10,875,500,000 for fiscal year 2017-2018. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes total \$10,489,000,000, or \$128,200,000 less than the official revenue estimate for fiscal year 2016-2017. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes total \$10,732,250,000, or \$143,250,000 less than the official revenue estimate for fiscal year 2017-2018. The Executive Budget provides “contingent” appropriations of up to \$128,200,000 in fiscal year 2016-2017 and up to \$143,250,000 in fiscal year 2017-2018. Half of the amounts over the lower thresholds would go toward the unfunded pension liabilities of the Kentucky Teachers’ Retirement System and Kentucky Employees Retirement Systems, and half would go to the Budget Reserve Trust Fund. The half directed toward pension liabilities would be split evenly between KERS and KTRS.

A recap of potential increased General Fund support for the KERS pension plans:

	<u>FY 2017</u>	<u>FY 2018</u>
General Fund increased costs of full ARC	+\$ 60.2	+\$ 70.5 (millions of \$)
New, direct General Fund appropriation	+ 44.7	+ 44.7
Contingent General Fund appropriation (up to)	<u>+ 32.1</u>	<u>+ 35.3</u>
Total	<u>+\$137.0</u>	<u>+\$150.7 (millions of \$)</u>

General Government

Occupational & Professional Boards & Commissions

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	20,708,900	19,817,300	18,060,100	20,694,200	20,079,500
Current Receipts	24,515,000	24,600,200	24,225,200	25,006,700	24,529,600
Non-Revenue Receipts		419,200	419,200		
Fund Transfers	-750,000	-419,200	-419,200		
Total Restricted Funds	44,473,900	44,417,500	42,285,300	45,700,900	44,609,100
TOTAL SOURCE OF FUNDS	44,473,900	44,417,500	42,285,300	45,700,900	44,609,100
EXPENDITURES BY CLASS					
Personnel Costs	18,303,170	20,669,400	21,449,300	20,048,300	20,211,900
Operating Expenses	4,817,830	4,984,800	4,964,100	4,875,600	4,872,600
Grants Loans Benefits	624,200	690,700	690,500	690,700	690,500
Debt Service	3,800				
Capital Outlay	30,700	12,500	7,500	7,500	7,500
TOTAL EXPENDITURES	23,779,700	26,357,400	27,111,400	25,622,100	25,782,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	23,779,700	26,357,400	27,111,400	25,622,100	25,782,500
TOTAL EXPENDITURES	23,779,700	26,357,400	27,111,400	25,622,100	25,782,500
EXPENDITURES BY UNIT					
Accountancy	558,500	573,700	592,000	578,000	581,400
Certification of Alcohol and Drug Counselors	102,200	102,200	102,200	102,200	102,200
Applied Behavior Analysis	16,000	30,600	30,600	27,600	27,600
Licensing					
Architects	442,700	461,400	480,100	460,800	463,700
Certification for Professional Art Therapists	11,200	11,200	11,200	11,200	11,200
Auctioneers	360,900	406,300	420,400	403,300	405,000
Barbering	327,100	339,200	350,500	339,100	340,800
Chiropractic Examiners	323,300	335,100	351,800	334,400	336,500
Dentistry	903,000	932,600	962,400	934,600	940,200
Diabetes Educators	11,000	26,800	26,800	26,800	26,800
Licensure & Cert. for Dietitians & Nutritionists	73,900	73,900	73,900	73,900	73,900
Embalmers and Funeral Directors	409,200	426,900	442,900	424,900	427,800
Licensure for Prof. Engineers and Land Surveyors	1,328,600	1,388,900	1,441,500	1,383,300	1,393,000
Certification of Fee-Based Pastoral Counselors	3,600	3,600	3,600	3,600	3,600
Registration for Professional Geologists	106,900	106,900	106,900	106,900	106,900
Hairdressers and Cosmetologists	1,397,400	1,451,300	1,500,100	1,443,400	1,451,800
Specialists in Hearing Instruments	81,100	81,100	81,100	81,100	81,100
Interpreters for the Deaf and Hard of Hearing	38,200	38,200	38,200	38,200	38,200
Home Inspectors	83,800	83,800	83,800	83,800	83,800
Examiners & Registration of Landscape Architects	66,600	69,300	71,600	68,900	69,300
Licensure of Marriage and Family Therapists	136,400	136,400	136,400	136,400	136,400
Licensure for Massage Therapy	188,600	188,600	188,600	188,600	188,600
Medical Imaging and Radiation Therapy	237,400	381,800	388,700	400,600	401,600

EXPENDITURES BY UNIT

Medical Licensure	2,972,500	3,265,300	3,347,600	3,072,300	3,088,200
Nursing	6,270,400	7,725,200	7,932,600	7,220,000	7,266,000
Licensure for Nursing Home Administrators	61,100	61,100	61,100	61,100	61,100
Licensure for Occupational Therapy	176,600	176,600	176,600	176,600	176,600
Ophthalmic Dispensers	49,700	49,700	49,700	49,700	49,700
Optometric Examiners	209,400	213,400	220,600	216,000	217,100
Pharmacy	1,661,400	1,745,100	1,818,900	1,728,700	1,740,400
Physical Therapy	499,400	580,900	612,000	580,300	583,700
Podiatry	38,200	38,800	39,900	38,200	38,200
Private Investigators	101,500	101,500	101,500	101,500	101,500
Licensed Professional Counselors	204,900	215,800	215,800	215,800	215,800
Prosthetics, Orthotics and Pedorthics	46,200	46,200	46,200	46,200	46,200
Examiners of Psychology	256,400	256,400	256,400	256,400	256,400
Real Estate Appraisers	766,300	794,200	856,400	793,200	841,600
Real Estate Commission	2,200,900	2,379,200	2,452,100	2,370,500	2,383,100
Respiratory Care	210,000	216,400	224,500	218,100	219,500
Social Work	379,500	374,100	346,500	358,200	338,300
Speech-Language Pathology and Audiology	190,100	190,100	190,100	190,100	190,100
Veterinary Examiners	277,600	277,600	277,600	277,600	277,600
TOTAL EXPENDITURES	23,779,700	26,357,400	27,111,400	25,622,100	25,782,500

The 42 occupational and professional licensing and regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

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

Twenty one of the 42 Boards and Commissions employ the services of the Division of Occupations and Professions (O & P) in the Public Protection Cabinet to carry out their administrative functions. O & P Provides general operating functions such as the collection of fees, accounting services, budget management, meeting space, management of contractual services, copy and printing services, maintenance of the Board website, and reimbursement of Board per diem, travel, and actual and necessary expenses. O & P also performs administrative support services including processing Board applications and renewals, preparing Board meeting packets and agendas, database entry for licensees, maintaining all Board records and files, preparing general Board correspondence, administering examinations, and communicating with general public and licensees regarding Board functions.

**General Government
Kentucky River Authority**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	255,500	355,700	346,700	244,500	246,700
Total General Fund	255,500	355,700	346,700	244,500	246,700
Restricted Funds					
Balance Forward	3,996,700	4,773,600	5,183,800	4,784,200	5,433,800
Current Receipts	4,158,000	4,146,900	6,046,900	4,157,500	4,157,500
Total Restricted Funds	8,154,700	8,920,500	11,230,700	8,941,700	9,591,300
TOTAL SOURCE OF FUNDS	8,410,200	9,276,200	11,577,400	9,186,200	9,838,000
EXPENDITURES BY CLASS					
Personnel Costs	766,000	809,000	849,200	782,500	790,600
Operating Expenses	279,400	364,400	361,800	296,200	295,600
Grants Loans Benefits	251,000	251,000	251,000	251,000	251,000
Debt Service	2,318,100	2,422,700	3,924,800	2,422,700	2,424,800
Capital Outlay		257,000	250,000		
TOTAL EXPENDITURES	3,614,500	4,104,100	5,636,800	3,752,400	3,762,000
EXPENDITURES BY FUND SOURCE					
General Fund	244,000	367,400	369,700	244,500	246,700
Restricted Funds	3,370,500	3,736,700	5,267,100	3,507,900	3,515,300
TOTAL EXPENDITURES	3,614,500	4,104,100	5,636,800	3,752,400	3,762,000
EXPENDITURES BY UNIT					
General Operations	1,038,400	1,278,300	1,306,900	1,049,500	1,055,100
Locks and Dams Construction/ Maintenance	2,318,100	2,442,700	3,944,800	2,442,700	2,444,800
Locks and Dams Operations	258,000	383,100	385,100	260,200	262,100
TOTAL EXPENDITURES	3,614,500	4,104,100	5,636,800	3,752,400	3,762,000

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.

General Government
School Facilities Construction Commission

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	108,580,000	120,907,700	127,102,500	121,161,800	126,950,800
Total General Fund	108,580,000	120,907,700	127,102,500	121,161,800	126,950,800
Restricted Funds					
Balance Forward	2,324,600	2,324,600	2,324,600	1,850,600	1,325,600
Total Restricted Funds	2,324,600	2,324,600	2,324,600	1,850,600	1,325,600
TOTAL SOURCE OF FUNDS	110,904,600	123,232,300	129,427,100	123,012,400	128,276,400
EXPENDITURES BY CLASS					
Personnel Costs	321,800	349,700	358,300	344,300	337,600
Operating Expenses	30,500	40,300	40,300	36,100	36,100
Grants Loans Benefits	474,000			525,000	
Debt Service	108,227,700	120,517,700	126,703,900	120,781,400	126,577,100
TOTAL EXPENDITURES	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800
EXPENDITURES BY FUND SOURCE					
General Fund	108,580,000	120,907,700	127,102,500	121,161,800	126,950,800
Restricted Funds	474,000			525,000	
TOTAL EXPENDITURES	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800
EXPENDITURES BY UNIT					
School Facilities Construction Commission	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800
TOTAL EXPENDITURES	109,054,000	120,907,700	127,102,500	121,686,800	126,950,800

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

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

The School Facilities Construction Commission 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 Executive Budget includes additional 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 Executive Budget includes General Fund in the amount of \$1,541,100 in fiscal year 2016-2017 and \$7,056,500 in fiscal year 2017-2018 for debt service for \$91,000,000 in bonds to finance the offers of assistance authorized by the 2014 Regular Session of the General Assembly.

The 2014 General Assembly authorized the School Facilities Construction Commission to make offers of assistance for the renovation or replacement of thirteen critical needs schools. These Special Offers of Assistance totaled \$187.2 million, of which \$103.1 remains unissued. The Executive Budget includes General Fund in the amount of \$7,985,700 in fiscal year 2016-2017 and \$7,995,700 in fiscal year 2017-2018 for debt service for the \$103,112,000 in bonds to finance the unissued Special Offers of Assistance.

The Executive Budget authorizes the School Facilities Construction Commission to make an additional \$91,000,000 in new offers of assistance during the 2016-18 biennium in anticipation of debt service availability during the 2018-2020 biennium.

The 2014 General Assembly created the Emergency and Targeted Investment Fund (KRS 157.618) which the School Facilities Construction Commission may use to make awards to school districts that face emergency facility needs. Any appropriations to the Commission that have not been expended by the end of a fiscal year, including unused debt service, are transferred to the fund. The Executive Budget includes Restricted Funds in the amount of \$474,000 in fiscal year 2015-2016 and \$525,000 in fiscal year 2016-2017 to support obligations that have already been made from the fund.

**General Government
Teachers' Retirement System**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	299,318,400	837,461,300	783,860,700	622,413,500	616,678,800
Total General Fund	299,318,400	837,461,300	783,860,700	622,413,500	616,678,800
Restricted Funds					
Balance Forward	2,411,695				
Non-Revenue Receipts	9,784,905	13,412,000	14,554,000	12,934,000	13,515,000
Total Restricted Funds	12,196,600	13,412,000	14,554,000	12,934,000	13,515,000
TOTAL SOURCE OF FUNDS	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
EXPENDITURES BY CLASS					
Personnel Costs	10,077,300	11,304,900	11,988,800	10,793,200	10,921,100
Operating Expenses	1,993,700	1,974,000	2,393,000	2,014,900	2,468,000
Grants Loans Benefits	182,881,500	730,622,900	686,712,700	515,575,100	519,530,800
Debt Service	116,436,600	106,838,400	97,148,000	106,838,400	97,148,000
Capital Outlay	125,900	133,100	172,200	125,900	125,900
TOTAL EXPENDITURES	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
EXPENDITURES BY FUND SOURCE					
General Fund	299,318,400	837,461,300	783,860,700	622,413,500	616,678,800
Restricted Funds	12,196,600	13,412,000	14,554,000	12,934,000	13,515,000
TOTAL EXPENDITURES	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
EXPENDITURES BY UNIT					
Teachers' Retirement System	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800
TOTAL EXPENDITURES	311,515,000	850,873,300	798,414,700	635,347,500	630,193,800

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

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

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

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member and employer contribution rate at 9.855 percent of gross salary for persons other than university faculty members joining the system prior to July 1, 2008. Persons joining on or after that date contribute 10.855 percent of gross salary with the employer contributing the same amount. University faculty members who joined the system prior to July 1, 2008 contribute 8.375 percent of gross salary and their employer matches this amount. University faculty members joining on or

after that date contribute 9.375 percent of gross salary with the employer matching that amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

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

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

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

Policy

The Executive Budget recognizes and highlights the serious problems with the unfunded pension liabilities for the Kentucky Teachers' Retirement System (KTRS) systems. As of the June 30, 2015 valuation, the unfunded pension liability for KTRS was over \$13.9 billion, and was 55.3 percent funded.

The KTRS requested an additional \$510 million in fiscal year 2016-2017 and \$494 million in fiscal year 2017-2018 to fully fund the actuarially required contribution (ARC) amount. The Governor's budget recommendation includes \$300 million in the first year of the biennium and \$291.5 million in the second year toward the unfunded ARC. The prospect of an additional \$32 million in the first year and an additional \$35.8 million in the second year could bring the increased General Fund support for KTRS' pension problem to an additional \$332 million in fiscal year 2016-2017 and an additional \$327 million in fiscal year 2017-2018. The uppermost increase would represent two-thirds of the unfunded ARC.

The SEEK appropriation includes General Fund amounts to cover the statutory employer contribution rates for school district employees active in the Kentucky Teachers' Retirement System. The amount included for fiscal year 2016-2017 is \$388,817,000, and for fiscal year 2017-2018, \$397,482,500. Respectively, these represent increases in the upcoming biennium over the current fiscal year of \$8.4 million and \$17.0 million.

Moreover, the Governor is recommending the prospect of up to another \$32,050,000 in fiscal year 2016-2017 and \$35,312,500 in fiscal year 2017-2018, if General Fund revenue receipts meet the official estimates rendered by the Consensus Forecasting Group for the next biennium. The official General Fund revenue estimate from the Consensus Forecasting Group for fiscal year 2016-2017 is \$10,617,200,000 and \$10,875,500,000 for fiscal year 2017-2018. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes total \$10,489,000,000, or \$128,200,000 less than the official revenue estimate for fiscal year 2016-2017. The recommended total General Fund appropriations in the Executive Budget for expenditure purposes total \$10,732,250,000, or \$143,250,000 less than the official revenue estimate for fiscal year 2017-2018. The Executive Budget provides "contingent" appropriations of up to \$128,200,000 in fiscal year 2016-2017 and up to \$143,250,000 in fiscal year 2017-2018. Half of the amounts over the lower thresholds would go toward the unfunded pension liabilities of the Kentucky Teachers' Retirement System and Kentucky Employees Retirement Systems, and half would go to the Budget Reserve Trust Fund. The half directed toward pension liabilities would be split evenly between KTRS and KERS.

The General Fund direct appropriation to the KTRS ten years ago was \$183 million. The Executive Budget recommends annual General Fund appropriations in excess of \$600 million annually.

A recap of potential increased General Fund support for the KTRS pension plans:

	<u>FY 2017</u>	<u>FY 2018</u>
Increased direct General Fund appropriation	+\$ 300.1	+\$291.5 (millions of \$)
Contingent General Fund appropriation (up to)	+ 32.1	+ 35.8
SEEK Budget Increase for Pensions	+ 8.4	+ 17.0
Total	+\$ 340.6	+\$344.3 (millions of \$)

The Executive Budget includes General Fund support in the amount of \$106,838,400 in fiscal year 2017 and \$97,148,000 in fiscal year 2018 for debt service on bonds previously issued.

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

The Executive Budget includes \$5,623,500 in fiscal year 2017 and \$11,660,200 in fiscal year 2018 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2016-2018 biennium who are eligible to add accrued sick leave to their final year of service.

The Executive Budget requires excess retiree medical insurance contributions for fiscal year 2015-2016 to be applied to the Teachers' Retirement employer match shortfall for fiscal year 2013-2014 and fiscal year 2014-2015.

Also included in the Executive Budget is \$46,545,800 in General Fund support in fiscal year 2017 and \$53,948,400 in fiscal year 2018 for the State's portion of the shared responsibility plan outlined in KRS 161.550 as enacted by the 2010 regular session.

The Executive Budget fulfilled the General Assembly's 2014 pledge to use lesser debt service in the amount of \$9,598,200 in fiscal year 2016-2017 and \$19,288,600 in fiscal year 2017-2018 to reduce the unfunded pension liability.

General Government
Appropriations Not Otherwise Classified

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
Total General Fund	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
TOTAL SOURCE OF FUNDS	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
EXPENDITURES BY CLASS					
Personnel Costs	2,539,900	13,118,600	13,118,600	2,539,900	2,539,900
Operating Expenses	2,483,400	3,549,200	3,549,200	2,483,400	2,483,400
Grants Loans Benefits	3,100	3,100	3,100	3,100	3,100
TOTAL EXPENDITURES	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
EXPENDITURES BY FUND SOURCE					
General Fund	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
TOTAL EXPENDITURES	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400
EXPENDITURES BY UNIT					
Attorney General Expense	350,000	350,000	350,000	350,000	350,000
Board of Claims Award	407,400	407,400	407,400	407,400	407,400
Guardian Ad Litem	2,124,900	12,703,600	12,703,600	2,124,900	2,124,900
Prior Year Claims	100,000	100,000	100,000	100,000	100,000
Unredeemed Checks Refunded	1,252,400	2,318,200	2,318,200	1,252,400	1,252,400
Involuntary Commitments-ICF/MR	65,000	65,000	65,000	65,000	65,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Frankfort Cemetery	3,100	3,100	3,100	3,100	3,100
Survivor Benefits	303,600	303,600	303,600	303,600	303,600
Med Malpractice Liability Ins Reimb	165,000	165,000	165,000	165,000	165,000
Blanket Employee Bonds	60,000	60,000	60,000	60,000	60,000
TOTAL EXPENDITURES	5,026,400	16,670,900	16,670,900	5,026,400	5,026,400

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. It includes such items as Attorney General expenses for defending employees of the Commonwealth and prior year claims for legal obligations of the Commonwealth. Any expenditure for costs of items included within this classification over the amounts appropriated is to be paid from the General Fund Surplus account or the Budget Reserve Trust Fund.

General Government
KY Communications Network Authority

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		7,735,900	10,212,500		
Total General Fund		7,735,900	10,212,500		
Restricted Funds					
Current Receipts		3,664,900	3,745,700	18,469,200	27,941,900
Non-Revenue Receipts	4,244,500				
Total Restricted Funds	4,244,500	3,664,900	3,745,700	18,469,200	27,941,900
Federal Fund					
Current Receipts	819,500	180,500		180,500	
Total Federal Fund	819,500	180,500		180,500	
TOTAL SOURCE OF FUNDS	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
EXPENDITURES BY CLASS					
Personnel Costs	4,293,000	2,988,700	2,902,600	2,930,300	2,763,400
Operating Expenses	525,900	846,700	843,100	15,709,400	25,178,500
Capital Outlay	245,100	7,745,900	10,212,500	10,000	
TOTAL EXPENDITURES	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
EXPENDITURES BY FUND SOURCE					
General Fund		7,735,900	10,212,500		
Restricted Funds	4,244,500	3,664,900	3,745,700	18,469,200	27,941,900
Federal Fund	819,500	180,500		180,500	
TOTAL EXPENDITURES	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
EXPENDITURES BY UNIT					
KY Communications Network Authority	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900
TOTAL EXPENDITURES	5,064,000	11,581,300	13,958,200	18,649,700	27,941,900

Executive Order 2015-574 created the Kentucky Communications Network Authority (KCNA).

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 first links in the network will be operational in 2016, and will significantly improve Kentucky's connectivity and slow speeds. The network will be comprised of more than 3,000 miles of high-speed internet connectivity throughout Kentucky's 120 counties with completion anticipated in 2018.

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

Funds for fiscal year 2015-2016 are Restricted Funds transferred from the Commonwealth Office of Technology and the Office of the Secretary, Finance and Administration Cabinet. Starting in fiscal year 2016-2017, KCNA will be charging for their services to fund the organization. The authority has also received funding from the Department for Local Government from Regional Strategic Development funds to close the digital divide in Eastern Kentucky through the Shaping Our Appalachian Regional (SOAR) initiative.

Economic Development

Economic Development

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	34,254,600	24,290,700	26,024,500	17,888,600	18,904,200
Continuing Approp-General Fund	24,900				
Total General Fund	34,279,500	24,290,700	26,024,500	17,888,600	18,904,200
Restricted Funds					
Balance Forward	2,551,700				149,600
Current Receipts	3,045,300	2,943,900	3,058,700	3,143,900	3,258,700
Total Restricted Funds	5,597,000	2,943,900	3,058,700	3,143,900	3,408,300
Federal Fund					
Non-Revenue Receipts	5,525,000	200,000	100,000	200,000	100,000
Total Federal Fund	5,525,000	200,000	100,000	200,000	100,000
TOTAL SOURCE OF FUNDS	45,401,500	27,434,600	29,183,200	21,232,500	22,412,500
EXPENDITURES BY CLASS					
Personnel Costs	9,807,100	12,287,100	12,788,800	9,878,800	9,971,600
Operating Expenses	2,717,400	1,955,600	1,847,500	1,380,000	1,271,200
Grants Loans Benefits	32,010,500	13,191,900	13,191,900	9,824,100	9,826,700
Debt Service			1,355,000		948,000
TOTAL EXPENDITURES	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500
EXPENDITURES BY FUND SOURCE					
General Fund	33,413,000	24,290,700	26,024,500	17,888,600	18,904,200
Restricted Funds	5,597,000	2,943,900	3,058,700	2,994,300	3,013,300
Federal Fund	5,525,000	200,000	100,000	200,000	100,000
TOTAL EXPENDITURES	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500
EXPENDITURES BY UNIT					
Economic Development	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500
TOTAL EXPENDITURES	44,535,000	27,434,600	29,183,200	21,082,900	22,017,500

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 Executive Budget includes a current year appropriation of \$975,000 in Restricted Funds for services related to the customization of computer software and provides \$200,000 for annual licenses in fiscal year 2016-2017 and fiscal year 2017-2018.

The Executive Budget includes General Fund debt service in the amount of \$948,000 in fiscal year 2017-2018 for debt service on new bonds included in the capital budget.

The Executive Budget includes General Fund of \$2,311,200 in fiscal year 2016-2017 and \$2,311,800 in fiscal year 2017-2018 for training grants for Bluegrass State Skills Corporation. Notwithstanding KRS 45.229, the General Fund appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year 2015-2016 and fiscal year 2016-2017 shall not lapse and shall carry forward.

Department of Education

Department of Education

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,092,679,300	4,328,042,800	4,323,709,900	4,093,226,500	4,083,876,900
Continuing Approp-General Fund	454,000				
Total General Fund	4,093,133,300	4,328,042,800	4,323,709,900	4,093,226,500	4,083,876,900
Restricted Funds					
Balance Forward	9,865,399				
Current Receipts	3,138,887	13,917,500	14,017,000	14,072,900	14,119,300
Non-Revenue Receipts	19,964,214	20,948,900	21,931,200	20,069,600	20,069,600
Total Restricted Funds	32,968,500	34,866,400	35,948,200	34,142,500	34,188,900
Federal Fund					
Balance Forward	3,394,181				
Current Receipts	884,750,719	888,584,300	888,934,200	888,475,100	888,493,100
Total Federal Fund	888,144,900	888,584,300	888,934,200	888,475,100	888,493,100
TOTAL SOURCE OF FUNDS	5,014,246,700	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900
EXPENDITURES BY CLASS					
Personnel Costs	112,181,700	130,458,400	137,796,900	112,813,500	113,155,700
Operating Expenses	34,243,100	39,125,600	39,092,300	29,912,100	29,860,700
Grants Loans Benefits	4,851,066,800	5,079,278,500	5,069,072,100	4,873,118,500	4,863,542,500
Debt Service	0	2,631,000	2,631,000	0	0
TOTAL EXPENDITURES	4,997,491,600	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900
EXPENDITURES BY FUND SOURCE					
General Fund	4,076,378,200	4,328,042,800	4,323,709,900	4,093,226,500	4,083,876,900
Restricted Funds	32,968,500	34,866,400	35,948,200	34,142,500	34,188,900
Federal Fund	888,144,900	888,584,300	888,934,200	888,475,100	888,493,100
TOTAL EXPENDITURES	4,997,491,600	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900
EXPENDITURES BY UNIT					
Support Education Excellence in Kentucky (SEEK)	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
Operations and Support Services	388,080,100	392,942,600	393,731,500	387,006,700	387,087,700
Learning and Results Services	1,599,920,900	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500
TOTAL EXPENDITURES	4,997,491,600	5,251,493,500	5,248,592,300	5,015,844,100	5,006,558,900

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 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
Total General Fund	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
TOTAL SOURCE OF FUNDS	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
EXPENDITURES BY CLASS					
Grants Loans Benefits	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
TOTAL EXPENDITURES	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
EXPENDITURES BY FUND SOURCE					
General Fund	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
TOTAL EXPENDITURES	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700
EXPENDITURES BY UNIT					
Base Funding	2,103,805,900	2,102,272,800	2,090,700,100	2,102,272,800	2,090,700,100
Pupil Transportation	214,752,800	294,752,800	294,752,800	214,752,800	214,752,800
Equalized Facilities	114,277,600	127,528,100	123,908,800	126,545,600	122,896,100
Tier I Equalization	168,116,200	177,485,400	173,051,900	174,548,800	170,111,400
National Board Certification Salary Supplement	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
State-Run Vocational Schools Reimbursement	22,881,900	22,881,900	22,881,900	22,881,900	22,881,900
Vocational Education Transportation	2,416,900	2,416,900	2,416,900	2,416,900	2,416,900
Local District Teachers' Retirement Match	380,489,300	396,592,900	405,432,100	388,817,000	397,482,500
TOTAL EXPENDITURES	3,009,490,600	3,126,680,800	3,115,894,500	3,034,985,800	3,023,991,700

Policy

The Executive Budget includes funding to maintain the fiscal year 2016 SEEK per pupil guarantee in fiscal year 2017 and fiscal year 2018. The base SEEK per pupil guarantee amount is \$3,981 in fiscal year 2017 and \$3,981 in fiscal year 2018. The recommended budget provides funding to accommodate a projected average daily attendance of 605,136 and projected total local school district assessed property valuation of \$316 billion in fiscal year 2017. In fiscal year 2018, the recommended budget provides funding to accommodate projected average daily attendance of 606,986 and projected total local school district assessed property valuation of \$324 billion. Projected numbers represent a consensus reached by the Department of Education and the Office of State Budget Director.

The Executive Budget maintains funding for the pupil transportation program at the fiscal year 2016 level of \$214,752,800 in each fiscal year. The budget includes \$174,548,800 in fiscal year 2016-2017 and \$170,111,400 in fiscal year 2017-2018 to provide Tier I funding to local school districts to equalize local revenues raised under this SEEK component at a level of \$783,000 in fiscal year 2016-2017 and \$783,000 in fiscal year 2017-2018 of assessed property valuation per student (150 percent of the projected statewide average per pupil).

The Executive Budget provides funding for the Facilities Support Program of Kentucky (FSPK) in the amounts of \$126,545,600 in fiscal year 2016-2017 and \$122,896,100 in fiscal year 2017-2018 to provide equalization funding for local district revenues from the equivalent nickel levy.

The enacted budget includes \$22,881,900 in fiscal year 2016-2017 and \$22,881,900 in fiscal year 2017-2018 to reimburse state-operated vocational facilities for the costs of providing course offerings to students from local school districts. Funding for vocational education transportation is maintained at the fiscal year 2016 level of \$2,416,900 in fiscal year 2016-2017 and fiscal year 2017-2018.

The Executive Budget includes funds \$388,817,000 in fiscal year 2016-2017 and \$397,482,500 in fiscal year 2017-2018 for the Teachers' Retirement employer match on behalf of local school districts.

The enacted 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.

Also included in the Executive Budget is "hold harmless" funding, \$445,800 in fiscal year 2016-2017 and \$532,500 in fiscal year 2017-2018 to provide every school district with at least the same level of state SEEK funding per pupil during the 2016-2018 biennium as was provided in fiscal year 1992.

**Department of Education
Operations and Support Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	54,615,600	56,546,200	57,138,100	50,661,800	50,719,800
Total General Fund	54,615,600	56,546,200	57,138,100	50,661,800	50,719,800
Restricted Funds					
Balance Forward	5,594,025				
Current Receipts	1,740,175	7,392,200	7,444,900	7,390,000	7,401,500
Total Restricted Funds	7,334,200	7,392,200	7,444,900	7,390,000	7,401,500
Federal Fund					
Balance Forward	616,756				
Current Receipts	328,039,744	329,004,200	329,148,500	328,954,900	328,966,400
Total Federal Fund	328,656,500	329,004,200	329,148,500	328,954,900	328,966,400
TOTAL SOURCE OF FUNDS	390,606,300	392,942,600	393,731,500	387,006,700	387,087,700
EXPENDITURES BY CLASS					
Personnel Costs	16,370,900	18,776,300	19,583,200	17,795,200	17,903,900
Operating Expenses	20,884,500	22,260,400	22,242,400	18,249,400	18,213,500
Grants Loans Benefits	350,824,700	351,905,900	351,905,900	350,962,100	350,970,300
Debt Service					
TOTAL EXPENDITURES	388,080,100	392,942,600	393,731,500	387,006,700	387,087,700
EXPENDITURES BY FUND SOURCE					
General Fund	52,089,400	56,546,200	57,138,100	50,661,800	50,719,800
Restricted Funds	7,334,200	7,392,200	7,444,900	7,390,000	7,401,500
Federal Fund	328,656,500	329,004,200	329,148,500	328,954,900	328,966,400
TOTAL EXPENDITURES	388,080,100	392,942,600	393,731,500	387,006,700	387,087,700
EXPENDITURES BY UNIT					
Commissioner's Office/Board of Education	1,425,100	1,541,500	1,606,800	1,481,400	1,487,000
Administration and Support	347,240,400	349,864,500	350,329,900	348,488,700	348,534,300
Guiding Support Services	1,601,200	1,743,400	1,837,500	1,701,200	1,719,700
Knowledge, Information and Data Services	37,813,400	39,793,200	39,957,300	35,335,400	35,346,700
TOTAL EXPENDITURES	388,080,100	392,942,600	393,731,500	387,006,700	387,087,700

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

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,494,200	1,541,500	1,606,800	1,481,400	1,487,000
Total General Fund	1,494,200	1,541,500	1,606,800	1,481,400	1,487,000
TOTAL SOURCE OF FUNDS	1,494,200	1,541,500	1,606,800	1,481,400	1,487,000
EXPENDITURES BY CLASS					
Personnel Costs	1,414,100	1,530,500	1,596,800	1,471,100	1,477,700
Operating Expenses	11,000	11,000	10,000	10,300	9,300
TOTAL EXPENDITURES	1,425,100	1,541,500	1,606,800	1,481,400	1,487,000
EXPENDITURES BY FUND SOURCE					
General Fund	1,425,100	1,541,500	1,606,800	1,481,400	1,487,000
TOTAL EXPENDITURES	1,425,100	1,541,500	1,606,800	1,481,400	1,487,000

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

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

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

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,086,400	13,750,400	14,027,500	12,459,000	12,488,700
Total General Fund	12,086,400	13,750,400	14,027,500	12,459,000	12,488,700
Restricted Funds					
Balance Forward	5,517,488				
Current Receipts	1,710,712	7,287,300	7,340,000	7,285,100	7,296,600
Total Restricted Funds	7,228,200	7,287,300	7,340,000	7,285,100	7,296,600
Federal Fund					
Balance Forward	616,756				
Current Receipts	327,868,244	328,826,800	328,962,400	328,744,600	328,749,000
Total Federal Fund	328,485,000	328,826,800	328,962,400	328,744,600	328,749,000
TOTAL SOURCE OF FUNDS	347,799,600	349,864,500	350,329,900	348,488,700	348,534,300
EXPENDITURES BY CLASS					
Personnel Costs	10,805,100	12,050,500	12,516,400	11,343,000	11,392,700
Operating Expenses	3,582,700	4,732,600	4,732,100	4,264,000	4,258,100
Grants Loans Benefits	332,852,600	333,081,400	333,081,400	332,881,700	332,883,500
Debt Service					
TOTAL EXPENDITURES	347,240,400	349,864,500	350,329,900	348,488,700	348,534,300
EXPENDITURES BY FUND SOURCE					
General Fund	11,527,200	13,750,400	14,027,500	12,459,000	12,488,700
Restricted Funds	7,228,200	7,287,300	7,340,000	7,285,100	7,296,600
Federal Fund	328,485,000	328,826,800	328,962,400	328,744,600	328,749,000
TOTAL EXPENDITURES	347,240,400	349,864,500	350,329,900	348,488,700	348,534,300
EXPENDITURES BY UNIT					
Administration & Resource Management	10,597,800	12,397,700	12,581,600	11,449,300	11,473,900
District Support	4,473,100	4,777,100	4,926,900	4,589,600	4,606,200
School & Community Nutrition	332,169,500	332,689,700	332,821,400	332,449,800	332,454,200
TOTAL EXPENDITURES	347,240,400	349,864,500	350,329,900	348,488,700	348,534,300

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

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

The Division of District Support distributes state SEEK funds to local school districts and provides districts with assistance on salary schedules, data management, facility management, and budgeting. Staff of the Division work with various Department of Education, Council for Postsecondary Education, and Professional Standards Board program areas in analyzing data and determining requirements for data entered in the Department's enterprise data system. The Division also reviews local school district facility plans and compiles information on school district construction needs for the School Facilities Construction Commission.

The Division of Resource Management provides personnel and payroll services to Department staff. These services include the administration of the state merit system, Family Medical Leave Act, Workers' Compensation, sick leave sharing, tuition assistance, employee training, Fair Labor Standards Act, Americans with Disabilities Act, and all other related employment laws and regulations.

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

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,387,900	1,461,100	1,546,500	1,386,000	1,397,400
Total General Fund	1,387,900	1,461,100	1,546,500	1,386,000	1,397,400
Restricted Funds					
Balance Forward	76,537				
Current Receipts	29,463	104,900	104,900	104,900	104,900
Total Restricted Funds	106,000	104,900	104,900	104,900	104,900
Federal Fund					
Current Receipts	171,500	177,400	186,100	210,300	217,400
Total Federal Fund	171,500	177,400	186,100	210,300	217,400
TOTAL SOURCE OF FUNDS	1,665,400	1,743,400	1,837,500	1,701,200	1,719,700
EXPENDITURES BY CLASS					
Personnel Costs	1,581,000	1,723,400	1,817,500	1,682,000	1,700,600
Operating Expenses	20,200	20,000	20,000	19,200	19,100
TOTAL EXPENDITURES	1,601,200	1,743,400	1,837,500	1,701,200	1,719,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,323,700	1,461,100	1,546,500	1,386,000	1,397,400
Restricted Funds	106,000	104,900	104,900	104,900	104,900
Federal Fund	171,500	177,400	186,100	210,300	217,400
TOTAL EXPENDITURES	1,601,200	1,743,400	1,837,500	1,701,200	1,719,700

The Office of Guiding Support Services provides 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
Knowledge, Information and Data Services**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,647,100	39,793,200	39,957,300	35,335,400	35,346,700
Total General Fund	39,647,100	39,793,200	39,957,300	35,335,400	35,346,700
TOTAL SOURCE OF FUNDS	39,647,100	39,793,200	39,957,300	35,335,400	35,346,700
EXPENDITURES BY CLASS					
Personnel Costs	2,570,700	3,471,900	3,652,500	3,299,100	3,332,900
Operating Expenses	17,270,600	17,496,800	17,480,300	13,955,900	13,927,000
Grants Loans Benefits	17,972,100	18,824,500	18,824,500	18,080,400	18,086,800
TOTAL EXPENDITURES	37,813,400	39,793,200	39,957,300	35,335,400	35,346,700
EXPENDITURES BY FUND SOURCE					
General Fund	37,813,400	39,793,200	39,957,300	35,335,400	35,346,700
TOTAL EXPENDITURES	37,813,400	39,793,200	39,957,300	35,335,400	35,346,700

The Office of Knowledge, Information, and Data Services (KIDS) provides planning, administration, and quality assurance for the Kentucky Education Technology System (KETS). KIDS consists of four areas: the Division of Engineering and Management, the Division of Operations and Services, the Division of Enterprise Data, and KETS Field Services.

The Division of Engineering and 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 Operations and 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 Enterprise Data manages the Kentucky Student Information System (KSIS), Continuous Instructional Improvement Technology System (CIITS), 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.

The School Technology in Coal Counties/Dataseam education technology program provides computers to school classrooms in coal counties and also uses the collective processing power of these computers to form the equivalent of a supercomputer. When students are not using the classroom computers, the Dataseam grid computing service uses a portion of the computers' capabilities to support cancer research. Partners in this program include the James Brown Cancer Center at the University of Louisville, Morehead State University, Western Kentucky University, MSU 21st Century Education Enterprise, and participating elementary and secondary schools.

Department of Education
Learning and Results Services

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,028,573,100	1,144,815,800	1,150,677,300	1,007,578,900	1,009,165,400
Continuing Approp-General Fund	454,000				
Total General Fund	1,029,027,100	1,144,815,800	1,150,677,300	1,007,578,900	1,009,165,400
Restricted Funds					
Balance Forward	4,271,374				
Current Receipts	1,398,712	6,525,300	6,572,100	6,682,900	6,717,800
Non-Revenue Receipts	19,964,214	20,948,900	21,931,200	20,069,600	20,069,600
Total Restricted Funds	25,634,300	27,474,200	28,503,300	26,752,500	26,787,400
Federal Fund					
Balance Forward	2,777,425				
Current Receipts	556,710,975	559,580,100	559,785,700	559,520,200	559,526,700
Total Federal Fund	559,488,400	559,580,100	559,785,700	559,520,200	559,526,700
TOTAL SOURCE OF FUNDS	1,614,149,800	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500
EXPENDITURES BY CLASS					
Personnel Costs	95,810,800	111,682,100	118,213,700	95,018,300	95,251,800
Operating Expenses	13,358,600	16,865,200	16,849,900	11,662,700	11,647,200
Grants Loans Benefits	1,490,751,500	1,600,691,800	1,601,271,700	1,487,170,600	1,488,580,500
Debt Service		2,631,000	2,631,000		
TOTAL EXPENDITURES	1,599,920,900	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,014,798,200	1,144,815,800	1,150,677,300	1,007,578,900	1,009,165,400
Restricted Funds	25,634,300	27,474,200	28,503,300	26,752,500	26,787,400
Federal Fund	559,488,400	559,580,100	559,785,700	559,520,200	559,526,700
TOTAL EXPENDITURES	1,599,920,900	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500
EXPENDITURES BY UNIT					
Next Generation Schools	321,948,100	328,398,900	328,636,300	321,705,900	321,717,700
Next Generation Learners	474,825,100	559,940,900	560,221,400	462,657,500	462,671,500
Assessment and Accountability	21,965,900	28,683,500	31,789,000	21,332,700	21,337,800
State Schools	17,297,900	18,530,500	19,257,800	16,725,900	16,760,600
Career & Technical Education	77,767,700	89,616,600	91,744,600	76,629,600	76,744,400
Local District Health Insurance	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
TOTAL EXPENDITURES	1,599,920,900	1,731,870,100	1,738,966,300	1,593,851,600	1,595,479,500

The Learning and Results Services program area consists of the following offices: Office of Assessment and Accountability; Office of Next Generation Learners; Office of Next Generation Schools and Districts, and Office of Career and Technical Education.

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,683,800	12,811,800	12,984,200	6,122,400	6,130,500
Total General Fund	6,683,800	12,811,800	12,984,200	6,122,400	6,130,500
Restricted Funds					
Balance Forward	869,177				
Current Receipts	503,723	1,372,900	1,372,900	1,373,500	1,373,900
Total Restricted Funds	1,372,900	1,372,900	1,372,900	1,373,500	1,373,900
Federal Fund					
Balance Forward	1,497,634				
Current Receipts	312,694,566	314,214,200	314,279,200	314,210,000	314,213,300
Total Federal Fund	314,192,200	314,214,200	314,279,200	314,210,000	314,213,300
TOTAL SOURCE OF FUNDS	322,248,900	328,398,900	328,636,300	321,705,900	321,717,700
EXPENDITURES BY CLASS					
Personnel Costs	5,861,700	11,839,400	12,081,100	5,685,700	5,701,800
Operating Expenses	1,634,900	2,154,500	2,154,500	1,615,200	1,615,200
Grants Loans Benefits	314,451,500	314,405,000	314,400,700	314,405,000	314,400,700
TOTAL EXPENDITURES	321,948,100	328,398,900	328,636,300	321,705,900	321,717,700
EXPENDITURES BY FUND SOURCE					
General Fund	6,383,000	12,811,800	12,984,200	6,122,400	6,130,500
Restricted Funds	1,372,900	1,372,900	1,372,900	1,373,500	1,373,900
Federal Fund	314,192,200	314,214,200	314,279,200	314,210,000	314,213,300
TOTAL EXPENDITURES	321,948,100	328,398,900	328,636,300	321,705,900	321,717,700
EXPENDITURES BY UNIT					
Consolidated Plans & Audits	270,006,300	270,025,700	270,080,100	270,019,200	270,021,800
Federal Programs & Educator Effectiveness	40,244,900	40,409,800	40,469,500	40,143,300	40,146,000
Next Generation Schools	11,696,900	17,963,400	18,086,700	11,543,400	11,549,900
TOTAL EXPENDITURES	321,948,100	328,398,900	328,636,300	321,705,900	321,717,700

The Office of Next Generation Schools and Districts consists of three divisions: the Division of Consolidated Plans and Audits, the Division of Student Success, and the Division of Innovation and Partner Engagement. .

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

The Division of 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 developing and implementing digital learning, school safety, bullying prevention, and achievement gap reduction programs.

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

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	265,856,700	339,627,000	339,739,800	242,389,900	242,398,800
Continuing Approp-General Fund	454,000				
Total General Fund	266,310,700	339,627,000	339,739,800	242,389,900	242,398,800
Restricted Funds					
Current Receipts		960,600	1,007,400	962,100	965,000
Total Restricted Funds		960,600	1,007,400	962,100	965,000
Federal Fund					
Balance Forward	1,177,948				
Current Receipts	218,118,252	219,353,300	219,474,200	219,305,500	219,307,700
Total Federal Fund	219,296,200	219,353,300	219,474,200	219,305,500	219,307,700
TOTAL SOURCE OF FUNDS	485,606,900	559,940,900	560,221,400	462,657,500	462,671,500
EXPENDITURES BY CLASS					
Personnel Costs	10,011,500	10,663,000	10,938,800	10,074,900	10,084,400
Operating Expenses	3,386,200	3,494,000	3,493,900	3,270,200	3,269,900
Grants Loans Benefits	461,427,400	545,783,900	545,788,700	449,312,400	449,317,200
TOTAL EXPENDITURES	474,825,100	559,940,900	560,221,400	462,657,500	462,671,500
EXPENDITURES BY FUND SOURCE					
General Fund	255,528,900	339,627,000	339,739,800	242,389,900	242,398,800
Restricted Funds		960,600	1,007,400	962,100	965,000
Federal Fund	219,296,200	219,353,300	219,474,200	219,305,500	219,307,700
TOTAL EXPENDITURES	474,825,100	559,940,900	560,221,400	462,657,500	462,671,500
EXPENDITURES BY UNIT					
Gifted & Talented	6,324,300	6,622,300	6,622,300	6,026,300	6,026,300
Community Education & Service	25,368,400	25,456,400	25,456,400	25,280,300	25,280,300
Next Generation Learner Programs	29,404,700	30,001,800	30,001,800	27,301,700	27,301,700
Program Standards	4,870,200	4,975,900	5,035,000	4,814,600	4,817,400
Learning Services	188,298,000	188,381,400	188,493,700	188,303,200	188,308,300
Extended Learning Services	24,362,700	25,510,700	25,510,700	23,214,700	23,214,700
Family Resource and Youth Services Centers	49,801,600	52,148,300	52,148,300	47,455,000	47,455,000
Read to Achieve	16,234,000	16,999,000	16,999,000	15,469,100	15,469,100
Math Achievement	5,112,700	5,353,600	5,353,600	4,871,800	4,871,800
Professional Growth Fund	1,121,500	720,300	720,300	553,000	553,000
Dropout Prevention	550,200	576,100	576,100	524,300	524,300
Education of State Agency Children	9,642,200	10,096,500	10,096,500	9,187,800	9,187,800
Textbooks	15,948,500	16,700,000	16,700,000	15,197,000	15,197,000
Local District Life Insurance	1,483,700	1,483,700	1,483,700	1,483,700	1,483,700
Next Generation Learners	10,054,600	11,299,400	11,401,300	10,789,600	10,795,700
Preschool	86,247,800	163,615,500	163,622,700	82,185,400	82,185,400
TOTAL EXPENDITURES	474,825,100	559,940,900	560,221,400	462,657,500	462,671,500

The Office of Next Generation Learners consists of the Division of Program Standards, the Division of Learning Services and the Division of Next Generation Professionals. This Office oversees several educational programs and funds. **Career and Technical Education Programs** assist middle schools, high schools, and locally-operated career centers in developing and implementing career readiness services. Career and Technical Education service areas include Perkins Accountability, High Schools That Work, Tech Prep and high school reform as well as five statewide student organizations. The Kentucky FFA Leadership Training Center at Hardinsburg is also part of Career and Technical Education program.

Community Education & Service Programs work with public schools to promote individual and community development

and lifelong learning. Community Education programs also serve as the delivery system for federal Learn and Serve grants.

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

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

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

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

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

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

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

The **Mathematics Achievement Fund** provides two-year renewable grants to local school districts for training teachers in diagnostic assessment and intervention skills. To qualify, a district must employ standards-based and research-based math instructional practices, use intervention and support services to supplement regular classroom instruction, and provide intervention services to primary program and other students at risk of mathematics failure based on ongoing assessments of their needs.

Next Generation Learners Programs consist of a variety of grant programs. Included in this area are: the Collaborative Center for Literacy Development; Save the Children; Elementary Arts and Humanities/World Language; Every 1 Reads; Middle School Center; Writing Program; Teacher Academies; Leadership and Mentor Fund; Professional Development; Safe Schools; Georgia Chaffee Teenage Parent Program (TAPP); Appalachian Tutoring Program, Lexington Hearing & Speech Center; Heuser Hearing and Language Academy; Visually Impaired Preschool Services; and Advance Kentucky.

The **Office of Next Generation Learners** oversees the Division of Learning Services, the Division of Program Standards, and the Division of Next Generation Professionals.

The **Preschool Fund** provides grants to local school districts for the education of four year old children whose families meet income guidelines up to 160 percent of poverty as well as three and four year old children with developmental delays or other disabilities.

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

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

The **Read to Achieve Fund** provides grants to schools to implement research-based reading diagnostic and intervention

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

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

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	14,624,000	20,683,500	23,789,000	13,332,700	13,337,800
Total General Fund	14,624,000	20,683,500	23,789,000	13,332,700	13,337,800
Federal Fund					
Current Receipts	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Total Federal Fund	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TOTAL SOURCE OF FUNDS	22,624,000	28,683,500	31,789,000	21,332,700	21,337,800
EXPENDITURES BY CLASS					
Personnel Costs	21,285,600	28,005,800	31,113,000	20,694,400	20,701,200
Operating Expenses	680,300	677,700	676,000	638,300	636,600
TOTAL EXPENDITURES	21,965,900	28,683,500	31,789,000	21,332,700	21,337,800
EXPENDITURES BY FUND SOURCE					
General Fund	13,965,900	20,683,500	23,789,000	13,332,700	13,337,800
Federal Fund	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TOTAL EXPENDITURES	21,965,900	28,683,500	31,789,000	21,332,700	21,337,800

The Office of Assessment and Accountability is responsible for developing and implementing Kentucky's system of assessing progress by students, schools, and districts. The Office supplies information on regulations, policies and procedures, a calendar of important assessment dates, manuals, and information for districts and schools on using testing data to improve instruction. The Office of Assessment and Accountability also oversees the implementation of testing and data requirements enacted by Senate Bill 1 of the 2009 Regular Session of the General Assembly.

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

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

The Division of Assessment Support and Research reviews the consistency of student results across multiple measures and the potential for all scores to yield fair, consistent, and accurate information on student, school, and district performance. The Division also reviews the accuracy of scores assigned to students and schools as well as accuracy of the testing materials.

**Department of Education
Learning and Results Services**

State Schools

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,488,000	16,978,600	17,705,900	15,174,000	15,208,700
Total General Fund	16,488,000	16,978,600	17,705,900	15,174,000	15,208,700
Restricted Funds					
Balance Forward	696,308				
Current Receipts	855,592	1,551,900	1,551,900	1,551,900	1,551,900
Total Restricted Funds	1,551,900	1,551,900	1,551,900	1,551,900	1,551,900
TOTAL SOURCE OF FUNDS	18,039,900	18,530,500	19,257,800	16,725,900	16,760,600
EXPENDITURES BY CLASS					
Personnel Costs	15,244,500	15,841,500	16,582,300	14,936,900	14,985,100
Operating Expenses	2,053,400	2,689,000	2,675,500	1,789,000	1,775,500
TOTAL EXPENDITURES	17,297,900	18,530,500	19,257,800	16,725,900	16,760,600
EXPENDITURES BY FUND SOURCE					
General Fund	15,746,000	16,978,600	17,705,900	15,174,000	15,208,700
Restricted Funds	1,551,900	1,551,900	1,551,900	1,551,900	1,551,900
TOTAL EXPENDITURES	17,297,900	18,530,500	19,257,800	16,725,900	16,760,600

The **Kentucky School for the Blind**, located in Louisville, Kentucky, provides instructional and residential programs for blind and visually impaired students throughout Kentucky. Services provided by the Kentucky School for the Blind include: Instructional and Related Services; Residential Services, Operational Support, and Federal Support.

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

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

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

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

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

The **Kentucky School for the Deaf**, 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 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.

**Department of Education
Learning and Results Services
Career & Technical Education**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	38,804,400	48,015,200	49,141,200	35,759,900	35,842,100
Total General Fund	38,804,400	48,015,200	49,141,200	35,759,900	35,842,100
Restricted Funds					
Balance Forward	2,705,889				
Current Receipts	39,397	2,639,900	2,639,900	2,795,400	2,827,000
Non-Revenue Receipts	19,964,214	20,948,900	21,931,200	20,069,600	20,069,600
Total Restricted Funds	22,709,500	23,588,800	24,571,100	22,865,000	22,896,600
Federal Fund					
Balance Forward	101,843				
Current Receipts	17,898,157	18,012,600	18,032,300	18,004,700	18,005,700
Total Federal Fund	18,000,000	18,012,600	18,032,300	18,004,700	18,005,700
TOTAL SOURCE OF FUNDS	79,513,900	89,616,600	91,744,600	76,629,600	76,744,400
EXPENDITURES BY CLASS					
Personnel Costs	43,407,500	45,332,400	47,498,500	43,626,400	43,779,300
Operating Expenses	5,603,800	7,850,000	7,850,000	4,350,000	4,350,000
Grants Loans Benefits	28,756,400	33,803,200	33,765,100	28,653,200	28,615,100
Debt Service		2,631,000	2,631,000		
TOTAL EXPENDITURES	77,767,700	89,616,600	91,744,600	76,629,600	76,744,400
EXPENDITURES BY FUND SOURCE					
General Fund	37,058,200	48,015,200	49,141,200	35,759,900	35,842,100
Restricted Funds	22,709,500	23,588,800	24,571,100	22,865,000	22,896,600
Federal Fund	18,000,000	18,012,600	18,032,300	18,004,700	18,005,700
TOTAL EXPENDITURES	77,767,700	89,616,600	91,744,600	76,629,600	76,744,400

The Office of Career and Technical Education provides occupational-specific education and training for Kentucky's citizens in order to develop a skilled and versatile workforce. The main responsibility is providing education and technical training to youth and incumbent workers that match the needs of Kentucky business and industry. The Office of Career and Technical Education 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 is also responsible for programs under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
Total General Fund	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
TOTAL SOURCE OF FUNDS	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
EXPENDITURES BY CLASS					
Grants Loans Benefits	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
TOTAL EXPENDITURES	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
EXPENDITURES BY FUND SOURCE					
General Fund	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500
TOTAL EXPENDITURES	686,116,200	706,699,700	707,317,200	694,800,000	696,247,500

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

Policy

The Executive Budget includes \$694,800,000 in fiscal year 2016-2017 and \$696,247,800 in fiscal year 2017-2018 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage. This is an increase from the fiscal year 2015-2016 budget of \$8,683,800 in fiscal year 2016-2017 and \$10,131,300 in fiscal year 2017-2018.

Education and Workforce Development

Education and Workforce Development

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,905,800	80,903,800	88,309,000	51,203,000	55,843,400
Total General Fund	51,905,800	80,903,800	88,309,000	51,203,000	55,843,400
Restricted Funds					
Balance Forward	37,217,300	55,821,700	79,360,300	55,821,700	78,284,100
Current Receipts	13,100,400	12,536,300	12,588,000	13,526,100	13,260,600
Non-Revenue Receipts	41,698,000	50,459,900	47,448,800	43,831,700	44,625,200
Total Restricted Funds	92,015,700	118,817,900	139,397,100	113,179,500	136,169,900
Federal Fund					
Balance Forward	2,249,800	287,700	344,200	288,300	344,400
Current Receipts	747,962,900	751,558,900	758,841,100	747,428,200	754,467,800
Total Federal Fund	750,212,700	751,846,600	759,185,300	747,716,500	754,812,200
TOTAL SOURCE OF FUNDS	894,134,200	951,568,300	986,891,400	912,099,000	946,825,500
EXPENDITURES BY CLASS					
Personnel Costs	99,556,400	115,990,300	121,200,800	99,513,700	98,577,400
Operating Expenses	34,810,200	34,809,800	34,506,000	33,153,500	33,200,000
Grants Loans Benefits	684,468,300	699,544,700	707,142,000	681,943,300	688,185,800
Debt Service	15,770,400	19,718,400	22,897,400	17,809,400	26,218,400
Capital Outlay	1,083,900	1,800,600	1,680,000	1,050,600	1,055,000
Construction	150,000				
TOTAL EXPENDITURES	835,839,200	871,863,800	887,426,200	833,470,500	847,236,600
EXPENDITURES BY FUND SOURCE					
General Fund	49,720,800	80,903,800	88,309,000	51,203,000	55,843,400
Restricted Funds	36,194,000	39,457,600	42,314,900	34,895,400	38,963,800
Federal Fund	749,924,400	751,502,400	756,802,300	747,372,100	752,429,400
TOTAL EXPENDITURES	835,839,200	871,863,800	887,426,200	833,470,500	847,236,600
EXPENDITURES BY UNIT					
General Administration and Program Support	12,524,500	18,693,000	18,692,300	15,095,600	19,564,100
Proprietary Education	209,000	287,700	298,000	286,500	288,600
Deaf and Hard of Hearing	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500
Kentucky Educational Television	14,100,000	17,749,700	17,413,900	14,073,200	14,182,100
Environmental Education Council	221,300	231,100	239,200	211,900	188,700
Libraries and Archives	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100
Direct Local Aid	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200
Office for the Blind	11,079,500	13,120,300	13,528,100	10,466,500	10,531,600
Employment and Training	710,808,600	720,615,700	733,349,500	707,596,800	716,541,900
Vocational Rehabilitation	59,735,800	67,456,200	68,442,000	59,870,400	59,983,400
Education Professional Standards Board	9,039,100	10,937,700	11,425,000	7,777,200	7,797,400
TOTAL EXPENDITURES	835,839,200	871,863,800	887,426,200	833,470,500	847,236,600

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**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,750,100	10,256,700	10,388,600	6,784,800	11,203,300
Total General Fund	4,750,100	10,256,700	10,388,600	6,784,800	11,203,300
Restricted Funds					
Balance Forward	994,000	595,700	625,700	595,700	625,500
Current Receipts		30,000	30,000	30,000	30,000
Non-Revenue Receipts	5,000,000	6,030,500	6,297,900	5,720,700	5,974,300
Total Restricted Funds	5,994,000	6,656,200	6,953,600	6,346,400	6,629,800
Federal Fund					
Current Receipts	2,589,900	2,405,800	2,005,800	2,589,900	2,589,900
Total Federal Fund	2,589,900	2,405,800	2,005,800	2,589,900	2,589,900
TOTAL SOURCE OF FUNDS	13,334,000	19,318,700	19,348,000	15,721,100	20,423,000
EXPENDITURES BY CLASS					
Personnel Costs	9,182,600	10,771,200	10,855,400	9,661,700	9,744,900
Operating Expenses	1,337,700	2,562,000	2,477,100	1,470,600	1,471,900
Grants Loans Benefits	1,853,200	2,103,800	2,103,800	1,770,300	1,770,300
Debt Service		3,255,000	3,255,000	2,192,000	6,576,000
Capital Outlay	1,000	1,000	1,000	1,000	1,000
Construction	150,000				
TOTAL EXPENDITURES	12,524,500	18,693,000	18,692,300	15,095,600	19,564,100
EXPENDITURES BY FUND SOURCE					
General Fund	4,536,300	10,256,700	10,388,600	6,784,800	11,203,300
Restricted Funds	5,398,300	6,030,500	6,297,900	5,720,900	5,770,900
Federal Fund	2,589,900	2,405,800	2,005,800	2,589,900	2,589,900
TOTAL EXPENDITURES	12,524,500	18,693,000	18,692,300	15,095,600	19,564,100
EXPENDITURES BY UNIT					
Secretary	7,477,700	12,894,800	13,238,500	10,165,200	14,633,700
Governor's Scholars	1,853,200	2,103,800	2,103,800	1,770,300	1,770,300
Education and Workforce Statistics	3,193,600	3,694,400	3,350,000	3,160,100	3,160,100
TOTAL EXPENDITURES	12,524,500	18,693,000	18,692,300	15,095,600	19,564,100

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 Budget and Administration is the Cabinet's chief financial and administrative office. The Division of Administrative Services is 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 Education and Workforce Statistics and the Board of the Kentucky Center for Education and Workforce 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 Education and Workforce 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 Executive Director of the Education Professional Standards Board, 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 1,113 students in the summer of 2015.

Policy

The Executive Budget provides General Fund in the amount of \$2,192,000 in fiscal year 2016-2017 and \$6,576,000 in fiscal year 2017-2018 for debt service on new bonds for the Workforce Development Construction Pool.

Education and Workforce Development

Proprietary Education

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	360,600	436,000	386,100	436,000	387,300
Current Receipts	237,800	237,800	237,800	237,800	237,800
Non-Revenue Receipts	46,600				
Total Restricted Funds	645,000	673,800	623,900	673,800	625,100
TOTAL SOURCE OF FUNDS	645,000	673,800	623,900	673,800	625,100
EXPENDITURES BY CLASS					
Personnel Costs	199,200	278,200	288,500	277,000	279,100
Operating Expenses	9,800	9,500	9,500	9,500	9,500
TOTAL EXPENDITURES	209,000	287,700	298,000	286,500	288,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	209,000	287,700	298,000	286,500	288,600
TOTAL EXPENDITURES	209,000	287,700	298,000	286,500	288,600
EXPENDITURES BY UNIT					
Proprietary Education	209,000	287,700	298,000	286,500	288,600
TOTAL EXPENDITURES	209,000	287,700	298,000	286,500	288,600

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 FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	883,200	946,800	1,006,700	862,900	873,900
Total General Fund	883,200	946,800	1,006,700	862,900	873,900
Restricted Funds					
Current Receipts	1,109,200	1,109,200	1,109,200	1,109,600	1,109,600
Total Restricted Funds	1,109,200	1,109,200	1,109,200	1,109,600	1,109,600
TOTAL SOURCE OF FUNDS	1,992,400	2,056,000	2,115,900	1,972,500	1,983,500
EXPENDITURES BY CLASS					
Personnel Costs	1,168,500	1,271,800	1,331,700	1,188,200	1,199,200
Operating Expenses	784,200	784,200	784,200	784,300	784,300
TOTAL EXPENDITURES	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500
EXPENDITURES BY FUND SOURCE					
General Fund	843,500	946,800	1,006,700	862,900	873,900
Restricted Funds	1,109,200	1,109,200	1,109,200	1,109,600	1,109,600
TOTAL EXPENDITURES	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500
EXPENDITURES BY UNIT					
Commission on the Deaf and Hard of Hearing	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500
TOTAL EXPENDITURES	1,952,700	2,056,000	2,115,900	1,972,500	1,983,500

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

Education and Workforce Development

Kentucky Educational Television

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,245,000	16,298,700	15,962,900	12,622,200	12,731,100
Total General Fund	13,245,000	16,298,700	15,962,900	12,622,200	12,731,100
Restricted Funds					
Current Receipts	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
Total Restricted Funds	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
TOTAL SOURCE OF FUNDS	14,696,000	17,749,700	17,413,900	14,073,200	14,182,100
EXPENDITURES BY CLASS					
Personnel Costs	10,018,400	11,821,300	12,527,200	9,944,700	10,165,600
Operating Expenses	4,001,600	5,002,400	4,806,700	4,048,500	3,936,500
Debt Service		846,000			
Capital Outlay	80,000	80,000	80,000	80,000	80,000
TOTAL EXPENDITURES	14,100,000	17,749,700	17,413,900	14,073,200	14,182,100
EXPENDITURES BY FUND SOURCE					
General Fund	12,649,000	16,298,700	15,962,900	12,622,200	12,731,100
Restricted Funds	1,451,000	1,451,000	1,451,000	1,451,000	1,451,000
TOTAL EXPENDITURES	14,100,000	17,749,700	17,413,900	14,073,200	14,182,100
EXPENDITURES BY UNIT					
General Administration and Support	2,403,000	3,364,800	2,624,000	2,532,000	2,558,900
Broadcasting and Education	9,475,500	12,005,100	12,354,300	9,353,700	9,424,600
Engineering	2,221,500	2,379,800	2,435,600	2,187,500	2,198,600
TOTAL EXPENDITURES	14,100,000	17,749,700	17,413,900	14,073,200	14,182,100

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

**Education and Workforce Development
Environmental Education Council**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		27,600	60,400		
Total General Fund		27,600	60,400		
Restricted Funds					
Balance Forward	66,000	27,100	13,900	27,100	17,800
Current Receipts	31,000	39,300	36,900	51,600	47,300
Non-Revenue Receipts	151,400	151,000	150,500	151,000	150,500
Total Restricted Funds	248,400	217,400	201,300	229,700	215,600
TOTAL SOURCE OF FUNDS	248,400	245,000	261,700	229,700	215,600
EXPENDITURES BY CLASS					
Personnel Costs	185,800	196,300	204,700	196,000	188,500
Operating Expenses	28,600	34,800	34,500	15,900	200
Grants Loans Benefits	6,900				
TOTAL EXPENDITURES	221,300	231,100	239,200	211,900	188,700
EXPENDITURES BY FUND SOURCE					
General Fund		27,600	60,400		
Restricted Funds	221,300	203,500	178,800	211,900	188,700
TOTAL EXPENDITURES	221,300	231,100	239,200	211,900	188,700
EXPENDITURES BY UNIT					
Ky Environmental Education Council	221,300	231,100	239,200	211,900	188,700
TOTAL EXPENDITURES	221,300	231,100	239,200	211,900	188,700

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.

Policy

The Executive Budget proposes to permit interest income that accrues to the Environmental Education Council from the Kentucky Pride Fund.

Education and Workforce Development

Libraries and Archives

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,543,400	16,656,800	17,871,300	11,957,000	12,001,800
Total General Fund	12,543,400	16,656,800	17,871,300	11,957,000	12,001,800
Restricted Funds					
Balance Forward	2,843,400	3,011,900	3,168,700	3,011,900	3,138,900
Current Receipts	2,699,100	2,699,100	2,699,100	2,702,700	2,734,900
Total Restricted Funds	5,542,500	5,711,000	5,867,800	5,714,600	5,873,800
Federal Fund					
Balance Forward	1,000	29,800	86,300	30,400	86,500
Current Receipts	1,537,800	1,573,800	1,547,200	1,643,300	1,629,700
Total Federal Fund	1,538,800	1,603,600	1,633,500	1,673,700	1,716,200
TOTAL SOURCE OF FUNDS	19,624,700	23,971,400	25,372,600	19,345,300	19,591,800
EXPENDITURES BY CLASS					
Personnel Costs	6,560,800	8,525,200	8,872,700	6,675,000	6,747,000
Operating Expenses	2,823,700	2,844,600	2,828,000	2,794,600	2,778,000
Grants Loans Benefits	6,784,200	9,096,600	10,096,600	6,650,300	6,650,300
Capital Outlay		250,000	125,000		
TOTAL EXPENDITURES	16,168,700	20,716,400	21,922,300	16,119,900	16,175,300
EXPENDITURES BY FUND SOURCE					
General Fund	12,129,700	16,656,800	17,871,300	11,957,000	12,001,800
Restricted Funds	2,530,600	2,542,300	2,533,700	2,575,700	2,573,300
Federal Fund	1,508,400	1,517,300	1,517,300	1,587,200	1,600,200
TOTAL EXPENDITURES	16,168,700	20,716,400	21,922,300	16,119,900	16,175,300
EXPENDITURES BY UNIT					
Libraries and Archives	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100
Direct Local Aid	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200
TOTAL EXPENDITURES	16,168,700	20,716,400	21,922,300	16,119,900	16,175,300

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

The Department is directed by three goals:

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

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

Education and Workforce Development

Libraries and Archives

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,217,500	8,080,900	8,420,400	5,898,900	5,943,700
Total General Fund	6,217,500	8,080,900	8,420,400	5,898,900	5,943,700
Restricted Funds					
Balance Forward	2,370,900	2,187,300	1,992,000	2,187,300	1,962,200
Current Receipts	1,754,800	1,754,800	1,754,800	1,758,400	1,790,600
Total Restricted Funds	4,125,700	3,942,100	3,746,800	3,945,700	3,752,800
Federal Fund					
Balance Forward		29,400	85,500	29,400	85,500
Current Receipts	1,397,900	1,433,500	1,406,900	1,503,400	1,489,800
Total Federal Fund	1,397,900	1,462,900	1,492,400	1,532,800	1,575,300
TOTAL SOURCE OF FUNDS	11,741,100	13,485,900	13,659,600	11,377,400	11,271,800
EXPENDITURES BY CLASS					
Personnel Costs	6,560,800	8,525,200	8,872,700	6,675,000	6,747,000
Operating Expenses	2,683,800	2,704,700	2,688,100	2,654,700	2,638,100
Grants Loans Benefits		178,500	178,500		
TOTAL EXPENDITURES	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100
EXPENDITURES BY FUND SOURCE					
General Fund	5,937,700	8,080,900	8,420,400	5,898,900	5,943,700
Restricted Funds	1,938,400	1,950,100	1,941,500	1,983,500	1,981,100
Federal Fund	1,368,500	1,377,400	1,377,400	1,447,300	1,460,300
TOTAL EXPENDITURES	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100
EXPENDITURES BY UNIT					
Administrative Services	2,435,900	2,572,900	2,600,000	2,362,900	2,369,800
Field Services	1,605,200	3,103,200	3,103,200	1,646,200	1,662,200
Library Services	1,250,000	1,450,900	1,612,100	1,294,500	1,308,000
Archives & Records Management	3,953,500	4,281,400	4,424,000	4,026,100	4,045,100
TOTAL EXPENDITURES	9,244,600	11,408,400	11,739,300	9,329,700	9,385,100

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.

Administrative Services

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

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

Field Services

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

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

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

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

State Library Services

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

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

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

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

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

Public Records

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

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

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

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

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

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

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

Education and Workforce Development

Direct Local Aid

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,325,900	8,575,900	9,450,900	6,058,100	6,058,100
Total General Fund	6,325,900	8,575,900	9,450,900	6,058,100	6,058,100
Restricted Funds					
Balance Forward	472,500	824,600	1,176,700	824,600	1,176,700
Current Receipts	944,300	944,300	944,300	944,300	944,300
Total Restricted Funds	1,416,800	1,768,900	2,121,000	1,768,900	2,121,000
Federal Fund					
Balance Forward	1,000	400	800	1,000	1,000
Current Receipts	139,900	140,300	140,300	139,900	139,900
Total Federal Fund	140,900	140,700	141,100	140,900	140,900
TOTAL SOURCE OF FUNDS	7,883,600	10,485,500	11,713,000	7,967,900	8,320,000
EXPENDITURES BY CLASS					
Operating Expenses	139,900	139,900	139,900	139,900	139,900
Grants Loans Benefits	6,784,200	8,918,100	9,918,100	6,650,300	6,650,300
Capital Outlay		250,000	125,000		
TOTAL EXPENDITURES	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200
EXPENDITURES BY FUND SOURCE					
General Fund	6,192,000	8,575,900	9,450,900	6,058,100	6,058,100
Restricted Funds	592,200	592,200	592,200	592,200	592,200
Federal Fund	139,900	139,900	139,900	139,900	139,900
TOTAL EXPENDITURES	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200
EXPENDITURES BY UNIT					
Libraries Support	5,952,400	8,331,100	9,206,100	5,823,700	5,823,700
Library Technology	139,900	139,900	139,900	139,900	139,900
Public Records	831,800	837,000	837,000	826,600	826,600
TOTAL EXPENDITURES	6,924,100	9,308,000	10,183,000	6,790,200	6,790,200

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 Executive Budget continues to provide General Fund in the amount of \$3,329,600 in each fiscal year for construction grants to public libraries.

Education and Workforce Development

Office for the Blind

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,413,700	2,406,700	2,416,700	1,361,200	1,375,100
Total General Fund	1,413,700	2,406,700	2,416,700	1,361,200	1,375,100
Restricted Funds					
Balance Forward	992,700	1,118,700	1,158,100	1,118,700	1,132,500
Current Receipts	2,478,000	1,608,200	1,661,300	1,491,400	1,184,000
Total Restricted Funds	3,470,700	2,726,900	2,819,400	2,610,100	2,316,500
Federal Fund					
Balance Forward	196,800	196,800	196,800	196,800	196,800
Current Receipts	7,377,400	9,144,800	9,182,100	7,627,700	7,674,200
Total Federal Fund	7,574,200	9,341,600	9,378,900	7,824,500	7,871,000
TOTAL SOURCE OF FUNDS	12,458,600	14,475,200	14,615,000	11,795,800	11,562,600
EXPENDITURES BY CLASS					
Personnel Costs	7,328,800	8,214,100	8,628,300	7,146,800	7,265,300
Operating Expenses	1,925,300	1,538,200	1,551,000	1,484,500	1,497,300
Grants Loans Benefits	1,708,000	2,747,000	2,727,800	1,714,200	1,648,000
Capital Outlay	117,400	621,000	621,000	121,000	121,000
TOTAL EXPENDITURES	11,079,500	13,120,300	13,528,100	10,466,500	10,531,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,350,100	2,406,700	2,416,700	1,361,200	1,375,100
Restricted Funds	2,352,000	1,568,800	1,929,300	1,477,600	1,482,300
Federal Fund	7,377,400	9,144,800	9,182,100	7,627,700	7,674,200
TOTAL EXPENDITURES	11,079,500	13,120,300	13,528,100	10,466,500	10,531,600
EXPENDITURES BY UNIT					
General Blind Services	9,541,600	10,738,100	11,093,500	8,874,100	8,928,600
Business Enterprise Program	870,000	1,680,000	1,698,700	895,600	900,300
Center for Independent Living	667,900	702,200	735,900	696,800	702,700
TOTAL EXPENDITURES	11,079,500	13,120,300	13,528,100	10,466,500	10,531,600

Pursuant to KRS 163.470 and the Rehabilitation Act of 1973 as amended, the Office 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. Office for the Blind 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 for the Blind staff, but also staff from partner agencies such as Office of Vocational Rehabilitation, Office of Employment and Training, 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 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 Office operates two volunteer recording units that provide audio-recorded materials statewide for blind and visually impaired individuals.

- The Business Enterprise Program trains and provides equipment to blind individuals for self-employment at vending facilities located statewide.
- The Independent Living Program provides training to blind and visually impaired individuals in areas that will enable them to live and function independently.

Pursuant to KRS 163.470(11) and the federal Randolph-Sheppard Act, the Division of Business Enterprises Program (BEP) establishes vending facilities on state, federal, and other property to provide remunerative employment for licensed merchants who are visually impaired. 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 Office employs independent living specialists who are located throughout the state. These specialists make home visits and provide specially-adapted aids and appliances such as Braille and talking watches, controls on stoves, writing guides, phone dials, and canes. They provide limited instruction in household tasks such as cooking, keeping time, and learning in the home. The specialists also work with families to educate them about blindness and how to promote independent living.

**Education and Workforce Development
Employment and Training**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		11,089,400	16,688,000		
Total General Fund		11,089,400	16,688,000		
Restricted Funds					
Balance Forward	30,687,100	49,565,300	72,940,800	49,565,300	71,917,900
Current Receipts	1,249,000	1,310,000	1,311,000	2,394,900	2,407,200
Non-Revenue Receipts	36,500,000	44,278,400	41,000,400	37,960,000	38,500,400
Total Restricted Funds	68,436,100	95,153,700	115,252,200	89,920,200	112,825,500
Federal Fund					
Balance Forward	2,010,600				
Current Receipts	689,927,200	687,313,400	694,205,100	689,594,500	696,513,300
Total Federal Fund	691,937,800	687,313,400	694,205,100	689,594,500	696,513,300
TOTAL SOURCE OF FUNDS	760,373,900	793,556,500	826,145,300	779,514,700	809,338,800
EXPENDITURES BY CLASS					
Personnel Costs	37,026,700	45,428,300	47,615,700	36,729,100	35,124,800
Operating Expenses	17,275,600	15,423,700	15,621,300	16,104,000	16,304,600
Grants Loans Benefits	640,619,400	644,029,800	650,353,600	639,029,800	645,353,600
Debt Service	15,770,400	15,617,400	19,642,400	15,617,400	19,642,400
Capital Outlay	116,500	116,500	116,500	116,500	116,500
TOTAL EXPENDITURES	710,808,600	720,615,700	733,349,500	707,596,800	716,541,900
EXPENDITURES BY FUND SOURCE					
General Fund		11,089,400	16,688,000		
Restricted Funds	18,870,800	22,212,900	24,465,300	18,002,300	22,037,500
Federal Fund	691,937,800	687,313,400	692,196,200	689,594,500	694,504,400
TOTAL EXPENDITURES	710,808,600	720,615,700	733,349,500	707,596,800	716,541,900
EXPENDITURES BY UNIT					
Employer and Placement Services	24,060,700	26,542,100	26,110,400	21,823,200	20,730,000
Unemployment Insurance	650,764,600	650,052,200	655,060,200	646,853,500	648,781,900
Workforce Innovation and Opportunity Act	35,983,300	44,021,400	52,178,900	38,920,100	47,030,000
TOTAL EXPENDITURES	710,808,600	720,615,700	733,349,500	707,596,800	716,541,900

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

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

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

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

Policy

Notwithstanding KRS 341.295 and 341.240, penalty and interest collections credited to the unemployment compensation administration fund may be used during each fiscal year by the Office of Employment and Training for Wagner-Peyser and Unemployment Insurance Administration purposes.

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		4,938,500	7,828,100		
Total General Fund		4,938,500	7,828,100		
Restricted Funds					
Balance Forward	1,860,400				
Current Receipts	1,240,000	1,300,000	1,300,000	2,333,700	2,340,900
Non-Revenue Receipts		2,216,600			
Total Restricted Funds	3,100,400	3,516,600	1,300,000	2,333,700	2,340,900
Federal Fund					
Balance Forward	18,700				
Current Receipts	20,941,600	18,087,000	16,982,300	19,489,500	18,390,200
Total Federal Fund	20,960,300	18,087,000	16,982,300	19,489,500	18,390,200
TOTAL SOURCE OF FUNDS	24,060,700	26,542,100	26,110,400	21,823,200	20,731,100
EXPENDITURES BY CLASS					
Personnel Costs	11,040,200	18,472,200	19,212,900	13,051,500	13,127,700
Operating Expenses	6,802,500	4,693,800	4,521,400	5,395,600	5,226,200
Grants Loans Benefits	6,101,500	3,259,600	2,259,600	3,259,600	2,259,600
Capital Outlay	116,500	116,500	116,500	116,500	116,500
TOTAL EXPENDITURES	24,060,700	26,542,100	26,110,400	21,823,200	20,730,000
EXPENDITURES BY FUND SOURCE					
General Fund		4,938,500	7,828,100		
Restricted Funds	3,100,400	3,516,600	1,300,000	2,333,700	2,339,800
Federal Fund	20,960,300	18,087,000	16,982,300	19,489,500	18,390,200
TOTAL EXPENDITURES	24,060,700	26,542,100	26,110,400	21,823,200	20,730,000

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

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,025,900	3,734,900		
Total General Fund		1,025,900	3,734,900		
Restricted Funds					
Balance Forward	28,826,000	49,564,600	72,940,100	49,564,600	71,917,200
Current Receipts	9,000	10,000	11,000	61,200	66,300
Non-Revenue Receipts	36,500,000	42,061,800	41,000,400	37,960,000	38,500,400
Total Restricted Funds	65,335,000	91,636,400	113,951,500	87,585,800	110,483,900
Federal Fund					
Balance Forward	938,300				
Current Receipts	634,055,900	630,330,000	630,168,900	631,184,900	631,093,100
Total Federal Fund	634,994,200	630,330,000	630,168,900	631,184,900	631,093,100
TOTAL SOURCE OF FUNDS	700,329,200	722,992,300	747,855,300	718,770,700	741,577,000
EXPENDITURES BY CLASS					
Personnel Costs	23,939,200	24,742,800	25,725,800	21,446,900	19,350,300
Operating Expenses	8,842,000	8,842,000	8,842,000	8,939,200	8,939,200
Grants Loans Benefits	602,213,000	600,850,000	600,850,000	600,850,000	600,850,000
Debt Service	15,770,400	15,617,400	19,642,400	15,617,400	19,642,400
TOTAL EXPENDITURES	650,764,600	650,052,200	655,060,200	646,853,500	648,781,900
EXPENDITURES BY FUND SOURCE					
General Fund		1,025,900	3,734,900		
Restricted Funds	15,770,400	18,696,300	23,165,300	15,668,600	19,697,700
Federal Fund	634,994,200	630,330,000	628,160,000	631,184,900	629,084,200
TOTAL EXPENDITURES	650,764,600	650,052,200	655,060,200	646,853,500	648,781,900
EXPENDITURES BY UNIT					
Unemployment Insurance Administration	49,775,900	46,973,300	49,811,300	46,853,500	48,781,900
Unemployment Insurance Benefits	600,988,700	600,000,000	600,000,000	600,000,000	600,000,000
TOTAL EXPENDITURES	650,764,600	646,973,300	649,811,300	646,853,500	648,781,900

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

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

In addition to regular UI benefits, the program also administers payment of federal benefits to unemployed federal employees and discharged military personnel, those affected by changes in international trade, those affected financially in federal disaster areas, and those covered under 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.

During fiscal year 2015, the Office of Employment and Training paid 1.15 million weeks of compensation to out-of-work Kentuckians with benefits totaling approximately \$334.3 million.

Policy

The Executive Budget includes \$868,600 in fiscal year 2016-2017 and \$885,000 in fiscal year 2017-2018 to fund operations of the Kentucky Business One Stop Portal.

Notwithstanding KRS 341.240 and 341.295, funds from the Unemployment Compensation Administration Fund may be used each fiscal year to support the Wagner-Peyser program.

**Education and Workforce Development
Employment and Training
Workforce Innovation and Opportunity Act**

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		5,125,000	5,125,000		
Total General Fund		5,125,000	5,125,000		
Federal Fund					
Balance Forward	1,053,600				
Current Receipts	34,929,700	38,896,400	47,053,900	38,920,100	47,030,000
Total Federal Fund	35,983,300	38,896,400	47,053,900	38,920,100	47,030,000
TOTAL SOURCE OF FUNDS	35,983,300	44,021,400	52,178,900	38,920,100	47,030,000
EXPENDITURES BY CLASS					
Personnel Costs	2,047,300	2,213,300	2,677,000	2,230,700	2,646,800
Operating Expenses	1,631,100	1,887,900	2,257,900	1,769,200	2,139,200
Grants Loans Benefits	32,304,900	39,920,200	47,244,000	34,920,200	42,244,000
TOTAL EXPENDITURES	35,983,300	44,021,400	52,178,900	38,920,100	47,030,000
EXPENDITURES BY FUND SOURCE					
General Fund		5,125,000	5,125,000		
Federal Fund	35,983,300	38,896,400	47,053,900	38,920,100	47,030,000
TOTAL EXPENDITURES	35,983,300	44,021,400	52,178,900	38,920,100	47,030,000

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.

Education and Workforce Development

Vocational Rehabilitation

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,709,100	13,241,300	13,451,300	10,795,500	10,818,900
Total General Fund	11,709,100	13,241,300	13,451,300	10,795,500	10,818,900
Restricted Funds					
Balance Forward	206,500				
Current Receipts	3,095,200	3,301,700	3,301,700	3,307,100	3,308,800
Total Restricted Funds	3,301,700	3,301,700	3,301,700	3,307,100	3,308,800
Federal Fund					
Balance Forward	26,100	2,400	2,400	2,400	2,400
Current Receipts	45,228,200	50,913,200	51,689,000	45,767,800	45,855,700
Total Federal Fund	45,254,300	50,915,600	51,691,400	45,770,200	45,858,100
TOTAL SOURCE OF FUNDS	60,265,100	67,458,600	68,444,400	59,872,800	59,985,800
EXPENDITURES BY CLASS					
Personnel Costs	24,235,100	25,837,100	27,074,500	24,439,800	24,584,400
Operating Expenses	5,578,800	5,837,000	5,623,300	5,654,500	5,633,600
Grants Loans Benefits	29,152,900	35,050,000	35,007,700	29,044,000	29,028,900
Capital Outlay	769,000	732,100	736,500	732,100	736,500
TOTAL EXPENDITURES	59,735,800	67,456,200	68,442,000	59,870,400	59,983,400
EXPENDITURES BY FUND SOURCE					
General Fund	11,182,200	13,241,300	13,451,300	10,795,500	10,818,900
Restricted Funds	3,301,700	3,301,700	3,301,700	3,307,100	3,308,800
Federal Fund	45,251,900	50,913,200	51,689,000	45,767,800	45,855,700
TOTAL EXPENDITURES	59,735,800	67,456,200	68,442,000	59,870,400	59,983,400
EXPENDITURES BY UNIT					
Carl D. Perkins Vocational Training Center	9,218,600	9,512,300	9,816,300	9,316,100	9,343,400
Program Services	48,629,000	56,001,300	56,622,900	48,613,100	48,693,600
Executive Director	1,888,200	1,942,600	2,002,800	1,941,200	1,946,400
TOTAL EXPENDITURES	59,735,800	67,456,200	68,442,000	59,870,400	59,983,400

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 for the Blind, Office of Employment and Training, 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 Program Services Division 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.

The Administrative Management Division provides all administrative, technical, and budget related services for the Office and is responsive to the needs of the direct service delivery program staff. Responsibilities include budgeting, purchasing, financial reporting, and federal grant accounting. The Division oversees the implementation and administration of the automated case management system and coordinates the development of application programs. Beginning in fiscal year 2014, the Division absorbed the duties associated with budget and financial management of Office for the Blind.

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

	Revised FY 2016	Requested FY 2017	Requested FY 2018	Recommended FY 2017	Recommended FY 2018
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,361,300	9,979,800	10,463,100	6,819,400	6,839,300
Total General Fund	7,361,300	9,979,800	10,463,100	6,819,400	6,839,300
Restricted Funds					
Balance Forward	1,067,000	1,067,000	1,067,000	1,067,000	1,064,200
Current Receipts	750,100	750,000	750,000	750,000	750,000
Total Restricted Funds	1,817,100	1,817,000	1,817,000	1,817,000	1,814,200
Federal Fund					
Balance Forward	15,300	58,700	58,700	58,700	58,700
Current Receipts	1,302,400	207,900	211,900	205,000	205,000
Total Federal Fund	1,317,700	266,600	270,600	263,700	263,700
TOTAL SOURCE OF FUNDS	10,496,100	12,063,400	12,550,700	8,900,100	8,917,200
EXPENDITURES BY CLASS					
Personnel Costs	3,650,500	3,646,800	3,802,100	3,255,400	3,278,600
Operating Expenses	1,044,900	773,400	770,400	787,100	784,100
Grants Loans Benefits	4,343,700	6,517,500	6,852,500	3,734,700	3,734,700
TOTAL EXPENDITURES	9,039,100	10,937,700	11,425,000	7,777,200	7,797,400
EXPENDITURES BY FUND SOURCE					
General Fund	7,030,000	9,979,800	10,463,100	6,819,400	6,839,300
Restricted Funds	750,100	750,000	750,000	752,800	753,100
Federal Fund	1,259,000	207,900	211,900	205,000	205,000
TOTAL EXPENDITURES	9,039,100	10,937,700	11,425,000	7,777,200	7,797,400
EXPENDITURES BY UNIT					
Operations	4,307,500	3,709,600	4,159,100	3,188,800	3,202,800
Kentucky Teacher Internship Program	3,272,500	5,707,500	5,707,500	3,124,700	3,124,700
Certification	1,459,100	1,520,600	1,558,400	1,463,700	1,469,900
TOTAL EXPENDITURES	9,039,100	10,937,700	11,425,000	7,777,200	7,797,400

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

The EPSB is responsible for issuing, suspending, and revoking certificates for Kentucky's more than 50,000 active Kentucky educators, and ensures, via an annual review, that all professional positions in the state's 173 public school districts are appropriately staffed. It is responsible for developing (in cooperation with the Kentucky Department of Education and the Council on Postsecondary Education) a statewide data system for the collection, interpretation, and dissemination of data relative to the quality of educator preparation, supply, demand, and effectiveness. The board establishes performance-based standards for teacher/administrator preparation and induction, and for the accreditation of the 29 preparation programs at Kentucky's public and independent colleges and universities. It oversees the teacher/administrator assessments and the related Title II reporting, and annually publishes the Kentucky Educator Preparation Program Report Card. It administers the Continuing Education Option, in which teachers can use professional development to renew certification and move up in rank. It also administers the supervising teacher stipend program, and alternative routes to certification, including the Troops to Teachers program.

The EPSB annually provides support to approximately 2,700 teacher interns, 3,500 supervising teachers.