

COMMONWEALTH OF KENTUCKY

2018 - 2020

BUDGET OF THE COMMONWEALTH

BUDGET IN BRIEF

MATTHEW G. BEVIN
GOVERNOR



JOHN E. CHILTON
STATE BUDGET DIRECTOR

Commonwealth of Kentucky
2018 – 2020
Budget of the Commonwealth
Budget in Brief

Table of Contents

| | <u>PAGE</u> |
|--|-------------|
| General Fund Summary..... | 1 |
| Road Fund Summary..... | 2 |
| Capital Projects Summary | 3 |
| General Fund Revenue Receipts – Fiscal Year 2003 through Fiscal Year 2020 - Bar Chart..... | 4 |
| General Fund Expenditures – Fiscal Year 2003 through Fiscal Year 2020 – Bar Chart..... | 5 |
| Distribution of General Fund Appropriations – 2018-2020 Biennium – Pie Chart..... | 6 |
| Distribution of All Funds Appropriations – 2018-2020 Biennium – Pie Chart..... | 7 |
| Revenue Estimates (General Fund, Road Fund) | 8 |
| Debt Financing..... | 13 |
| Commonwealth of Kentucky Summary..... | 17 |
| Executive Branch Summary..... | 19 |
| Cabinet Summaries..... | 21 |
| Legislative Branch Summary | 45 |
| Judicial Branch Summary | 46 |
| Governor’s 2018 State of the Commonwealth Address and 2018-2020 Budget Address | 47 |

This page intentionally left blank

The Budget of the Commonwealth for the 2018-2020 biennium is the financial plan for Kentucky State Government as enacted by the Regular Session of the 2018 General Assembly. It is published by the Office of State Budget Director, Governor's Office for Policy and Management in accordance with KRS Chapter 48.

The 2018-2020 Budget of the Commonwealth is presented in five volumes:

- **Volume I:** State Agency Program Budget Detail
- **Volume II:** Capital Projects
- **Budget in Brief:** Budget Summary Data and Governor Bevin's Budget Address
- **Revenue Bill:** Legislative Bill
- **Appropriations Bills:** Legislative Bills and Gubernatorial Veto Messages

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

ACKNOWLEDGMENTS

| OFFICE OF STATE BUDGET DIRECTOR | |
|--|---|
| John E. Chilton | State Budget Director |
| GOVERNOR'S OFFICE FOR POLICY AND MANAGEMENT | |
| Kevin Cardwell | Deputy State Budget Director |
| Janice Tomes | Deputy State Budget Director |
| Thomas Clark | Policy and Budget Analyst |
| Michaela Giles | Policy and Budget Analyst |
| Glenna Goins | Policy and Budget Analyst |
| Christina Gordley | Policy and Budget Analyst |
| Traci Hedrick | Administrative Specialist |
| Melissa Highfield Smith | Policy and Budget Analyst |
| Alex Kelly | Policy and Budget Analyst |
| Marty Miller | Internal Policy Analyst |
| Phillip Rosell | Programmer |
| Teresa Sanders | Policy and Budget Analyst |
| Kara Smothermon | Policy and Budget Analyst |
| Ethan Williams | Policy and Budget Analyst |
| Carla Wright | Policy and Budget Analyst |
| GOVERNOR'S OFFICE FOR ECONOMIC ANALYSIS | |
| Greg Harkenrider | Deputy Executive Director |
| Martha Armstrong | Administrative Specialist |
| Gene Brown-Zaparanick | Financial Investment and Forecasting Program Analyst |
| Thomas Jones | Financial Investment and Forecasting Program Analyst |
| GOVERNOR'S OFFICE FOR POLICY RESEARCH | |
| Michael Jones | Deputy Executive Director |
| Sarah Aitken | Financial Investment and Forecasting Program Specialist |
| Ghada EIDabbagh | Financial Investment and Forecasting Program Specialist |

**2018-20 BUDGET OF THE COMMONWEALTH
GENERAL FUND SUMMARY**

| | Enacted FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|--|----------------------------|----------------------------|----------------------------|
| RESOURCES | | | |
| Beginning Balance | 115,553,400 | 13,277,100 | |
| Official Revenue Estimate | 10,719,500,000 | 11,005,900,000 | 11,290,000,000 |
| Tax Changes | (1,100,000) | 192,300,000 | 197,500,000 |
| Fund Transfers | 259,853,000 | 303,570,100 | 315,851,900 |
| Tobacco Settlement-Phase I | 114,600,000 | 119,500,000 | 118,100,000 |
| Tobacco Settlement-Phase I - prior year excess | 8,441,200 | | |
| RESOURCES | 11,216,847,600 | 11,634,547,200 | 11,921,451,900 |
| Continued Appropriations Reserve | | | |
| Budget Reserve Trust Fund | 150,491,500 | 8,054,200 | 41,509,300 |
| Executive Branch | 37,867,500 | | |
| Legislative Branch | 10,836,000 | 10,836,000 | 10,836,000 |
| Judicial Branch | 2,281,300 | | |
| Continued Appropriations Reserve | 201,476,300 | 18,890,200 | 52,345,300 |
| TOTAL RESOURCES | 11,418,323,900 | 11,653,437,400 | 11,973,797,200 |
| APPROPRIATIONS | | | |
| Executive Branch | | | |
| Appropriations-Operating | 10,887,659,600 | 11,056,920,900 | 11,166,502,200 |
| Necessary Government Expenses | 85,725,800 | | |
| Special Appropriations | 10,939,000 | | |
| Current Year Appropriations | 29,592,000 | | |
| Dedicated Revenue Adjustments | (11,447,000) | | |
| Budget Reduction | (126,634,800) | | |
| Lapses | (45,211,600) | (18,864,600) | (17,601,000) |
| Tobacco Settlement-Phase I | 94,865,000 | 121,531,400 | 120,087,500 |
| Build America Bonds-Tobacco Lapse | (2,065,000) | (2,031,400) | (1,987,500) |
| Total Executive Branch | 10,923,423,000 | 11,157,556,300 | 11,267,001,200 |
| Judicial Branch | | | |
| Appropriations | 365,212,700 | 384,897,100 | 388,377,700 |
| Budget Reduction | (1,886,500) | | |
| Lapses | | (7,700,000) | (7,500,000) |
| Total Judicial Branch | 363,326,200 | 377,197,100 | 380,877,700 |
| Legislative Branch | | | |
| Appropriations | 63,206,600 | 68,607,700 | 70,162,500 |
| Budget Reduction | (463,900) | | |
| Lapses | (3,484,100) | (2,269,000) | (2,269,000) |
| Total Legislative Branch | 59,258,600 | 66,338,700 | 67,893,500 |
| TOTAL APPROPRIATIONS | 11,346,007,800 | 11,601,092,100 | 11,715,772,400 |
| BALANCE | 72,316,100 | 52,345,300 | 258,024,800 |
| Continued Appropriations Reserve | | | |
| Budget Reserve Trust Fund | 8,054,200 | 8,054,200 | 41,509,300 |
| Appropriations to Budget Reserve Trust Fund | | 33,455,100 | 195,064,500 |
| Subtotal-Budget Reserve Trust Fund | 8,054,200 | 41,509,300 | 236,573,800 |
| Executive Branch | 37,867,500 | | |
| Legislative Branch | 10,836,000 | 10,836,000 | 10,836,000 |
| Judicial Branch | 2,281,300 | | |
| Continued Appropriations Reserve | 59,039,000 | 52,345,300 | 247,409,800 |
| ENDING BALANCE | 13,277,100 | 0 | 10,615,000 |

**2018-2020 BUDGET OF THE COMMONWEALTH
ROAD FUND SUMMARY**

| | <u>Revised FY 2018</u> | <u>Enacted FY 2019</u> | <u>Enacted FY 2020</u> |
|--|---------------------------------|-----------------------------|-----------------------------|
| RESOURCES | | | |
| Beginning Balance | 57,237,100 | 27,562,600 | 0 |
| Official Revenue Estimate | 1,503,300,000 | 1,505,300,000 | 1,508,500,000 |
| Fund Transfers | 1,830,700 | 1,830,600 | 1,829,800 |
| TOTAL RESOURCES | <u>1,562,367,800</u> | <u>1,534,693,200</u> | <u>1,510,329,800</u> |
| APPROPRIATIONS | | | |
| Appropriations | 1,483,636,300 | 1,538,060,900 | 1,513,697,500 |
| Surplus Appropriations | 57,237,100 | | |
| Debt Service Lapse | (7,389,600) | | |
| Dedicated Revenue Adjustments | 4,927,000 | | |
| Build America Bonds-Debt Service Lapse | (3,605,600) | (3,367,700) | (3,367,700) |
| TOTAL APPROPRIATIONS | <u>1,534,805,200</u> | <u>1,534,693,200</u> | <u>1,510,329,800</u> |
| ENDING BALANCE | <u><u>27,562,600</u></u> | <u><u>0</u></u> | <u><u>0</u></u> |

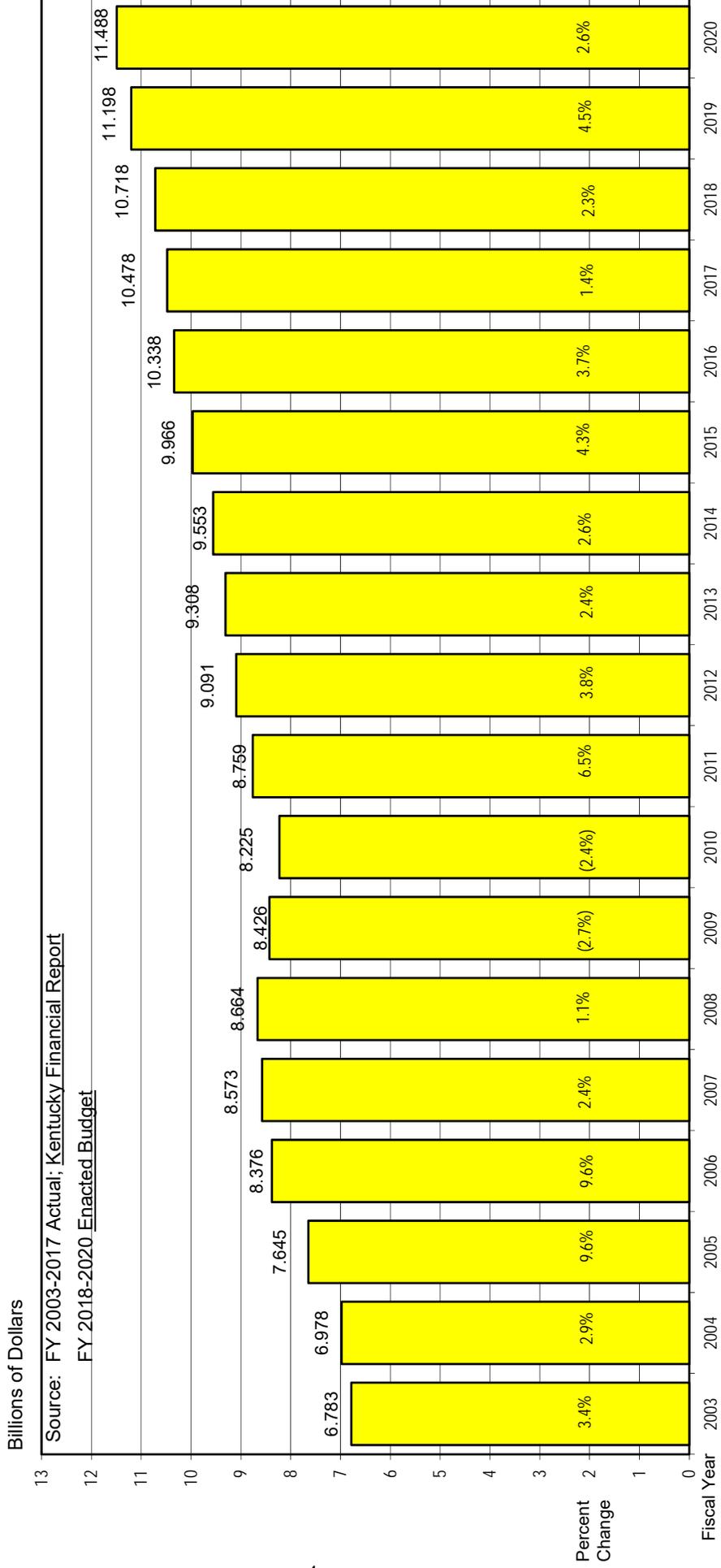
**2018-2020 BUDGET OF THE COMMONWEALTH
CAPITAL PROJECTS SUMMARY**

| | Enacted FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|-----------------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | |
| Executive Branch | | | |
| Restricted Funds | 10,500,000 | 5,485,467,500 | 83,834,500 |
| Federal Funds | | 69,826,000 | 29,946,000 |
| Road Fund | | 10,590,000 | 6,140,000 |
| Bond Funds | | 275,803,000 | 94,014,000 |
| Agency Bonds | | 602,885,000 | |
| Investment Income | | 7,735,000 | 6,185,000 |
| Other - Cash | | 480,375,000 | 3,400,000 |
| Other - Third Party Financing | 6,000,000 | 960,316,000 | |
| SOURCE OF FUNDS | 16,500,000 | 7,892,997,500 | 223,519,500 |
| APPROPRIATIONS BY CABINET | | | |
| Executive Branch | | | |
| General Government | | 260,621,000 | 46,585,000 |
| Department of Education | | 675,000 | 675,000 |
| Education & Workforce Development | | 8,240,000 | 5,700,000 |
| Energy and Environment | | 10,200,000 | 200,000 |
| Finance and Administration | | 127,250,000 | 23,950,000 |
| Health and Family Services | | 32,105,000 | 2,375,000 |
| Justice and Public Safety | | 12,867,500 | 44,292,500 |
| Labor | | 1,418,000 | 1,042,000 |
| Postsecondary Education | 16,500,000 | 7,386,405,000 | 58,100,000 |
| Public Protection | | 1,666,000 | |
| Tourism, Arts and Heritage | | 40,260,000 | 33,760,000 |
| Transportation | | 11,290,000 | 6,840,000 |
| TOTAL APPROPRIATIONS | 16,500,000 | 7,892,997,500 | 223,519,500 |

General Fund Revenue Receipts

Fiscal Years 2003-2020

(Billions of dollars – rounded)

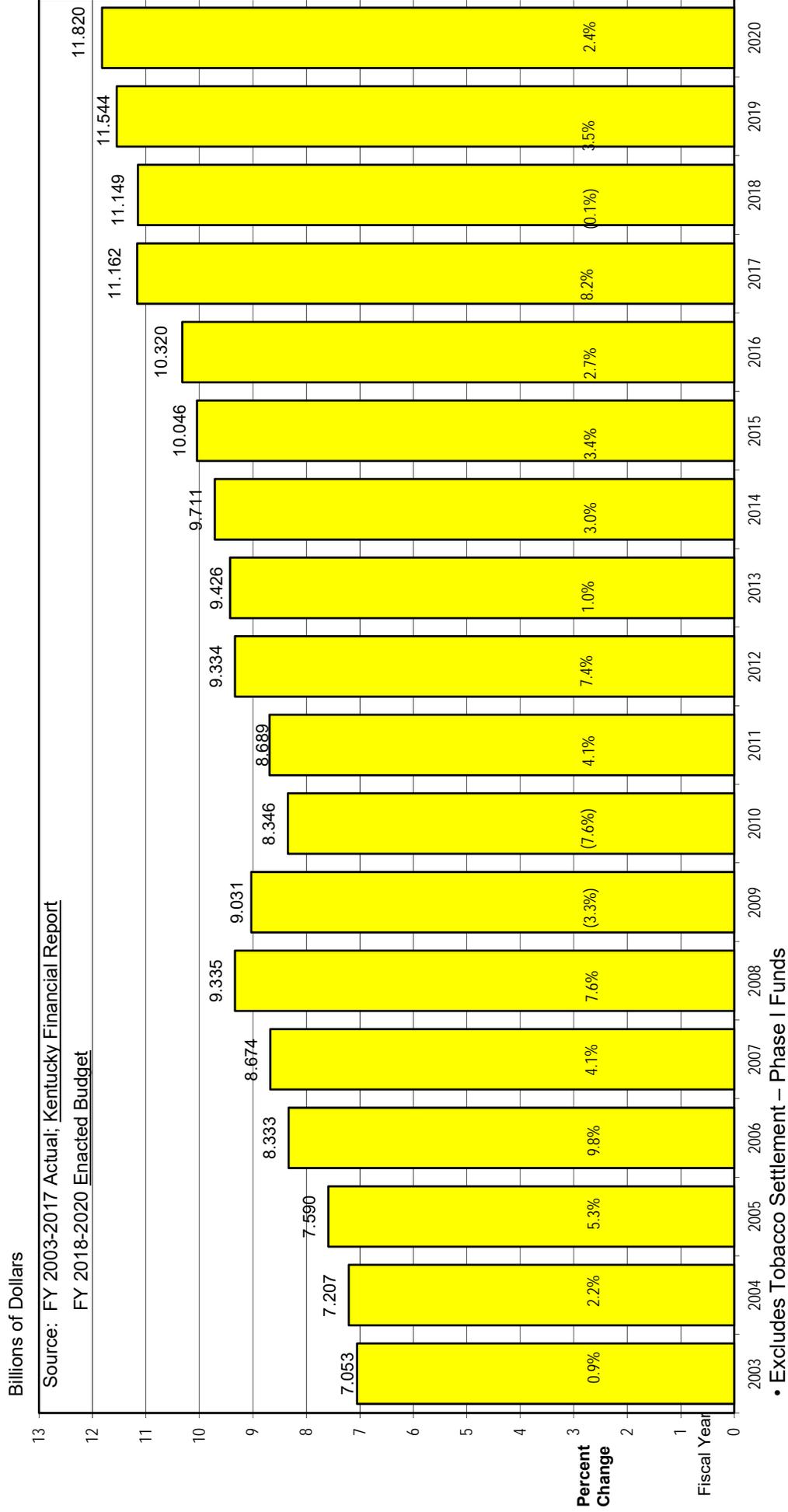


- Excludes Tobacco Settlement – Phase I Funds
- Excludes Fund Transfers

General Fund Expenditures

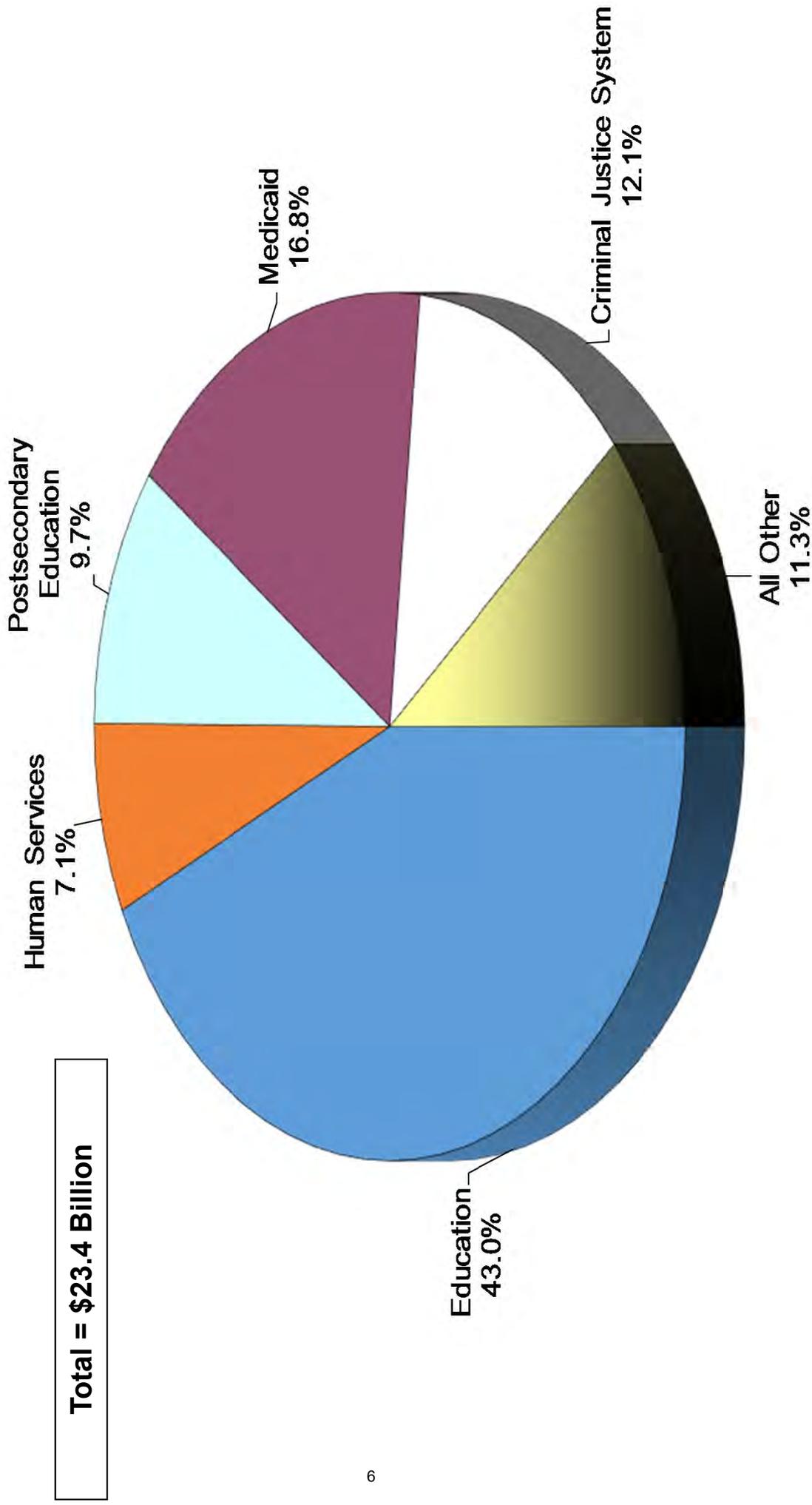
Fiscal Years 2003-2020

(Billions of dollars – rounded)



2018-2020 Biennium

Distribution of General Fund Appropriations



Excludes Tobacco Settlement – Phase I Funds

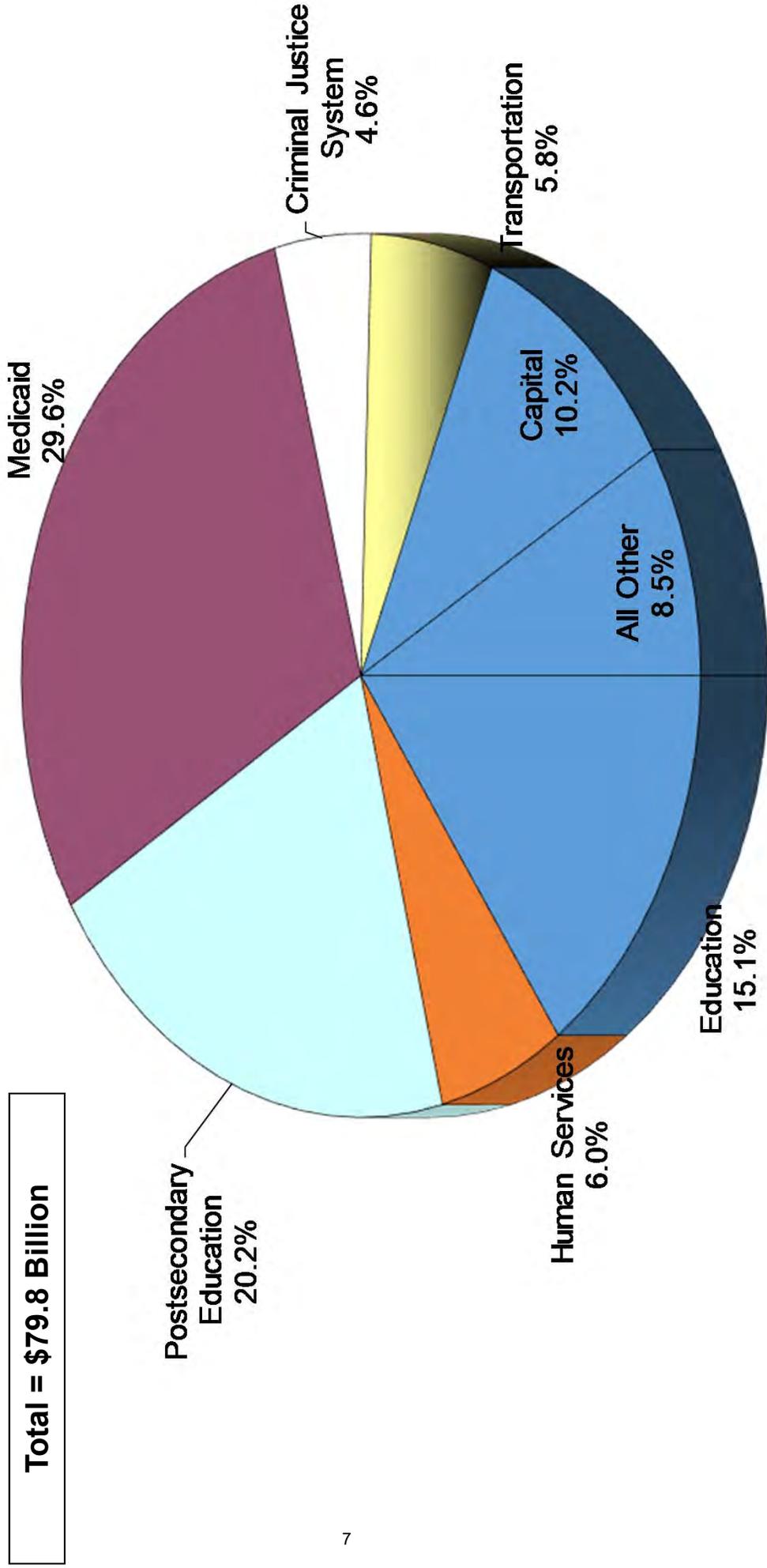
* Education includes the Department of Education, Teachers' Retirement System, School Facilities Construction Commission and the Education Professional Standards Board.

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

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

2018-2020 Biennium

Distribution of All Fund Appropriations



Excludes Tobacco Settlement – Phase I Funds

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

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

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

General Fund 2018-2020 Official Revenue Estimate

| <u>Source</u> | <u>Actual 2017</u> | <u>Estimated 2018</u> | <u>Estimated 2019</u> | <u>Estimated 2020</u> |
|---------------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|
| Individual Income | \$4,393,862,556 | \$4,509,000,000 | \$4,649,500,000 | \$4,793,200,000 |
| Sales and Use | 3,485,215,349 | 3,611,900,000 | 3,699,400,000 | 3,791,700,000 |
| Property | 602,095,597 | 607,900,000 | 620,700,000 | 635,100,000 |
| Corporation Income | 497,479,037 | 558,600,000 | 600,600,000 | 632,300,000 |
| LLET | 245,611,177 | 186,200,000 | 200,200,000 | 210,800,000 |
| Coal Severance | 100,455,465 | 88,500,000 | 77,900,000 | 65,100,000 |
| Cigarette | 221,375,451 | 214,300,000 | 207,900,000 | 202,000,000 |
| Lottery | 241,627,129 | 243,000,000 | 249,000,000 | 256,000,000 |
| Other | 690,127,109 | 699,000,000 | 700,700,000 | 703,800,000 |
| Subtotal | \$10,477,848,870 | \$10,718,400,000 | \$11,005,900,000 | \$11,290,000,000 |
| 2018 Legislative Changes to Estimates | | \$0 | \$192,300,000 | \$197,500,000 |
| General Fund Official Estimate | \$10,477,848,870 | \$10,718,400,000 | \$11,198,200,000 | \$11,487,500,000 |

| <u>Source</u> | <u>Actual 2017</u> | <u>Estimated 2018</u> | <u>Estimated 2019</u> | <u>Estimated 2020</u> |
|---|------------------------|---------------------------|---------------------------|---------------------------|
| <u>Selected Sales and Gross Receipts Taxes</u> | | | | |
| Sales & Use | \$3,485,215,349 | \$3,611,900,000 | \$3,699,400,000 | \$3,791,700,000 |
| Cigarette | 221,375,451 | 214,300,000 | 207,900,000 | 202,000,000 |
| Cigarette Floor Stock Tax | 6,040 | - | - | - |
| Distilled Spirits Case Sales | 153,781 | 158,088 | 166,228 | 174,369 |
| Insurance Tax Foreign Companies | 36,370,031 | 36,186,121 | 38,738,685 | 40,238,685 |
| Insurance Tax Companies Other Than Life | 105,827,125 | 106,621,504 | 107,415,882 | 108,210,261 |
| Insurance Tax Fire Prevention Fund | 5,991,671 | 6,274,109 | 6,444,020 | 6,613,931 |
| Pari-Mutuel | 6,807,535 | 6,964,648 | 6,385,974 | 6,607,299 |
| Race Track Admission | 174,356 | 205,295 | 214,760 | 224,225 |
| Beer Consumption | 6,205,443 | 6,370,875 | 6,413,079 | 6,455,284 |
| Distilled Spirits Consumption | 14,237,920 | 14,668,921 | 15,387,369 | 16,105,816 |
| Wine Consumption | 3,084,190 | 3,186,928 | 3,262,117 | 3,337,305 |
| Beer Wholesale | 59,525,060 | 59,088,231 | 58,088,231 | 59,328,231 |
| Distilled Spirits Wholesale | 44,064,952 | 46,593,784 | 49,122,616 | 51,651,448 |
| Wine Wholesale | 18,289,377 | 18,231,435 | 19,349,431 | 20,173,442 |
| Other Tobacco Products and Snuff | 21,573,080 | 21,637,766 | 21,759,883 | 21,882,001 |
| Telecommunications Taxes | 57,540,002 | 56,676,902 | 55,826,749 | 54,989,347 |
| TOTAL SEL. SALES AND GROSS RECEIPTS TAXES | \$4,086,441,363 | \$4,209,064,607 | \$4,295,875,024 | \$4,389,691,644 |

License and Privilege Taxes

| | | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| Coal Severance Tax | \$100,455,465 | \$88,500,000 | \$ 77,900,000 | \$ 65,100,000 |
| Mineral Severance Tax | 16,923,270 | 17,677,149 | 16,877,149 | 17,204,088 |
| Natural Gas Severance Tax | 7,564,489 | 8,579,345 | 8,694,201 | 9,709,057 |
| Oil Production | 5,120,700 | 4,742,538 | 5,397,709 | 6,044,547 |
| Corporate License | 7,423 | - | - | - |
| Cigarette License | 87,926 | 105,843 | 93,412 | 88,569 |
| Race Track License | 276,596 | 298,283 | 304,108 | 309,932 |
| Marijuana and Controlled Substance Tax | 141,654 | 157,858 | 162,010 | 166,161 |
| Bank Franchise Tax | 105,129,792 | 104,325,933 | 103,322,074 | 105,101,152 |
| Corporation Organization | 982,251 | 75,928 | 261,003 | 395,084 |
| Cir. Ct. Clk. - Driver License Receipts | 696,570 | 715,112 | 733,509 | 751,907 |
| Sand and Gravel License | - | - | - | - |
| Alcoholic Beverage License Suspension | 367,853 | 436,215 | 446,399 | 456,582 |
| Limited Liability Entity Tax | 245,611,177 | 186,200,000 | 200,200,000 | 210,800,000 |
| TOTAL LICENSE AND PRIVILEGE TAXES | \$483,365,165 | \$411,814,204 | \$414,391,574 | \$416,127,079 |

Income Taxes

| | | | | |
|---------------------------|------------------------|------------------------|------------------------|------------------------|
| Corporation Income Tax | \$497,479,037 | \$558,600,000 | \$600,600,000.00 | \$632,300,000.00 |
| Individual Income Tax | \$4,393,862,556 | \$4,509,022,127 | \$4,649,472,533 | \$4,793,174,001 |
| TOTAL INCOME TAXES | \$4,891,341,593 | \$5,067,622,127 | \$5,250,072,533 | \$5,425,474,001 |

Property Taxes

| | | | | |
|----------------------------|---------------|---------------|---------------|---------------|
| Real Property | \$273,935,818 | \$281,200,000 | \$290,200,000 | \$300,300,000 |
| Tangible Personal Property | 107,365,231 | 107,000,000 | 107,300,000 | 107,800,000 |
| Motor Vehicles | 132,885,719 | 136,100,000 | 138,800,000 | 140,900,000 |

General Fund 2018-2020 Official Revenue Estimate

| <u>Source</u> | <u>Actual 2017</u> | <u>Estimated 2018</u> | <u>Estimated 2019</u> | <u>Estimated 2020</u> |
|---|--|---|---|---|
| Bank Deposits | 644,459 | 692,000 | 692,000 | 692,000 |
| Distilled Spirits Ad Valorem | 1,020,812 | 1,000,000 | 1,100,000 | 1,200,000 |
| Building and Loan Association Capital Stock | 2,369,893 | 2,400,000 | 2,500,000 | 2,500,000 |
| Omitted and Delinquent | 15,966,205 | 17,500,000 | 17,500,000 | 17,500,000 |
| Apportioned Vehicles | 4,218,591 | 4,000,000 | 4,100,000 | 4,200,000 |
| Public Service Companies | 63,680,782 | 58,000,000 | 58,500,000 | 60,000,000 |
| Other Property | 8,087 | 8,000 | 8,000 | 8,000 |
| TOTAL PROPERTY TAXES | \$602,095,597 | \$607,900,000 | \$620,700,000 | \$635,100,000 |
| <u>Inheritance Taxes</u> | | | | |
| Inheritance Tax | \$44,699,808 | \$50,800,288 | \$51,268,888 | \$45,245,457 |
| TOTAL INHERITANCE TAXES | \$44,699,808 | \$50,800,288 | \$51,268,888 | \$45,245,457 |
| <u>Departmental Fees, Sales and Rentals</u> | | | | |
| Public Service Commission Assessments- Insurance - Retaliatory Taxes & Fees- Sec. of State - Process Agents Fees Insurance - Miscellaneous Receipts | \$13,784,610 3,939,429 - - | \$16,582,600 4,422,291 - - | \$16,618,389 4,505,152 - - | \$16,654,178 4,688,014 - - |
| Circuit Court Clk. - Civil Filing Fee Receipts- Circuit Court Clk. - Bond Filing Fee- Circuit Court Clk. - 10% Bond Fee- Circuit Court Clk. - Receipts for Services- Strip Mining & Reclamation Fees- Strip Mining & Reclamation - Fines Coll. Miscellaneous - Pub Advoc; Sec State Fee | 7,966,190 2,543,286 337,846 5,055,304 4,970 770,507 1,187,848 | 8,282,021 2,571,048 332,765 4,998,544 - 711,014 912,424 | 8,581,116 2,573,779 323,189 4,922,270 - 700,521 865,068 | 8,880,211 2,576,510 313,613 4,845,997 - 682,027 800,000 |
| TOTAL DEPARTMENT FEES, SALES AND RENTALS | \$35,589,990 | \$38,812,707 | \$39,089,484 | \$39,440,550 |
| <u>Investment Receipts</u> | | | | |
| General Depository Investment Income ** Circuit Court Clk. - Interest Income Ky Asset/Liab - TRAN | (\$1,129,875) | (\$3,600,000) | (\$5,200,000) | (\$6,800,000) |
| TOTAL INVESTMENT RECEIPTS | (\$1,129,875) | (\$3,600,000) | (\$5,200,000) | (\$6,800,000) |
| <u>Miscellaneous Revenue</u> | | | | |
| Lottery Legal Process - Clk. Supreme Court Legal Process - Clk. Court of Appeals Dept. of Rev. Legal Process Taxes - Co. Clk. Dept. of Rev. Penalty & Int. of Co. Officials TVA - In Lieu of Taxes - State Portion F.H.A. - In Lieu of Taxes R.E.C.C. and R.T.C.C. In Lieu of Taxes Business Development - In Lieu of Taxes Abandoned Property Circuit Court Clk. - Fish & Wildlife Fines Cir. Ct. Clk. - Criminal/Traffic Fines & Costs Circuit Court Clk. - Bond Forfeitures Fines Dept Insurance Workplace & Employment Standards, Fees, Fines Sale of NOx Credits Other Fines & Unhonored Checks Court Costs | \$241,627,129 88,221 - 2,687,150 (20,655) 11,350,177 92,180 310 - 34,075,777 61,562 15,605,685 1,049,369 - - - 8,281,950 11,200,841 | \$243,000,000 85,332 - 2,745,054 (21,010) 12,580,543 84,784 310 - 32,883,226 62,721 14,509,867 1,062,267 - - - 10,603,219 10,130,955 | \$249,000,000 80,501 - 2,813,868 (19,827) 12,810,908 97,195 310 - 37,163,793 63,879 13,260,775 1,006,018 - - - 9,952,961 8,986,914 | \$256,000,000 75,669 - 2,882,682 (18,644) 13,041,274 109,607 310 - 36,431,840 65,038 12,011,684 995,867 - - - 10,571,465 7,842,872 |
| TOTAL MISCELLANEOUS REVENUE | \$326,099,696 | \$327,727,268 | \$335,217,295 | \$340,009,664 |
| MISC. NOT IN REVENUE ESTIMATES | \$9,345,533 | \$8,258,799 | \$4,485,202 | \$5,711,605 |
| REVENUE INITIATIVES 2018 Regular Session | | | \$192,300,000 | \$197,500,000 |
| TOTAL GENERAL FUND | \$10,477,848,870 | \$10,718,400,000 | \$11,198,200,000 | \$11,487,500,000 |

Road Fund 2018-2020 Official Revenue Estimates

| <u>Source</u> | FY 2017 <u>Actual</u> | FY 2018 <u>Estimate</u> | FY 2019 <u>Estimate</u> | FY 2020 <u>Estimate</u> |
|---------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| Motor Fuels | \$760,514,000 | \$761,200,000 | \$759,200,000 | \$761,200,000 |
| Motor Vehicle Usage | 499,833,000 | 493,900,000 | 494,000,000 | 492,600,000 |
| Motor Vehicle License | 111,927,000 | 113,400,000 | 115,200,000 | 116,300,000 |
| Motor Vehicle Operators | 16,120,000 | 16,600,000 | 16,700,000 | 16,800,000 |
| Weight Distance | 82,886,000 | 81,400,000 | 82,100,000 | 83,200,000 |
| Investment | 1,581,000 | 2,000,000 | 3,100,000 | 3,300,000 |
| Other | 35,128,000 | 34,800,000 | 35,000,000 | 35,100,000 |
| Subtotal Road Fund | \$1,507,989,000 | \$1,503,300,000 | \$1,505,300,000 | \$1,508,500,000 |
| 2018 Legislation | \$0 | \$0 | \$1,250,000 | \$1,250,000 |
| Total Road Fund | \$1,507,989,000 | \$1,503,300,000 | \$1,506,550,000 | \$1,509,750,000 |

| <u>Source</u> | FY 2017 <u>Actual</u> | FY 2018 <u>Estimate</u> | FY 2019 <u>Estimate</u> | FY 2020 <u>Estimate</u> |
|--|--------------------------|----------------------------|----------------------------|----------------------------|
| <u>Sales and Gross Receipts Taxes</u> | | | | |
| Motor Fuels Normal and Normal Use | \$759,572,447 | \$760,250,000 | \$758,250,000 | \$760,250,000 |
| Motor Vehicle Usage | 454,442,501 | 447,800,000 | 447,400,000 | 445,500,000 |
| Motor Vehicle Rental Usage | 45,284,256 | 46,000,000 | 46,500,000 | 47,000,000 |
| Truck Trip Permits | 942,520 | 950,000 | 950,000 | 950,000 |
| Sales and Use | 107,134 | 100,000 | 100,000 | 100,000 |
| TOTAL SALES AND GROSS RECEIPTS TAX | \$1,260,348,858 | \$1,255,100,000 | \$1,253,200,000 | \$1,253,800,000 |

License and Privilege Taxes

| | | | | |
|--|------------|------------|------------|------------|
| Drive Away Utility Trailer Permits | \$26,909 | \$25,000 | \$25,000 | \$25,000 |
| Amateur Radio Plate | 8,815 | 8,900 | 8,900 | 8,900 |
| Passenger Car License | 29,406,306 | 30,000,000 | 31,000,000 | 32,000,000 |
| Truck License - State Share | 15,424,208 | 15,700,000 | 15,800,000 | 15,800,000 |
| Motorcycle License | 601,019 | 600,000 | 600,000 | 600,000 |
| Dealers License | 247,064 | 247,500 | 250,000 | 247,500 |
| Transfer License | 840,655 | 830,000 | 840,000 | 830,000 |
| Trailer License | 1,964,445 | 2,100,000 | 2,200,000 | 2,300,000 |
| County Clerk Penalty | 7,251 | 8,000 | 8,000 | 8,000 |
| Bus License - Except City | 3,722 | 4,000 | 4,000 | 4,000 |
| Bus Certificates and Permits | 3,750 | 4,000 | 4,000 | 4,000 |
| Taxi License | 140,162 | 150,000 | 150,000 | 150,000 |
| Truck Permits | 41,182 | 42,000 | 43,000 | 42,000 |
| Contract Taxicab Permit | 59,800 | 60,000 | 61,000 | 60,000 |
| Motor Vehicle Operator's License | 14,116,675 | 14,555,000 | 14,570,000 | 14,550,000 |
| Highway Special Permits | 7,037,033 | 7,200,000 | 7,300,000 | 7,400,000 |
| U-Drive-It Permits | 67,250 | 65,000 | 65,000 | 65,000 |
| U-Drive-Licenses | 1,894,444 | 2,000,000 | 2,100,000 | 2,100,000 |
| Junk Yard License | 3,387 | 2,000 | 2,000 | 2,000 |
| Historic Vehicle License | 378,767 | 380,000 | 390,000 | 380,000 |
| Operator's License-Driver Education | 643,898 | 620,000 | 630,000 | 650,000 |
| Truck Proportional Registration | 46,393,716 | 46,423,575 | 46,649,075 | 46,783,575 |
| Operator's License - Photography Program | 1,359,554 | 1,425,000 | 1,500,000 | 1,600,000 |
| Industrial Hauling Permits | 2,040 | 2,000 | 2,000 | 2,000 |
| General Assembly License Plates | 2,140 | 2,200 | 2,200 | 2,200 |
| Pearl Harbor Survivor Plates | 0 | 0 | 0 | 0 |
| Collegiate Plates | 1,800,040 | 1,900,000 | 2,000,000 | 1,900,000 |
| Personalized License Plates | 1,357,664 | 1,370,000 | 1,400,000 | 1,370,000 |
| Army Reserve Plates | 878,114 | 890,000 | 890,000 | 890,000 |
| Purple Heart Plates | 3,844 | 5,000 | 5,000 | 5,000 |
| Judicial License Plates | 37 | 100 | 100 | 100 |
| Civil Air Patrol Plates | 1,061 | 1,000 | 1,000 | 1,000 |

Road Fund 2018-2020 Official Revenue Estimates

| | | | | |
|------------------------------------|------------|------------|------------|------------|
| National Guard License Plates | 3,443 | 3,400 | 3,400 | 3,400 |
| Civic Event Plates | 475 | 500 | 500 | 500 |
| Street Rod Plates | 1,857 | 2,000 | 2,000 | 2,000 |
| Fraternal Order of Police Plates | 84,842 | 82,000 | 82,000 | 82,000 |
| Environmental License Plate | 446,765 | 450,000 | 450,000 | 450,000 |
| Dealer Demonstrator Tags | 10,954 | 8,000 | 8,000 | 8,000 |
| Volunteer Fireman License Tags | 79,251 | 79,000 | 79,000 | 79,000 |
| P.O.W. License Plates | 144 | 25 | 25 | 25 |
| Motor Carrier Identification Cards | 5,462,226 | 5,600,000 | 5,700,000 | 5,700,000 |
| Weight Distance Tax | 82,886,950 | 81,400,000 | 82,100,000 | 83,200,000 |
| DES License Plates | 14,342 | 15,000 | 15,000 | 15,000 |
| Child Victims License Plates | 44,282 | 45,000 | 45,000 | 45,000 |
| Masonic License Plates | 92,592 | 70,000 | 70,000 | 70,000 |
| Horse Council Plates | 328,567 | 330,000 | 340,000 | 350,000 |
| Law Enforcement | 217,677 | 220,000 | 220,000 | 220,000 |
| Independent College | 77,537 | 80,000 | 80,000 | 80,000 |
| Ducks Unlimited | 31,494 | 31,500 | 31,500 | 31,500 |
| Spay and Neuter Plate | 160,613 | 159,000 | 159,000 | 159,000 |
| Share The Road | 123,684 | 124,000 | 124,000 | 124,000 |
| Ky Colonels | 81,189 | 80,000 | 80,000 | 80,000 |
| Sportsman | 181,515 | 183,500 | 183,500 | 183,500 |
| Breast Cancer | 333,658 | 330,000 | 340,000 | 350,000 |
| Choose Life | 57,117 | 57,000 | 57,000 | 57,000 |
| Zoo Foundation Plate | 30,703 | 29,000 | 29,000 | 29,000 |
| Lincoln Bicentennial | 0 | 0 | 0 | 0 |
| Kentucky Dental Association | 5,560 | 5,300 | 5,300 | 5,300 |
| Ryder Cup | 17,405 | 16,000 | 16,000 | 16,000 |
| Autism Awareness | 95,398 | 100,000 | 100,000 | 100,000 |
| Quail Unlimited | 58,350 | 58,500 | 58,500 | 58,500 |
| Temporary Tags | 486,906 | 475,000 | 475,000 | 475,000 |
| Nonreciprocal Permits | 150,965 | 125,000 | 125,000 | 125,000 |
| Overweight Coal Truck Permit | 289,874 | 295,000 | 295,000 | 295,000 |
| Friends of Coal | 898,493 | 910,000 | 910,000 | 910,000 |
| Temporary Truck Decal Permits | | 0 | 0 | 0 |
| Kentucky Lineman | 39,735 | 41,000 | 41,000 | 41,000 |
| Silver Star | 2,244 | 2,000 | 2,000 | 2,000 |
| Bronze Star Valor | 380 | 400 | 400 | 400 |
| Keeneland Association | 42,924 | 45,000 | 45,000 | 45,000 |
| In God We Trust | 5,880,790 | 6,100,000 | 6,200,000 | 6,200,000 |
| Gold Star Sibling | 184 | 200 | 200 | 200 |
| Temporary Motorcycle Tags | 7,280 | 7,300 | 7,300 | 7,300 |
| Kosair Charities | 19,692 | 20,000 | 20,000 | 20,000 |
| Chiropractor Plates | 2,093 | 2,100 | 2,100 | 2,100 |
| Kentucky Library Association | 28,124 | 30,000 | 30,000 | 30,000 |
| I Support Veterans | 154,293 | 160,000 | 160,000 | 160,000 |
| Juvenile Diabetes | 15,118 | 16,000 | 16,000 | 16,000 |
| Trust for Life | 26,427 | 25,000 | 25,000 | 25,000 |
| Smallmouth Bass | 73,002 | 75,000 | 75,000 | 75,000 |
| Rock - In God We Trust | 15,034 | 16,000 | 16,000 | 16,000 |
| Delta Sigma Theta Sorority | 4,357 | 5,000 | 5,000 | 5,000 |
| National Wild Turkey | 17,355 | 14,000 | 14,000 | 14,000 |
| WHAS Crusade | 2,332 | 1,000 | 1,000 | 1,000 |
| Cure KY Kids | 25,510 | 25,000 | 25,000 | 25,000 |
| Keep Foundation | 29,554 | 30,000 | 30,000 | 30,000 |
| Alzheimer's Association | 23,875 | 25,000 | 25,000 | 25,000 |

| | | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| TOTAL LICENSE AND PRIVILEGE TAX | \$223,880,083 | \$224,624,000 | \$227,424,000 | \$229,824,000 |
|--|----------------------|----------------------|----------------------|----------------------|

Departmental Fees, Sales and Rentals

| | | | | |
|------------------------------------|---------|---------|---------|---------|
| Proposal Sales | \$0 | \$0 | \$0 | \$0 |
| Specification and Blue Print Sales | 444,282 | 450,000 | 450,000 | 450,000 |
| Miscellaneous Rentals | 280,740 | 275,000 | 275,000 | 275,000 |
| Fines and Forfeitures | | 0 | 0 | 0 |

Road Fund 2018-2020 Official Revenue Estimates

| | | | | |
|---|------------------------|------------------------|------------------------|------------------------|
| Traffic Offenders School Fees | 378,757 | 375,000 | 375,000 | 375,000 |
| Record Copy Sales | 629,115 | 600,000 | 600,000 | 600,000 |
| Highway Sign Logo Rental | 732,830 | 740,000 | 740,000 | 740,000 |
| Driving History Record Fee | 7,411,693 | 7,200,000 | 7,100,000 | 7,100,000 |
| Operator's License Reinstatement Fees | 1,193,379 | 1,000,000 | 1,000,000 | 1,000,000 |
| Penalty & Interest - Weight and Use Taxes | 1,504,261 | 1,500,000 | 1,600,000 | 1,500,000 |
| Medical Alert Stickers | 51 | 50 | 50 | 50 |
| Motor Vehicle Title Receipts | 5,894,981 | 5,900,000 | 6,000,000 | 6,000,000 |
| Proceeds from Asset Disposition | 1,272,804 | 1,300,000 | 1,300,000 | 1,400,000 |
| Coal Road Recovery Fines | 24,124 | 25,000 | 25,000 | 25,000 |
| U-Drive-It Penalty and Interest | 85,549 | 85,000 | 85,000 | 85,000 |
| TOTAL FEES, SALES AND RENTALS | \$19,852,566 | \$19,450,050 | \$19,550,050 | \$19,550,050 |
| <u>Investment Income</u> | | | | |
| Investment Income | \$1,581,851 | \$2,000,000 | \$3,100,000 | \$3,300,000 |
| TOTAL INVESTMENT INCOME | \$1,581,851 | \$2,000,000 | \$3,100,000 | \$3,300,000 |
| <u>Miscellaneous Income</u> | | | | |
| Property Damage | \$1,504,559 | \$1,300,000 | \$1,300,000 | \$1,300,000 |
| Cold Check Account | 0 | 0 | 0 | 0 |
| TOTAL MISCELLANEOUS INCOME | \$1,504,559 | \$1,300,000 | \$1,300,000 | \$1,300,000 |
| Misc. Not in Revenue Estimates | \$835,520 | \$825,950 | \$725,950 | \$725,950 |
| 2018 Legislation | | | \$1,250,000 | \$1,250,000 |
| <u>TOTAL ROAD FUND REVENUE</u> | \$1,508,003,437 | \$1,503,300,000 | \$1,506,550,000 | \$1,509,750,000 |

DEBT AUTHORIZED BY RECENT SESSIONS OF THE GENERAL ASSEMBLY

| <u>Biennium</u> | <u>Principal Debt Authorized</u> | <u>Biennium</u> | <u>Principal Debt Authorized</u> |
|----------------------|--------------------------------------|-----------------------|--------------------------------------|
| 1996-98 ¹ | 242,182,000 | 2008-10 ⁷ | 2,015,494,000 |
| 1998-00 ² | 1,095,128,000 | 2010-12 ⁸ | 1,553,199,800 |
| 2000-02 ³ | 1,046,927,600 | 2012-14 ⁹ | 630,258,000 |
| 2002-04 ⁴ | 828,936,380 | 2014-16 ¹⁰ | 1,496,548,200 |
| 2004-06 ⁵ | 1,906,315,300 | 2016-18 ¹¹ | 1,276,742,500 |
| 2006-08 ⁶ | 2,110,528,000 | 2018-20 ¹² | 972,702,000 |

¹Enacted in the 1996-1998 Budget of the Commonwealth and the Second 1997 Extraordinary Session of the Kentucky General Assembly.

Excludes \$60,000,000 of Agency Bonds for Kentucky Infrastructure Authority that was unable to be acted upon.

²Debt Enacted in the 1998-2000 Budget of the Commonwealth

\$604,030,000 General Fund; \$268,100,000 Road Fund; and \$96,100,000 Agency Funds. \$126,898,000 was appropriated in the General Fund Surplus Expenditure Plan in fiscal year 1998-99.

³Debt Enacted in the 2000-2002 Budget of the Commonwealth.

| | |
|-----------------------------|---------------|
| General Fund Authorization: | \$901,202,600 |
| Road Fund Authorization: | \$ 28,200,000 |
| Agency Fund Authorization: | \$117,525,000 |

The 2000 Session of the Kentucky General Assembly authorized \$1,053,015,600 of debt. The Secretary of the Finance and Administration Cabinet determined that \$6,088,000 of debt authorized projects would be funded with General Fund cash, thereby reducing the authorized amount to \$1,046,927,600.

⁴Debt Enacted in the 2002-2004 Budget of the Commonwealth.

| | |
|-----------------------------|---------------|
| General Fund Authorization: | \$621,936,380 |
| Agency Fund Authorization: | \$207,000,000 |

⁵Debt Enacted in the 2004-2006 Budget of the Commonwealth.

| | |
|-----------------------------|-----------------|
| General Fund Authorization: | \$1,204,589,300 |
| Road Fund Authorization: | \$ 450,000,000 |
| Agency Fund Authorization: | \$ 251,726,000 |

The 2005 Session of the Kentucky General Assembly also authorized \$150,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds.

⁶Debt Enacted in the 2006-2008 Budget of the Commonwealth and subsequent 2007 Second Extraordinary Session of the General Assembly.

| | |
|-----------------------------|-----------------|
| General Fund Authorization: | \$1,492,991,000 |
| Road Fund Authorization: | \$ 350,000,000 |
| Agency Fund Authorization: | \$ 267,537,000 |

The 2006 Session of the Kentucky General Assembly also authorized \$290,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds.

⁷Debt Enacted in the 2008-2010 Budget of the Commonwealth.

| | |
|-------------------------------------|----------------|
| General/Tobacco Fund Authorization: | \$ 657,281,000 |
| Road Fund Authorization: | \$ 535,000,000 |
| Agency Fund Authorization: | \$ 743,213,000 |
| Other Authorization: | \$ 80,000,000 |

The 2008 Session of the Kentucky General Assembly also authorized \$231,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds. The Agency Fund bond authorization includes \$230,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund.

⁸Debt Enacted in the 2010-2012 Budget of the Commonwealth.

| | |
|-------------------------------------|----------------|
| General/Tobacco Fund Authorization: | \$ 507,395,800 |
| Road Fund Authorization: | \$ 522,500,000 |
| Agency Fund Authorization: | \$ 523,304,000 |

The 2010 Extraordinary Session of the Kentucky General Assembly also authorized \$435,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds for the Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Ohio River Bridges Project. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2010 Regular Session authorized \$4,000,000 of Agency Bonds for the Department of Military Affairs.

⁹Debt Enacted in the 2012-2014 Budget of the Commonwealth and 2013 Regular Session of the General Assembly.

| | |
|-----------------------------|----------------|
| General Fund Authorization: | \$ 182,860,000 |
| Road Fund Authorization: | \$ 12,500,000 |
| Agency Fund Authorization: | \$ 434,898,000 |

The 2013 Regular Session authorized \$363,298,000 of Agency Bonds for several universities and authorized \$28,100,000 of Agency Bonds for the Administrative Office of the Courts in the Court of Justice.

¹⁰Debt Enacted in the 2014-2016 Budget of the Commonwealth and 2015 Regular Session of the General Assembly.

| | |
|-----------------------------|----------------|
| General Fund Authorization: | \$ 770,273,200 |
| Road Fund Authorization: | \$ 5,000,000 |
| Agency Fund Authorization: | \$ 721,275,000 |

The 2014 Regular Session authorized \$742,773,200 for new projects and deauthorized \$105,000,000. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2015 Regular Session authorized General Fund bonds of \$132,500,000 for the University of Kentucky Research Building.

¹¹Debt Enacted in the 2016-2018 Budget of the Commonwealth and 2017 Regular Session of the General Assembly.

| | |
|----------------------------|---------------|
| General Fund Authorization | \$599,486,500 |
| Agency Fund Authorization | \$677,256,000 |

The 2016 Regular Session authorized \$582,986,500 for new projects and deauthorized \$9,000,000. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2017 Regular Session of the General Assembly authorized General Fund bonds of \$15,000,000 for the Economic Development Cabinet and \$10,500,000 for Veterans' Affairs.

¹²Debt Enacted in the 2018-2020 Budget of the Commonwealth

| | |
|-----------------------------|----------------|
| General Fund Authorization: | \$ 369,817,000 |
| Agency Fund Authorization: | \$ 602,885,000 |

The Agency Fund bond authorization includes \$60,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund.

DEBT FINANCING

2018-2020 Budget of the Commonwealth

The 2018 Regular Session of the Kentucky General Assembly enacted \$972,702,000 in net debt-financed capital projects. The General Fund amount is \$369,817,000 and the Agency Fund amount is \$602,885,000. Also included was a reauthorization and reallocation of \$26,621,000 in previously authorized General Fund supported debt. If all authorized amounts are issued by June 30, 2020, the Commonwealth's debt capacity ratio would be 5.62% (inclusive of previously issued debt for the Kentucky Teachers' Retirement System medical fund).

Structure

The Commonwealth's indebtedness is classified as either appropriation supported debt or non-appropriation supported debt.

Appropriation supported debt carries the name of the Commonwealth and is either (i) a general obligation of the state, or (ii) a lease revenue obligation of one of its debt issuing agencies created by the Kentucky General Assembly to finance various projects which are subject to state appropriation for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of the debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth has no general obligation bonds outstanding.

Project revenue notes and bonds are issued by various debt issuing authorities of the Commonwealth. The revenues produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenue debt is not a direct obligation of the Commonwealth. Project revenues are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project or agency constitutes the entire source of payment.

The payment of debt service by the state universities is secured by a state intercept provision that provides that in the event of a default, the Secretary of the Finance and Administration Cabinet is required to intercept any funds appropriated to the University but not yet disbursed and to remit those funds to the Trustee to remedy the default.

Non-appropriation supported debt (moral obligation debt) carries the name of the Commonwealth for the benefit and convenience of other entities within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation or a pledge of the faith, credit, and taxing power of the Commonwealth. The General Assembly does not intend to appropriate any general funds to fulfill the financial obligations represented by these types of indebtedness. Some issues covenant that in the event of a shortfall, the issuer will request from the Secretary of the Finance Cabinet or the Governor and the General Assembly in the next regular session sufficient amounts to pay debt service or to replenish the debt service reserve funds, as applicable. Certain Kentucky Higher Education Student Loan Corporation bonds, Kentucky Housing Corporation bonds, and the Kentucky Infrastructure Authority's Governmental Agencies Program and Leveraged Wastewater and Drinking Water Revolving Fund bonds are not moral obligation debt.

**APPROPRIATION SUPPORTED DEBT SERVICE
AS A PERCENT OF TOTAL REVENUE (%)
DEBT CAPACITY RATIO**

| Fiscal Year | Percent of Total Revenue | Fiscal Year | Percent of Total Revenue |
|--------------------|---------------------------------|--------------------|---------------------------------|
| 1995 | 5.70 | 2008 | 5.16 |
| 1996 | 5.62 | 2009 | 4.81 |
| 1997 | 5.61 | 2010 | 2.97 |
| 1998 | 5.27 | 2011 | 4.55 |
| 1999 | 5.05 | 2012 | 4.53 |
| 2000 | 5.90 | 2013 | 5.94 |
| 2001 | 5.58 | 2014 | 6.17 |
| 2002 | 5.18 | 2015 | 5.73 |
| 2003 | 5.70 | 2016 | 5.42 |
| 2004 | 5.39 | 2017 | 6.32 |
| 2005 | 4.70 | 2018 | 5.41* |
| 2006 | 4.89 | 2019 | 6.00* |
| 2007 | 4.29 | 2020 | 5.62* |

*Estimated. The Fiscal Year 2020 figure assumes all new appropriated debt is issued by June 30, 2020.

The above analysis for Fiscal Years 2018 through 2020 is premised on the following assumptions:

- Fiscal Years 2018-2020 General Fund and Road Fund revenues are based on the enacted Revenue Estimates as well as interest subsidies received for General Fund and Road Fund Build America Bonds issued.
- Agency Fund revenues are based on actual Fiscal Year 2017 revenues from the Supplementary Information to the FY17 Comprehensive Annual Financial Report, and for FY19 and FY20, estimated amounts are obtained from the 2018-2020 biennial budget submissions.
- All previously appropriated but unissued debt was assumed issued by June 30, 2018.
- All debt service for authorized but unissued debt was assumed at the budgeted rates of 4.20% for 7-year tax-exempt issues, 4.30% for 10-year tax-exempt issues, 5.35% for 20-year tax-exempt issues, and 6.25% for 20-year taxable issues.

Commonwealth of Kentucky

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 10,263,803,100 | 11,070,652,255 | 11,302,631,900 | 11,543,880,800 | 11,820,106,900 |
| Surplus Expenditure Plan | 82,514,310 | 52,708,970 | | | |
| Special Appropriation | 76,500,000 | 10,000,000 | 10,939,000 | | |
| Current Year Appropriation | 32,257,500 | | 29,592,000 | | |
| Continuing Approp-General Fund | 104,162,565 | 240,212,537 | 201,475,959 | 18,890,200 | 52,345,300 |
| Budget Reduction-General Fund | | -59,370,386 | -128,985,200 | | |
| Reorganization Adjustment | | | | | |
| Mandated Allotments | 69,836,304 | | -69,827,700 | | |
| Other | -47,093,504 | -11,378,815 | -54,711,500 | | |
| Total General Fund | 10,581,980,275 | 11,302,824,561 | 11,291,114,459 | 11,562,771,000 | 11,872,452,200 |
| Tobacco Fund | | | | | |
| Tobacco Settlement - Phase I | 74,579,500 | 89,151,400 | 95,018,000 | 121,531,400 | 120,087,500 |
| Special Appropriation | 23,506,600 | | | | |
| Current Year Appropriation | 23,146,100 | | 4,198,300 | | |
| Continuing Approp-Tob Settlement | 38,551,336 | 69,878,135 | 64,283,100 | 18,766,200 | 14,714,900 |
| Total Tobacco Fund | 159,783,536 | 159,029,535 | 163,499,400 | 140,297,600 | 134,802,400 |
| Restricted Funds | | | | | |
| Balance Forward | 930,409,243 | 842,102,956 | 746,020,732 | 482,867,728 | 330,249,028 |
| Current Receipts | 5,955,863,108 | 6,504,751,372 | 7,323,375,196 | 7,769,328,900 | 8,100,453,800 |
| Non-Revenue Receipts | 1,004,517,865 | 790,050,784 | 853,904,500 | 796,531,600 | 800,265,800 |
| Fund Transfers | -65,501,080 | -145,298,050 | -67,146,700 | -77,859,900 | -50,917,800 |
| Total Restricted Funds | 7,825,289,135 | 7,991,607,063 | 8,856,153,728 | 8,970,868,328 | 9,180,050,828 |
| Federal Fund | | | | | |
| Balance Forward | 91,815,673 | 62,585,682 | 56,339,719 | 21,846,219 | 16,708,519 |
| Current Receipts | 11,960,595,155 | 12,054,196,242 | 13,207,458,600 | 13,527,508,700 | 13,903,246,700 |
| Non-Revenue Receipts | -74,436,798 | 22,233,047 | -1,157,500 | -572,800 | -971,600 |
| Total Federal Fund | 11,977,974,029 | 12,139,014,971 | 13,262,640,819 | 13,548,782,119 | 13,918,983,619 |
| Road Fund | | | | | |
| Regular Appropriation | 1,562,872,600 | 1,463,545,200 | 1,473,941,300 | 1,527,470,900 | 1,507,557,500 |
| Surplus Expenditure Plan | 6,338,079 | 37,964,749 | 57,237,100 | | |
| Continuing Approp-Road Fund | 448,706,725 | 275,673,542 | | | |
| Budget Reduction-Road Fund | -31,989,700 | | | | |
| Other | -57,034,983 | 7,240,187 | 4,927,000 | | |
| Total Road Fund | 1,928,892,721 | 1,784,423,678 | 1,536,105,400 | 1,527,470,900 | 1,507,557,500 |
| TOTAL SOURCE OF FUNDS | 32,473,919,696 | 33,376,899,807 | 35,109,513,806 | 35,750,189,947 | 36,613,846,547 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 6,983,311,498 | 7,337,709,292 | 7,650,832,200 | 8,131,243,250 | 8,257,434,250 |
| Operating Expenses | 2,639,601,363 | 2,846,111,736 | 3,388,491,559 | 3,579,523,550 | 3,726,229,950 |
| Grants Loans Benefits | 18,221,981,836 | 19,176,823,871 | 20,664,897,100 | 21,045,764,700 | 21,518,929,000 |
| Debt Service | 1,056,426,283 | 1,089,226,329 | 1,232,294,400 | 1,188,867,800 | 1,197,235,400 |
| Capital Outlay | 293,311,244 | 239,374,538 | 238,452,900 | 242,187,800 | 247,438,100 |
| Construction | 1,488,458,033 | 1,148,700,617 | 1,330,126,700 | 1,115,352,400 | 1,108,912,000 |
| TOTAL EXPENDITURES | 30,683,090,257 | 31,837,946,383 | 34,505,094,859 | 35,302,939,500 | 36,056,178,700 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 10,222,281,936 | 11,076,641,180 | 11,223,462,359 | 11,482,592,100 | 11,597,672,400 |
| Tobacco Fund | 87,725,901 | 92,594,939 | 142,441,700 | 123,551,300 | 126,075,000 |
| Restricted Funds | 6,832,422,879 | 7,159,850,446 | 8,373,286,000 | 8,640,619,300 | 8,921,960,600 |
| Federal Fund | 11,915,342,347 | 12,077,638,276 | 13,240,794,600 | 13,532,073,600 | 13,906,280,900 |
| Road Fund | 1,625,317,193 | 1,431,221,441 | 1,525,110,200 | 1,524,103,200 | 1,504,189,800 |

EXPENDITURES BY FUND SOURCE

| | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| TOTAL EXPENDITURES | 30,683,090,257 | 31,837,946,283 | 34,505,094,859 | 35,302,939,500 | 36,056,178,700 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|

EXPENDITURES BY UNIT

| | | | | | |
|------------------|----------------|----------------|----------------|----------------|----------------|
| Executive Branch | 30,231,787,186 | 31,391,931,294 | 34,040,880,800 | 34,822,202,400 | 35,570,658,600 |
|------------------|----------------|----------------|----------------|----------------|----------------|

| | | | | | |
|--------------------|------------|------------|------------|------------|------------|
| Legislative Branch | 59,108,971 | 57,782,800 | 59,433,600 | 66,413,700 | 68,068,500 |
|--------------------|------------|------------|------------|------------|------------|

| | | | | | |
|-----------------|-------------|-------------|-------------|-------------|-------------|
| Judicial Branch | 392,194,100 | 388,232,189 | 404,780,459 | 414,323,400 | 417,451,600 |
|-----------------|-------------|-------------|-------------|-------------|-------------|

| | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| TOTAL EXPENDITURES | 30,683,090,257 | 31,837,946,283 | 34,505,094,859 | 35,302,939,500 | 36,056,178,700 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|

Executive Branch

Executive Branch

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 9,866,214,000 | 10,648,096,055 | 10,874,212,600 | 11,090,376,000 | 11,361,566,700 |
| Surplus Expenditure Plan | 82,514,310 | 52,708,970 | | | |
| Special Appropriation | 76,500,000 | 10,000,000 | 10,939,000 | | |
| Current Year Appropriation | 32,257,500 | | 29,592,000 | | |
| Continuing Approp-General Fund | 88,468,679 | 227,014,194 | 188,358,700 | 8,054,200 | 41,509,300 |
| Budget Reduction-General Fund | | -55,469,786 | -126,634,800 | | |
| Reorganization Adjustment | | | | | |
| Mandated Allotments | 69,836,304 | | -69,827,700 | | |
| Other | -47,093,504 | -11,378,815 | -54,711,500 | | |
| Total General Fund | 10,168,697,289 | 10,870,970,618 | 10,851,928,300 | 11,098,430,200 | 11,403,076,000 |
| Tobacco Fund | | | | | |
| Tobacco Settlement - Phase I | 74,579,500 | 89,151,400 | 95,018,000 | 121,531,400 | 120,087,500 |
| Special Appropriation | 23,506,600 | | | | |
| Current Year Appropriation | 23,146,100 | | 4,198,300 | | |
| Continuing Approp-Tob Settlement | 38,551,336 | 69,878,135 | 64,283,100 | 18,766,200 | 14,714,900 |
| Total Tobacco Fund | 159,783,536 | 159,029,535 | 163,499,400 | 140,297,600 | 134,802,400 |
| Restricted Funds | | | | | |
| Balance Forward | 916,695,981 | 840,280,866 | 734,338,059 | 472,878,928 | 320,628,528 |
| Current Receipts | 5,931,631,326 | 6,481,257,122 | 7,300,229,858 | 7,746,228,600 | 8,077,251,000 |
| Non-Revenue Receipts | 991,161,220 | 776,742,320 | 842,154,411 | 784,781,600 | 788,515,800 |
| Fund Transfers | -65,501,080 | -145,298,050 | -67,146,700 | -77,859,900 | -50,917,800 |
| Total Restricted Funds | 7,773,987,447 | 7,952,982,259 | 8,809,575,628 | 8,926,029,228 | 9,135,477,528 |
| Federal Fund | | | | | |
| Balance Forward | 91,815,673 | 62,585,682 | 56,339,719 | 21,846,219 | 16,708,519 |
| Current Receipts | 11,956,882,623 | 12,050,374,990 | 13,204,699,900 | 13,525,526,000 | 13,901,877,500 |
| Non-Revenue Receipts | -74,436,798 | 22,233,047 | -1,157,500 | -572,800 | -971,600 |
| Total Federal Fund | 11,974,261,497 | 12,135,193,719 | 13,259,882,119 | 13,546,799,419 | 13,917,614,419 |
| Road Fund | | | | | |
| Regular Appropriation | 1,562,872,600 | 1,463,545,200 | 1,473,941,300 | 1,527,470,900 | 1,507,557,500 |
| Surplus Expenditure Plan | 6,338,079 | 37,964,749 | 57,237,100 | | |
| Continuing Approp-Road Fund | 448,706,725 | 275,673,542 | | | |
| Budget Reduction-Road Fund | -31,989,700 | | | | |
| Other | -57,034,983 | 7,240,187 | 4,927,000 | | |
| Total Road Fund | 1,928,892,721 | 1,784,423,678 | 1,536,105,400 | 1,527,470,900 | 1,507,557,500 |
| TOTAL SOURCE OF FUNDS | 32,005,622,490 | 32,902,599,808 | 34,620,990,847 | 35,239,027,347 | 36,098,527,847 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 6,713,331,922 | 7,062,728,108 | 7,369,172,600 | 7,819,732,950 | 7,940,976,150 |
| Operating Expenses | 2,458,966,579 | 2,675,313,943 | 3,206,074,100 | 3,410,436,750 | 3,557,307,950 |
| Grants Loans Benefits | 18,221,981,836 | 19,176,823,871 | 20,664,897,100 | 21,045,764,700 | 21,518,929,000 |
| Debt Service | 1,056,426,283 | 1,089,226,329 | 1,232,294,400 | 1,188,867,800 | 1,197,235,400 |
| Capital Outlay | 292,622,534 | 239,138,526 | 238,315,900 | 242,047,800 | 247,298,100 |
| Construction | 1,488,458,033 | 1,148,700,617 | 1,330,126,700 | 1,115,352,400 | 1,108,912,000 |
| TOTAL EXPENDITURES | 30,231,787,186 | 31,391,931,394 | 34,040,880,800 | 34,822,202,400 | 35,570,658,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 9,824,170,996 | 10,661,389,439 | 10,798,596,300 | 11,039,056,300 | 11,148,901,200 |
| Tobacco Fund | 87,725,901 | 92,594,939 | 142,441,700 | 123,551,300 | 126,075,000 |
| Restricted Funds | 6,782,943,280 | 7,132,908,450 | 8,336,696,700 | 8,605,400,700 | 8,886,580,900 |
| Federal Fund | 11,911,629,815 | 12,073,817,024 | 13,238,035,900 | 13,530,090,900 | 13,904,911,700 |
| Road Fund | 1,625,317,193 | 1,431,221,441 | 1,525,110,200 | 1,524,103,200 | 1,504,189,800 |

EXPENDITURES BY FUND SOURCE

| | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| TOTAL EXPENDITURES | 30,231,787,186 | 31,391,931,294 | 34,040,880,800 | 34,822,202,400 | 35,570,658,600 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|

EXPENDITURES BY UNIT

| | | | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Government | 1,025,305,003 | 1,654,588,294 | 1,774,487,900 | 1,761,458,700 | 1,653,234,700 |
| Economic Development | 32,997,900 | 26,929,227 | 24,749,800 | 28,783,100 | 28,556,300 |
| Department of Education | 4,952,524,452 | 5,022,029,496 | 5,088,677,500 | 5,109,844,800 | 5,115,635,500 |
| Education and Workforce Development | 594,302,786 | 550,984,028 | 605,114,600 | 625,591,400 | 625,397,700 |
| Energy and Environment | 212,201,103 | 218,052,801 | 248,860,100 | 263,494,500 | 264,568,100 |
| Finance and Administration | 775,791,982 | 827,249,566 | 868,775,700 | 925,724,800 | 957,209,300 |
| Health and Family Services | 12,116,025,485 | 12,407,245,590 | 13,644,285,000 | 13,967,826,000 | 14,428,619,000 |
| Justice and Public Safety | 986,346,099 | 1,075,319,079 | 1,053,285,400 | 1,275,391,200 | 1,298,751,000 |
| Labor | 202,857,107 | 194,130,634 | 205,174,700 | 221,768,700 | 221,427,400 |
| Personnel | 57,409,730 | 56,754,842 | 63,931,100 | 66,174,600 | 66,486,800 |
| Postsecondary Education | 6,126,455,949 | 6,601,036,426 | 7,556,521,200 | 7,867,445,200 | 8,221,127,300 |
| Public Protection | 90,570,487 | 92,126,349 | 112,459,700 | 123,723,400 | 122,273,100 |
| Tourism, Arts and Heritage | 236,997,206 | 236,581,900 | 243,199,200 | 258,475,800 | 261,647,000 |
| Transportation | 2,809,001,896 | 2,400,712,576 | 2,551,358,900 | 2,326,500,200 | 2,305,725,400 |
| Statewide | 13,000,000 | 28,190,485 | | | |
| TOTAL EXPENDITURES | 30,231,787,186 | 31,391,931,294 | 34,040,880,800 | 34,822,202,400 | 35,570,658,600 |

General Government

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 665,706,500 | 1,256,693,100 | 1,207,320,700 | 1,271,495,300 | 1,159,157,500 |
| Current Year Appropriation | | | 2,820,200 | | |
| Continuing Approp-General Fund | 299,196 | 250,982 | 203,700 | | |
| Budget Reduction-General Fund | | -875,682 | -1,939,600 | | |
| Mandated Allotments | 23,496,200 | 26,776,600 | 15,370,000 | | |
| Other | -33,432,304 | -5,211,700 | 22,754,000 | | |
| Total General Fund | 656,069,592 | 1,277,633,300 | 1,246,529,000 | 1,271,495,300 | 1,159,157,500 |
| Tobacco Fund | | | | | |
| Tobacco Settlement - Phase I | 14,733,700 | 28,008,000 | 31,100,200 | 43,103,300 | 40,929,300 |
| Special Appropriation | 16,000,000 | | | | |
| Current Year Appropriation | 21,099,500 | | 4,198,300 | | |
| Continuing Approp-Tob Settlement | 21,440,717 | 42,286,301 | 39,822,200 | 18,766,200 | 14,714,900 |
| Total Tobacco Fund | 73,273,917 | 70,294,301 | 75,120,700 | 61,869,500 | 55,644,200 |
| Restricted Funds | | | | | |
| Balance Forward | 93,586,539 | 122,060,443 | 139,781,744 | 120,639,928 | 78,216,228 |
| Current Receipts | 152,941,700 | 164,511,599 | 209,744,673 | 228,870,400 | 233,993,300 |
| Non-Revenue Receipts | 71,589,857 | 60,591,187 | 77,027,311 | 70,679,000 | 71,611,600 |
| Fund Transfers | -1,900,000 | -4,896,400 | -2,507,800 | -27,500,000 | -1,500,000 |
| Total Restricted Funds | 316,218,096 | 342,266,829 | 424,045,928 | 392,689,328 | 382,321,128 |
| Federal Fund | | | | | |
| Balance Forward | 15,063,047 | 14,476,660 | 13,749,919 | 9,926,819 | 6,529,619 |
| Current Receipts | 144,847,084 | 137,480,720 | 162,807,700 | 123,080,600 | 123,116,500 |
| Non-Revenue Receipts | 2,495,246 | 2,877,043 | 1,177,400 | 1,300,000 | 1,300,000 |
| Total Federal Fund | 162,405,378 | 154,834,423 | 177,735,019 | 134,307,419 | 130,946,119 |
| Road Fund | | | | | |
| Regular Appropriation | 512,500 | 519,200 | 520,400 | 557,900 | 562,000 |
| Total Road Fund | 512,500 | 519,200 | 520,400 | 557,900 | 562,000 |
| TOTAL SOURCE OF FUNDS | 1,208,479,483 | 1,845,548,053 | 1,923,951,047 | 1,860,919,447 | 1,728,630,947 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 316,208,649 | 335,037,239 | 464,804,200 | 426,811,250 | 430,809,450 |
| Operating Expenses | 70,599,054 | 89,992,995 | 112,258,400 | 123,600,750 | 124,118,050 |
| Grants Loans Benefits | 404,213,837 | 987,349,949 | 901,452,000 | 938,345,100 | 840,591,700 |
| Debt Service | 228,797,777 | 232,623,862 | 288,043,500 | 261,154,400 | 247,730,800 |
| Capital Outlay | 5,419,788 | 9,574,280 | 7,929,800 | 11,547,200 | 9,984,700 |
| Construction | 65,898 | 9,969 | | | |
| TOTAL EXPENDITURES | 1,025,305,003 | 1,654,588,294 | 1,774,487,900 | 1,761,458,700 | 1,653,234,700 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 651,718,573 | 1,277,236,499 | 1,246,398,800 | 1,271,495,300 | 1,159,157,500 |
| Tobacco Fund | 30,987,616 | 34,992,950 | 56,354,500 | 47,154,600 | 48,904,300 |
| Restricted Funds | 194,157,653 | 202,484,794 | 303,406,000 | 314,473,100 | 318,002,000 |
| Federal Fund | 147,928,718 | 139,380,913 | 167,808,200 | 127,777,800 | 126,608,900 |
| Road Fund | 512,443 | 493,139 | 520,400 | 557,900 | 562,000 |
| TOTAL EXPENDITURES | 1,025,305,003 | 1,654,588,294 | 1,774,487,900 | 1,761,458,700 | 1,653,234,700 |
| EXPENDITURES BY UNIT | | | | | |
| Office of the Governor | 8,284,830 | 10,066,397 | 14,711,400 | 9,142,400 | 9,142,500 |
| Office of State Budget Director | 3,268,466 | 3,116,713 | 3,245,600 | 3,834,300 | 3,917,300 |
| State Planning Fund | 150,800 | | | | |
| Homeland Security | 5,012,957 | 5,994,410 | 5,791,200 | 5,996,900 | 6,025,200 |

EXPENDITURES BY UNIT

| | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Department of Veterans' Affairs | 68,589,837 | 70,147,107 | 95,437,200 | 104,058,500 | 104,774,700 |
| Governor's Office of Agricultural Policy | 28,980,358 | 32,881,262 | 49,595,500 | 44,704,600 | 46,454,300 |
| Kentucky Infrastructure Authority | 26,711,636 | 31,770,335 | 83,868,700 | 77,341,500 | 82,965,600 |
| Military Affairs | 128,308,861 | 118,476,191 | 130,304,700 | 99,457,700 | 100,228,800 |
| Commission on Human Rights | 2,070,953 | 1,980,966 | 1,945,500 | 2,129,800 | 2,260,600 |
| Commission on Women | 158,231 | 211,255 | 225,200 | | |
| Department for Local Government | 32,318,670 | 45,637,600 | 45,316,300 | 39,806,900 | 39,942,900 |
| Local Government Economic Assistance Fund | 35,594,339 | 33,025,156 | 31,746,400 | 26,257,600 | 22,825,700 |
| Local Government Economic Development Fund | 8,089,557 | 11,400,000 | 11,400,000 | 17,923,300 | 13,570,500 |
| Area Development Fund | 452,300 | 431,000 | 408,900 | | |
| Executive Branch Ethics Commission | 524,175 | 689,605 | 785,200 | 883,900 | 890,700 |
| Secretary of State | 3,064,453 | 3,405,692 | 4,654,400 | 5,113,500 | 5,155,100 |
| Board of Elections | 4,616,915 | 4,486,372 | 8,280,200 | 8,507,200 | 7,403,300 |
| Registry of Election Finance | 1,165,898 | 1,221,400 | 1,231,700 | 1,511,000 | 1,529,400 |
| Attorney General | 37,419,903 | 32,569,163 | 37,098,000 | 36,570,200 | 36,448,100 |
| Unified Prosecutorial System | 88,461,289 | 95,070,133 | 96,922,800 | 115,621,300 | 116,691,300 |
| Treasury | 2,961,137 | 3,073,391 | 4,063,100 | 4,403,900 | 4,359,800 |
| Agriculture | 29,707,187 | 30,807,187 | 35,085,200 | 36,118,200 | 36,327,400 |
| Auditor of Public Accounts | 12,549,269 | 13,446,646 | 14,651,800 | 16,491,700 | 16,708,900 |
| Personnel Board | 742,046 | 695,699 | 913,800 | 1,009,800 | 1,018,500 |
| Kentucky Retirement Systems | 32,656,530 | 131,954,307 | 130,534,700 | 48,393,500 | 48,788,700 |
| Occupational & Professional Boards & Commissions | 19,150,020 | 20,020,995 | 21,877,700 | 25,187,000 | 25,400,300 |
| Kentucky River Authority | 3,259,651 | 3,400,140 | 3,846,300 | 7,572,200 | 7,575,700 |
| School Facilities Construction Commission | 109,169,000 | 122,976,300 | 134,918,000 | 129,898,300 | 129,071,300 |
| Teachers' Retirement System | 310,491,511 | 790,833,824 | 758,352,200 | 842,109,700 | 733,463,400 |
| Judgments | 2,007,641 | 291,823 | | | |
| Appropriations Not Otherwise Classified | 18,291,345 | 20,592,138 | 17,026,400 | 14,526,400 | 14,526,400 |
| KY Communications Network Authority | 1,075,237 | 13,915,085 | 30,249,800 | 36,887,400 | 35,768,300 |
| TOTAL EXPENDITURES | 1,025,305,003 | 1,654,588,294 | 1,774,487,900 | 1,761,458,700 | 1,653,234,700 |

Economic Development

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 35,146,600 | 17,963,600 | 18,031,200 | 25,496,800 | 25,606,300 |
| Continuing Approp-General Fund | 24,930 | 10,756,428 | 3,251,400 | | |
| Budget Reduction-General Fund | | -750,000 | | | |
| Total General Fund | 35,171,530 | 27,970,028 | 21,282,600 | 25,496,800 | 25,606,300 |
| Restricted Funds | | | | | |
| Balance Forward | 2,551,869 | 836,748 | 937,900 | 338,200 | 338,200 |
| Current Receipts | 2,526,930 | 2,501,421 | 2,413,600 | 2,888,800 | 2,950,000 |
| Non-Revenue Receipts | 22,775 | | | | |
| Total Restricted Funds | 5,101,575 | 3,338,168 | 3,351,500 | 3,227,000 | 3,288,200 |
| Federal Fund | | | | | |
| Balance Forward | | 332,576 | 13,000 | | |
| Current Receipts | 5,608,300 | 350,238 | | | |
| Non-Revenue Receipts | -89,611 | | 440,900 | 397,500 | |
| Total Federal Fund | 5,518,689 | 682,814 | 453,900 | 397,500 | |
| TOTAL SOURCE OF FUNDS | 45,791,794 | 31,991,010 | 25,088,000 | 29,121,300 | 28,894,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 8,456,696 | 8,426,026 | 10,925,600 | 13,659,400 | 13,830,800 |
| Operating Expenses | 2,904,641 | 2,301,023 | 2,810,200 | 6,508,100 | 6,108,700 |
| Grants Loans Benefits | 20,744,563 | 16,202,178 | 11,014,000 | 8,615,600 | 8,616,800 |
| Debt Service | 892,000 | | | | |
| TOTAL EXPENDITURES | 32,997,900 | 26,929,227 | 24,749,800 | 28,783,100 | 28,556,300 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 23,546,960 | 23,859,267 | 21,282,600 | 25,496,800 | 25,606,300 |
| Restricted Funds | 4,264,827 | 2,400,203 | 3,013,300 | 2,888,800 | 2,950,000 |
| Federal Fund | 5,186,113 | 669,758 | 453,900 | 397,500 | |
| TOTAL EXPENDITURES | 32,997,900 | 26,929,227 | 24,749,800 | 28,783,100 | 28,556,300 |
| EXPENDITURES BY UNIT | | | | | |
| Economic Development | 32,997,900 | 26,929,227 | 24,749,800 | 28,783,100 | 28,556,300 |
| TOTAL EXPENDITURES | 32,997,900 | 26,929,227 | 24,749,800 | 28,783,100 | 28,556,300 |

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 Budget of the Commonwealth includes General Fund of \$2,000,000 in fiscal year 2018-2019 and \$2,000,000 in fiscal year 2019-2020 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 2017-2018 and fiscal year 2018-2019 shall not lapse and shall carry forward.

Notwithstanding KRS 164.6011 to KRS 164.6041 the Budget of the Commonwealth authorizes the Cabinet for Economic Development to carry out provisions of KRS 164.6011 to KRS 164.6041. Included in the General Fund is \$4,792,800 in each fiscal year to carry out the Science and Technology program. This additional funding was authorized in House Bill 265. House Bill 265 from the 2018 Regular Session of the General Assembly amended the 2018-2020 Biennial Appropriations Act to include this provision.

Department of Education

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|---|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 4,093,244,600 | 4,131,535,300 | 4,121,630,500 | 4,118,808,700 | 4,124,254,500 |
| Continuing Approp-General Fund | 454,052 | 835,410 | 12,090,700 | | |
| Budget Reduction-General Fund | | -6,687,000 | -20,522,100 | | |
| Mandated Allotments | | 4,641,221 | | | |
| Total General Fund | 4,093,698,652 | 4,130,324,931 | 4,113,199,100 | 4,118,808,700 | 4,124,254,500 |
| Tobacco Fund | | | | | |
| Restricted Funds | | | | | |
| Balance Forward | 9,881,712 | 11,061,331 | 7,216,915 | | |
| Current Receipts | 3,648,362 | 3,693,149 | 34,471,985 | 42,213,600 | 42,446,600 |
| Non-Revenue Receipts | 19,215,745 | 19,501,390 | | | |
| Fund Transfers | | -491,719 | | | |
| Total Restricted Funds | 32,745,818 | 33,764,151 | 41,688,900 | 42,213,600 | 42,446,600 |
| Federal Fund | | | | | |
| Balance Forward | 3,134,025 | 2,696,146 | | | |
| Current Receipts | 837,931,779 | 879,560,969 | 948,493,100 | 948,822,500 | 948,934,400 |
| Non-Revenue Receipts | | -190 | | | |
| Total Federal Fund | 841,065,805 | 882,256,924 | 948,493,100 | 948,822,500 | 948,934,400 |
| TOTAL SOURCE OF FUNDS | 4,967,510,275 | 5,046,346,006 | 5,103,381,100 | 5,109,844,800 | 5,115,635,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 115,903,984 | 118,821,474 | 116,235,800 | 116,154,700 | 116,543,500 |
| Operating Expenses | 32,103,560 | 36,570,354 | 40,103,300 | 37,569,200 | 37,704,800 |
| Grants Loans Benefits | 4,803,990,729 | 4,865,718,474 | 4,932,338,400 | 4,956,120,900 | 4,961,387,200 |
| Debt Service | 183,000 | 578,000 | | | |
| Capital Outlay | 325,191 | 339,589 | | | |
| Construction | 17,989 | 1,604 | | | |
| TOTAL EXPENDITURES | 4,952,524,452 | 5,022,029,496 | 5,088,677,500 | 5,109,844,800 | 5,115,635,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 4,092,470,305 | 4,118,023,764 | 4,098,495,500 | 4,118,808,700 | 4,124,254,500 |
| Tobacco Fund | | | | | |
| Restricted Funds | 21,684,487 | 25,089,689 | 41,688,900 | 42,213,600 | 42,446,600 |
| Federal Fund | 838,369,659 | 878,916,043 | 948,493,100 | 948,822,500 | 948,934,400 |
| TOTAL EXPENDITURES | 4,952,524,452 | 5,022,029,496 | 5,088,677,500 | 5,109,844,800 | 5,115,635,500 |
| EXPENDITURES BY UNIT | | | | | |
| Support Education Excellence in Kentucky (SEEK) | 3,009,430,609 | 3,029,611,868 | 3,022,599,200 | 3,056,500,800 | 3,047,480,900 |
| Operations and Support Services | 409,659,419 | 447,499,208 | 451,913,000 | 452,777,500 | 452,905,900 |
| Learning and Results Services | 1,533,434,425 | 1,544,918,420 | 1,614,165,300 | 1,600,566,500 | 1,615,248,700 |
| TOTAL EXPENDITURES | 4,952,524,452 | 5,022,029,496 | 5,088,677,500 | 5,109,844,800 | 5,115,635,500 |

In enacting the Kentucky Education Reform Act (KERA), the 1990 General Assembly provided for a reconstituted Department of Education to implement KERA along with existing programs. In accordance with KRS 156.148, the Department of Education is headed by a Commissioner of Education appointed by the Kentucky Board of Education.

Education and Workforce Development

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|--|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 51,905,800 | 52,620,800 | 52,877,200 | 53,164,400 | 53,731,500 |
| Budget Reduction-General Fund | | -368,747 | -2,708,800 | | |
| Total General Fund | 51,905,800 | 52,252,053 | 50,168,400 | 53,164,400 | 53,731,500 |
| Restricted Funds | | | | | |
| Balance Forward | 37,217,701 | 57,886,498 | 48,988,200 | 6,078,500 | 5,215,300 |
| Current Receipts | 11,691,496 | 12,265,974 | 14,653,700 | 14,409,200 | 13,468,600 |
| Non-Revenue Receipts | 45,868,214 | 16,088,818 | -17,500 | 49,534,600 | 49,947,600 |
| Fund Transfers | | -126,574 | | | |
| Total Restricted Funds | 94,777,412 | 86,114,717 | 63,624,400 | 70,022,300 | 68,631,500 |
| Federal Fund | | | | | |
| Balance Forward | 1,226,645 | 1,018,761 | 3,756,300 | | |
| Current Receipts | 561,665,478 | 464,545,464 | 493,395,100 | 507,620,000 | 507,241,500 |
| Non-Revenue Receipts | -54,701,303 | 369,483 | 248,900 | | |
| Total Federal Fund | 508,190,819 | 465,933,707 | 497,400,300 | 507,620,000 | 507,241,500 |
| TOTAL SOURCE OF FUNDS | 654,874,031 | 604,300,477 | 611,193,100 | 630,806,700 | 629,604,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 101,469,371 | 96,704,694 | 97,911,500 | 109,416,500 | 109,073,300 |
| Operating Expenses | 31,781,461 | 32,063,547 | 30,101,500 | 32,154,200 | 31,233,900 |
| Grants Loans Benefits | 445,076,250 | 403,804,752 | 439,066,900 | 482,534,000 | 483,614,700 |
| Debt Service | 15,156,912 | 17,647,659 | 36,619,200 | 182,500 | 365,000 |
| Capital Outlay | 626,673 | 540,566 | 1,415,500 | 1,304,200 | 1,110,800 |
| Construction | 192,119 | 222,810 | | | |
| TOTAL EXPENDITURES | 594,302,786 | 550,984,028 | 605,114,600 | 625,591,400 | 625,397,700 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 50,239,814 | 52,160,451 | 50,168,400 | 53,164,400 | 53,731,500 |
| Restricted Funds | 36,890,913 | 36,646,286 | 57,545,900 | 64,807,000 | 64,424,700 |
| Federal Fund | 507,172,058 | 462,177,291 | 497,400,300 | 507,620,000 | 507,241,500 |
| TOTAL EXPENDITURES | 594,302,786 | 550,984,028 | 605,114,600 | 625,591,400 | 625,397,700 |
| EXPENDITURES BY UNIT | | | | | |
| General Administration and Program Support | 13,435,766 | 13,447,587 | 16,048,500 | 16,412,600 | 15,883,900 |
| Commission on Proprietary Education | 176,914 | 210,784 | 288,600 | 320,900 | 323,900 |
| Deaf and Hard of Hearing | 1,942,522 | 1,947,469 | 1,966,000 | 2,132,800 | 2,149,700 |
| Kentucky Educational Television | 14,046,853 | 14,722,718 | 14,655,400 | 16,566,200 | 16,925,900 |
| Environmental Education Council | 158,182 | 175,147 | 262,400 | 288,100 | 283,700 |
| Libraries and Archives | 16,330,347 | 17,405,876 | 16,660,900 | 17,896,300 | 17,802,800 |
| Office for the Blind | 10,119,223 | 10,865,411 | 10,262,200 | 13,002,800 | 13,090,700 |
| Employment and Training | 459,414,701 | 431,102,734 | 477,607,400 | 487,132,200 | 487,086,400 |
| Vocational Rehabilitation | 70,800,422 | 53,462,854 | 59,373,500 | 66,997,000 | 67,136,700 |
| Education Professional Standards Board | 7,877,856 | 7,643,448 | 7,989,700 | 4,842,500 | 4,714,000 |
| TOTAL EXPENDITURES | 594,302,786 | 550,984,028 | 605,114,600 | 625,591,400 | 625,397,700 |

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

Energy and Environment

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 78,113,400 | 77,026,500 | 76,883,500 | 87,443,600 | 88,903,000 |
| Continuing Approp-General Fund | 674,471 | 539,512 | 610,600 | | |
| Budget Reduction-General Fund | | | -3,552,200 | | |
| Reorganization Adjustment | | | | | |
| Mandated Allotments | 3,856,504 | 5,736,721 | 528,100 | | |
| Other | | | | | |
| Total General Fund | 82,644,375 | 83,302,733 | 74,470,000 | 87,443,600 | 88,903,000 |
| Tobacco Fund | | | | | |
| Tobacco Settlement - Phase I | | 5,000,000 | 5,000,000 | 3,757,300 | 3,757,300 |
| Special Appropriation | 5,000,000 | | | | |
| Continuing Approp-Tob Settlement | 11,483,512 | 12,846,556 | 13,896,000 | | |
| Total Tobacco Fund | 16,483,512 | 17,846,556 | 18,896,000 | 3,757,300 | 3,757,300 |
| Restricted Funds | | | | | |
| Balance Forward | 24,632,513 | 33,662,930 | 25,078,400 | 19,314,300 | 10,117,500 |
| Current Receipts | 23,178,436 | 23,744,512 | 24,246,700 | 31,378,800 | 32,652,700 |
| Non-Revenue Receipts | 66,776,271 | 65,567,037 | 68,215,800 | 67,632,600 | 70,116,400 |
| Fund Transfers | -8,016,200 | -24,399,500 | -8,000,000 | -14,500,000 | -14,500,000 |
| Total Restricted Funds | 106,571,020 | 98,574,979 | 109,540,900 | 103,825,700 | 98,386,600 |
| Federal Fund | | | | | |
| Balance Forward | | 30,376 | | | |
| Current Receipts | 66,933,308 | 61,104,077 | 74,320,100 | 87,016,400 | 87,040,800 |
| Non-Revenue Receipts | -3,435,287 | 3,526,443 | -2,305,500 | -2,266,700 | -2,268,000 |
| Total Federal Fund | 63,498,021 | 64,660,896 | 72,014,600 | 84,749,700 | 84,772,800 |
| Road Fund | | | | | |
| Regular Appropriation | 320,900 | 320,900 | 320,900 | 320,900 | 320,900 |
| Total Road Fund | 320,900 | 320,900 | 320,900 | 320,900 | 320,900 |
| TOTAL SOURCE OF FUNDS | 269,517,828 | 264,706,064 | 275,242,400 | 280,097,200 | 276,140,600 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 125,422,318 | 125,642,225 | 129,439,800 | 148,776,200 | 149,597,500 |
| Operating Expenses | 36,165,755 | 37,748,149 | 40,038,900 | 41,335,200 | 41,700,100 |
| Grants Loans Benefits | 30,578,708 | 32,057,807 | 44,334,000 | 23,463,300 | 23,229,500 |
| Debt Service | 616,000 | 483,000 | 474,000 | 424,500 | 849,000 |
| Capital Outlay | 3,424,523 | 9,802,130 | 10,764,200 | 6,909,300 | 6,417,800 |
| Construction | 15,993,801 | 12,319,489 | 23,809,200 | 42,586,000 | 42,774,200 |
| TOTAL EXPENDITURES | 212,201,103 | 218,052,801 | 248,860,100 | 263,494,500 | 264,568,100 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 71,867,512 | 75,624,052 | 67,402,000 | 80,958,400 | 82,417,800 |
| Tobacco Fund | 3,636,956 | 3,950,597 | 18,896,000 | 3,757,300 | 3,757,300 |
| Restricted Funds | 72,908,090 | 73,496,356 | 90,226,600 | 93,708,200 | 93,299,300 |
| Federal Fund | 63,467,645 | 64,660,896 | 72,014,600 | 84,749,700 | 84,772,800 |
| Road Fund | 320,900 | 320,900 | 320,900 | 320,900 | 320,900 |
| TOTAL EXPENDITURES | 212,201,103 | 218,052,801 | 248,860,100 | 263,494,500 | 264,568,100 |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 5,028,450 | 4,934,367 | 5,997,000 | 6,330,500 | 6,130,900 |
| Environmental Protection | 104,772,026 | 111,467,687 | 116,884,100 | 124,230,800 | 124,643,700 |
| Natural Resources | 87,047,184 | 87,869,239 | 110,801,100 | 117,109,000 | 117,967,400 |
| Energy Development and Independence | 3,375,900 | 2,291,836 | 2,870,800 | 2,861,800 | 2,843,300 |

EXPENDITURES BY UNIT

| | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Kentucky Nature Preserves Commission | 1,736,093 | 1,703,401 | 1,999,900 | 2,218,000 | 2,238,400 |
| Public Service Commission | 10,241,450 | 9,786,270 | 10,307,200 | 10,744,400 | 10,744,400 |
| TOTAL EXPENDITURES | <u>212,201,103</u> | <u>218,052,801</u> | <u>248,860,100</u> | <u>263,494,500</u> | <u>264,568,100</u> |

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

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

Finance and Administration

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 594,545,900 | 596,462,400 | 664,028,700 | 666,827,500 | 693,435,500 |
| Special Appropriation | | | 641,000 | | |
| Current Year Appropriation | | | 2,438,400 | | |
| Budget Reduction-General Fund | | -1,100,000 | -8,015,100 | | |
| Mandated Allotments | 4,950,000 | 5,373,206 | | | |
| Other | | -11,794,245 | -22,754,000 | | |
| Total General Fund | 599,495,900 | 588,941,362 | 636,339,000 | 666,827,500 | 693,435,500 |
| Tobacco Fund | | | | | |
| Tobacco Settlement - Phase I | 30,907,000 | 27,235,300 | 26,917,700 | 29,224,900 | 32,128,700 |
| Continuing Approp-Tob Settlement | | 4,335,358 | | | |
| Total Tobacco Fund | 30,907,000 | 31,570,658 | 26,917,700 | 29,224,900 | 32,128,700 |
| Restricted Funds | | | | | |
| Balance Forward | 53,032,874 | 53,928,103 | 40,969,300 | 17,001,000 | 8,557,700 |
| Current Receipts | 212,450,116 | 217,863,102 | 217,382,400 | 230,061,300 | 232,152,300 |
| Non-Revenue Receipts | -1,502 | 2,594,536 | 3,018,000 | 3,526,300 | 3,547,300 |
| Fund Transfers | -2,960,000 | -20,208,100 | -17,008,100 | -2,800,000 | -2,800,000 |
| Total Restricted Funds | 262,521,488 | 254,177,642 | 244,361,600 | 247,788,600 | 241,457,300 |
| Federal Fund | | | | | |
| Balance Forward | 1 | 1 | | | |
| Current Receipts | 517,837 | 218,155 | 280,000 | 10,000 | 10,000 |
| Non-Revenue Receipts | 11,820 | -31,285 | | | |
| Total Federal Fund | 529,658 | 186,870 | 280,000 | 10,000 | 10,000 |
| Road Fund | | | | | |
| Regular Appropriation | 3,399,600 | 3,523,100 | 3,545,900 | 3,842,300 | 3,887,400 |
| Total Road Fund | 3,399,600 | 3,523,100 | 3,545,900 | 3,842,300 | 3,887,400 |
| TOTAL SOURCE OF FUNDS | 896,853,646 | 878,399,631 | 911,444,200 | 947,693,300 | 970,918,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 231,710,489 | 233,910,235 | 243,654,300 | 275,550,400 | 277,785,900 |
| Operating Expenses | 126,147,675 | 131,184,779 | 125,770,100 | 130,476,300 | 130,647,700 |
| Grants Loans Benefits | 920,556 | 736,509 | 1,205,600 | 3,205,500 | 5,205,500 |
| Debt Service | 397,209,595 | 435,503,714 | 470,557,800 | 491,980,800 | 519,058,400 |
| Capital Outlay | 19,750,411 | 25,914,328 | 27,587,900 | 24,511,800 | 24,511,800 |
| Construction | 53,256 | | | | |
| TOTAL EXPENDITURES | 775,791,982 | 827,249,566 | 868,775,700 | 925,724,800 | 957,209,300 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 538,877,198 | 585,767,663 | 612,963,000 | 655,448,100 | 682,319,700 |
| Tobacco Fund | 24,392,142 | 24,898,343 | 24,626,200 | 27,193,500 | 30,141,200 |
| Restricted Funds | 208,593,385 | 213,208,352 | 227,360,600 | 239,230,900 | 240,851,000 |
| Federal Fund | 529,657 | 186,869 | 280,000 | 10,000 | 10,000 |
| Road Fund | 3,399,600 | 3,188,338 | 3,545,900 | 3,842,300 | 3,887,400 |
| TOTAL EXPENDITURES | 775,791,982 | 827,249,566 | 868,775,700 | 925,724,800 | 957,209,300 |
| EXPENDITURES BY UNIT | | | | | |
| General Administration | 36,229,366 | 36,883,772 | 38,449,200 | 40,453,600 | 40,836,500 |
| Controller | 14,303,697 | 16,950,546 | 17,113,200 | 19,489,300 | 19,627,800 |
| Office of Inspector General | | 1,045,234 | 1,249,100 | 1,447,800 | 1,465,600 |
| Debt Service | 393,453,095 | 432,789,214 | 470,557,800 | 491,147,800 | 510,146,900 |
| Facilities and Support Services | 43,312,724 | 51,554,531 | 50,414,600 | 49,314,200 | 50,608,700 |
| County Costs | 21,909,780 | 22,463,319 | 17,599,500 | 21,446,000 | 21,446,000 |

EXPENDITURES BY UNIT

| | | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Commonwealth Office of Technology | 120,581,400 | 111,838,432 | 119,380,600 | 130,160,300 | 130,888,900 |
| Revenue | 98,090,577 | 103,142,386 | 101,721,500 | 113,742,500 | 122,550,000 |
| Property Valuation Administrators | 47,911,344 | 50,582,132 | 52,290,200 | 58,523,300 | 59,638,900 |
| TOTAL EXPENDITURES | <u>775,791,982</u> | <u>827,249,566</u> | <u>868,775,700</u> | <u>925,724,800</u> | <u>957,209,300</u> |

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

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

Health and Family Services

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|--|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 2,382,166,800 | 2,512,159,900 | 2,713,948,100 | 2,706,415,700 | 2,871,337,800 |
| Current Year Appropriation | | | 6,600,000 | | |
| Budget Reduction-General Fund | | -41,539,457 | -69,620,100 | | |
| Mandated Allotments | 1,597,000 | | | | |
| Total General Fund | 2,383,763,800 | 2,470,620,443 | 2,650,928,000 | 2,706,415,700 | 2,871,337,800 |
| Tobacco Fund | | | | | |
| Tobacco Settlement - Phase I | 22,990,200 | 21,492,900 | 23,954,200 | 30,614,900 | 29,222,900 |
| Special Appropriation | 682,500 | | | | |
| Current Year Appropriation | 2,046,600 | | | | |
| Continuing Approp-Tob Settlement | 5,017,026 | 9,352,258 | 9,034,200 | | |
| Total Tobacco Fund | 30,736,326 | 30,845,158 | 32,988,400 | 30,614,900 | 29,222,900 |
| Restricted Funds | | | | | |
| Balance Forward | 52,321,238 | 86,081,488 | 75,672,700 | 59,175,700 | 18,153,200 |
| Current Receipts | 623,208,897 | 692,997,945 | 671,303,000 | 723,026,200 | 723,193,400 |
| Non-Revenue Receipts | 374,327,667 | 329,367,221 | 402,310,600 | 343,387,900 | 342,195,800 |
| Fund Transfers | | -37,712,108 | | | |
| Total Restricted Funds | 1,049,857,801 | 1,070,734,546 | 1,149,286,300 | 1,125,589,800 | 1,083,542,400 |
| Federal Fund | | | | | |
| Balance Forward | 63,074,164 | 32,476,710 | 25,180,400 | | |
| Current Receipts | 8,751,138,629 | 8,904,160,134 | 9,845,059,300 | 10,123,339,600 | 10,449,247,400 |
| Non-Revenue Receipts | -3,533,880 | 8,295,828 | 18,300 | 19,200 | 19,200 |
| Total Federal Fund | 8,810,678,913 | 8,944,932,672 | 9,870,258,000 | 10,123,358,800 | 10,449,266,600 |
| TOTAL SOURCE OF FUNDS | 12,275,036,840 | 12,517,132,819 | 13,703,460,700 | 13,985,979,200 | 14,433,369,700 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 790,670,727 | 814,029,461 | 1,063,838,700 | 1,105,285,700 | 1,056,651,900 |
| Operating Expenses | 122,485,707 | 114,239,901 | 118,265,400 | 129,787,500 | 129,663,700 |
| Grants Loans Benefits | 11,188,505,805 | 11,465,743,480 | 12,450,053,300 | 12,721,254,400 | 13,229,935,300 |
| Debt Service | 11,997,725 | 11,378,725 | 11,261,200 | 11,431,000 | 12,300,700 |
| Capital Outlay | 2,196,372 | 1,773,905 | 866,400 | 67,400 | 67,400 |
| Construction | 169,149 | 80,119 | | | |
| TOTAL EXPENDITURES | 12,116,025,485 | 12,407,245,590 | 13,644,285,000 | 13,967,826,000 | 14,428,619,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 2,352,662,900 | 2,470,620,443 | 2,650,928,000 | 2,706,415,700 | 2,871,337,800 |
| Tobacco Fund | 21,384,068 | 21,810,942 | 32,988,400 | 30,614,900 | 29,222,900 |
| Restricted Funds | 963,776,314 | 995,061,946 | 1,090,110,600 | 1,107,436,600 | 1,078,791,700 |
| Federal Fund | 8,778,202,203 | 8,919,752,260 | 9,870,258,000 | 10,123,358,800 | 10,449,266,600 |
| TOTAL EXPENDITURES | 12,116,025,485 | 12,407,245,590 | 13,644,285,000 | 13,967,826,000 | 14,428,619,000 |
| EXPENDITURES BY UNIT | | | | | |
| Health Benefit and Information Exchange | 19,573,081 | 20,193,042 | 5,552,200 | 5,063,900 | 5,100,500 |
| General Administration and Program Support | 92,590,553 | 98,555,014 | 103,967,000 | 111,227,400 | 112,343,500 |
| Health Policy | 2,907,792 | 2,323,404 | 2,273,200 | 2,303,300 | 2,139,100 |
| Aging and Independent Living | 67,327,564 | 65,165,022 | 70,600,300 | 71,870,200 | 72,075,900 |
| Income Support | 99,193,888 | 99,031,433 | 108,676,600 | 104,880,400 | 105,404,100 |
| Public Health | 322,332,099 | 338,242,239 | 366,631,200 | 369,521,700 | 369,547,800 |
| Behavioral Health, Developmental & Intellectual Disabilities | 416,565,538 | 420,056,475 | 443,505,200 | 432,621,400 | 417,950,400 |

EXPENDITURES BY UNIT

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Family Resource Centers and Volunteer Services | 6,095,520 | 6,853,904 | 12,481,700 | 18,360,300 | 18,389,700 |
| Community Based Services | 1,025,695,674 | 1,054,927,563 | 1,095,844,500 | 1,259,382,700 | 1,266,320,000 |
| Medicaid Services | 10,046,435,297 | 10,284,761,410 | 11,414,697,300 | 11,571,494,100 | 12,038,055,500 |
| Comm for Children with Special Health Care Needs | 17,308,479 | 17,136,085 | 20,055,800 | 21,100,600 | 21,292,500 |
| TOTAL EXPENDITURES | 12,116,025,485 | 12,407,245,590 | 13,644,285,000 | 13,967,826,000 | 14,428,619,000 |

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

Justice and Public Safety

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 692,339,200 | 760,478,000 | 768,568,600 | 910,163,400 | 922,728,700 |
| Current Year Appropriation | 16,177,500 | | 8,901,800 | | |
| Continuing Approp-General Fund | | 22,568 | | | |
| Budget Reduction-General Fund | | -1,000,000 | -7,356,600 | | |
| Mandated Allotments | 35,936,600 | 42,782,300 | | | |
| Other | | | | | |
| Total General Fund | 744,453,300 | 802,282,868 | 770,113,800 | 910,163,400 | 922,728,700 |
| Tobacco Fund | | | | | |
| Tobacco Settlement - Phase I | 1,241,100 | 1,609,100 | 1,769,800 | 7,831,000 | 7,362,800 |
| Special Appropriation | 459,100 | | | | |
| Continuing Approp-Tob Settlement | 73,123 | 323,988 | 668,600 | | |
| Total Tobacco Fund | 1,773,323 | 1,933,088 | 2,438,400 | 7,831,000 | 7,362,800 |
| Restricted Funds | | | | | |
| Balance Forward | 19,054,259 | 30,676,434 | 29,784,000 | 28,131,200 | 18,758,800 |
| Current Receipts | 51,402,263 | 50,784,215 | 48,813,200 | 51,539,600 | 51,793,100 |
| Non-Revenue Receipts | 86,005,074 | 97,570,441 | 94,566,300 | 115,351,400 | 111,710,500 |
| Fund Transfers | -11,000,000 | -1,637,900 | -1,500,000 | | |
| Total Restricted Funds | 145,461,597 | 177,393,191 | 171,663,500 | 195,022,200 | 182,262,400 |
| Federal Fund | | | | | |
| Balance Forward | 918,123 | 1,751,767 | 1,783,500 | 160,800 | 74,800 |
| Current Receipts | 36,408,556 | 35,081,139 | 47,724,600 | 75,768,600 | 100,730,700 |
| Non-Revenue Receipts | 275,111 | 1,452,801 | -743,100 | | |
| Total Federal Fund | 37,601,790 | 38,285,707 | 48,765,000 | 75,929,400 | 100,805,500 |
| Road Fund | | | | | |
| Regular Appropriation | 96,845,800 | 87,676,700 | 88,596,700 | 105,278,800 | 106,762,100 |
| Total Road Fund | 96,845,800 | 87,676,700 | 88,596,700 | 105,278,800 | 106,762,100 |
| TOTAL SOURCE OF FUNDS | 1,026,135,810 | 1,107,571,554 | 1,081,577,400 | 1,294,224,800 | 1,319,921,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 557,209,562 | 596,222,745 | 606,640,000 | 720,284,000 | 713,221,400 |
| Operating Expenses | 125,478,256 | 133,687,387 | 120,289,800 | 126,734,300 | 127,108,000 |
| Grants Loans Benefits | 293,017,450 | 328,525,853 | 318,972,700 | 407,400,300 | 441,406,000 |
| Debt Service | 3,002,950 | 4,748,997 | 218,500 | 2,499,100 | 4,008,600 |
| Capital Outlay | 7,635,086 | 12,127,824 | 7,164,400 | 18,473,500 | 13,007,000 |
| Construction | 2,796 | 6,275 | | | |
| TOTAL EXPENDITURES | 986,346,099 | 1,075,319,079 | 1,053,285,400 | 1,275,391,200 | 1,298,751,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 737,415,779 | 802,266,524 | 770,113,800 | 910,163,400 | 922,728,700 |
| Tobacco Fund | 1,449,335 | 1,264,455 | 2,438,400 | 7,831,000 | 7,362,800 |
| Restricted Funds | 114,785,162 | 147,609,173 | 143,532,300 | 176,263,400 | 161,150,100 |
| Federal Fund | 35,850,023 | 36,502,227 | 48,604,200 | 75,854,600 | 100,747,300 |
| Road Fund | 96,845,800 | 87,676,700 | 88,596,700 | 105,278,800 | 106,762,100 |
| TOTAL EXPENDITURES | 986,346,099 | 1,075,319,079 | 1,053,285,400 | 1,275,391,200 | 1,298,751,000 |
| EXPENDITURES BY UNIT | | | | | |
| Justice Administration | 35,043,782 | 45,448,550 | 57,445,000 | 94,843,700 | 119,553,200 |
| Criminal Justice Training | 50,539,801 | 72,554,043 | 69,289,800 | 90,450,800 | 82,954,700 |
| Juvenile Justice | 105,836,400 | 106,563,259 | 106,516,500 | 124,838,000 | 125,845,900 |
| State Police | 206,034,954 | 223,689,329 | 227,495,900 | 280,045,000 | 270,364,800 |
| Corrections | 535,014,691 | 570,568,576 | 531,753,900 | 613,770,900 | 627,935,200 |

EXPENDITURES BY UNIT

| | | | | | |
|---------------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| Public Advocacy | 53,876,471 | 56,495,322 | 60,784,300 | 71,442,800 | 72,097,200 |
| TOTAL EXPENDITURES | 986,346,099 | 1,075,319,079 | 1,053,285,400 | 1,275,391,200 | 1,298,751,000 |

The Kentucky Justice Cabinet was established in 1974 and was renamed the Justice and Public Safety Cabinet in 2007. The Cabinet is responsible for criminal justice services throughout the Commonwealth of Kentucky, including law enforcement, law enforcement training, adult and juvenile incarceration, and public advocacy. The Cabinet provides overall leadership, policy direction and training for six departments and multiple public agencies and boards, with a focus on prevention, treatment, law enforcement and preparing offenders for reentry into society with acquired skills to facilitate non-criminal behavior.

The Cabinet is comprised of six departments:

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

The mission of the Justice and Public Safety Cabinet is to ensure the safety and security of Kentucky communities through a fair and impartial administration of taxpayer resources. The approach centers on protecting citizens, restoring victims and reforming wrongdoers, all in a focused environment where everything is measured for accountability and performance. The Cabinet seeks the best possible return from our public safety investment, using evidence-based programs, fiscal discipline, and data-driven strategies. Likewise, the Cabinet is committed to holding offenders to the highest standards of personal accountability and responsibility.

The vision of the Justice and Public Safety Cabinet is to remain a national leader in criminal justice while focusing our limited resources on the most effective strategies to reduce crime and protect public safety. This involves a comprehensive effort to right-size corrections, enhance re-entry programs, and reinvest any savings into law enforcement, community supervision, and better drug interventions. The Cabinet will empower and support victims, and demand that offenders learn productive skills to support themselves after release.

The Justice and Public Safety Cabinet core values include:

Public Safety: Our first obligation and highest priority is to protect the safety and security of Kentucky families and communities.

Government Accountability: We will perform all of our duties with the highest level of ethical and fiscal discipline, setting clear, measurable goals and continually evaluating our performance against those objectives.

Data-Driven Decision Making: We will administer justice using the best data, evidence, and policy expertise available to drive favorable outcomes.

Transparency: We will endeavor in every way to engage with Kentucky taxpayers, families, stakeholders, and all other members of the public, providing information in a timely and accurate manner and develop public confidence in our work.

Impartiality: We will provide a fair and impartial system of justice to all Kentuckians.

Labor

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|---|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 5,183,400 | 5,201,000 | 5,244,300 | 5,932,500 | 6,008,200 |
| Budget Reduction-General Fund | | -52,000 | -268,700 | | |
| Total General Fund | 5,183,400 | 5,149,000 | 4,975,600 | 5,932,500 | 6,008,200 |
| Restricted Funds | | | | | |
| Balance Forward | 9,941,120 | 19,224,591 | 23,785,900 | 11,433,600 | 7,825,700 |
| Current Receipts | 110,171,124 | 100,572,777 | 99,704,500 | 112,230,500 | 111,724,500 |
| Non-Revenue Receipts | 93,364,538 | 89,446,310 | 84,492,800 | 96,111,800 | 96,235,000 |
| Total Restricted Funds | 213,476,783 | 209,243,678 | 207,983,200 | 219,775,900 | 215,785,200 |
| Federal Fund | | | | | |
| Balance Forward | | 1,813 | 127,900 | 1,500 | |
| Current Receipts | 3,681,156 | 3,884,939 | 3,545,900 | 3,907,300 | 3,907,300 |
| Non-Revenue Receipts | -24,444 | -30,731 | -22,800 | -22,800 | -22,800 |
| Total Federal Fund | 3,656,712 | 3,856,021 | 3,651,000 | 3,886,000 | 3,884,500 |
| TOTAL SOURCE OF FUNDS | 222,316,895 | 218,248,700 | 216,609,800 | 229,594,400 | 225,677,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 133,051,328 | 126,650,954 | 142,658,600 | 158,481,500 | 158,555,100 |
| Operating Expenses | 6,174,240 | 6,264,845 | 7,796,300 | 6,842,200 | 6,803,300 |
| Grants Loans Benefits | 62,271,956 | 61,196,010 | 54,352,800 | 54,349,800 | 54,349,800 |
| Capital Outlay | 1,359,584 | 18,423 | 367,000 | 2,095,200 | 1,719,200 |
| Construction | | 402 | | | |
| TOTAL EXPENDITURES | 202,857,107 | 194,130,634 | 205,174,700 | 221,768,700 | 221,427,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 4,950,017 | 4,944,676 | 4,975,600 | 5,932,500 | 6,008,200 |
| Restricted Funds | 194,252,191 | 185,457,921 | 196,549,600 | 211,950,200 | 211,534,700 |
| Federal Fund | 3,654,898 | 3,728,037 | 3,649,500 | 3,886,000 | 3,884,500 |
| TOTAL EXPENDITURES | 202,857,107 | 194,130,634 | 205,174,700 | 221,768,700 | 221,427,400 |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 4,601,461 | 4,625,395 | 4,780,500 | 6,932,700 | 6,624,000 |
| General Administration and Program Support | 5,821,827 | 6,079,545 | 6,110,500 | 6,969,400 | 7,017,000 |
| Workplace Standards | 11,018,712 | 11,029,579 | 13,221,200 | 14,808,600 | 14,979,200 |
| Workers' Claims | 79,904,466 | 76,246,125 | 72,464,600 | 75,004,600 | 75,227,500 |
| Occupational Safety and Health Review Commission | 720,927 | 566,795 | 813,100 | 745,700 | 752,600 |
| Workers' Compensation Funding Commission | 100,789,715 | 95,583,195 | 107,783,700 | 117,306,600 | 116,826,000 |
| Workers' Compensation Nominating Committee | | | 1,100 | 1,100 | 1,100 |
| TOTAL EXPENDITURES | 202,857,107 | 194,130,634 | 205,174,700 | 221,768,700 | 221,427,400 |

The Labor Cabinet is created pursuant to KRS 336. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, and the Department of Workplace Standards. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workplace Standards also administers the payment of workers' compensation injury claims by the Special Fund. During the 2017 General Assembly, HB 377 directed the transfer of assets and liabilities of the Coal Workers Pneumoconiosis Fund were transferred to the Kentucky Employers' Mutual Insurance (KEMI) and the program was closed to new claims after July 1, 2017. The assessments are received by the Workers Compensation Funding Commission and are to be transferred annually to KEMI.

Attached to the Labor Cabinet for administrative purposes are the Kentucky Labor Management Advisory Council, the State Labor Relations Board, the Workers' Compensation Funding Commission, the Workers' Compensation Advisory Council, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Prevailing Wage Review Board, the Apprenticeship and Training Council, the Employers' Mutual Insurance Authority, the Workers' Compensation Nominating Commission, and the Workers' Compensation Board.

In addition, the Office of General Administration and Program Support for Shared Services and the Office of Inspector General are attached to the Labor Cabinet for administrative purposes. These offices provide principal administrative, human resources, budget, auditing, and internal investigation activities for the Labor Cabinet, Energy and Environment Cabinet, and Public Protection Cabinet.

Personnel

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|--|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 959,600 | 873,200 | 873,200 | | |
| Budget Reduction-General Fund | | -1,500 | -44,700 | | |
| Total General Fund | 959,600 | 871,700 | 828,500 | | |
| Restricted Funds | | | | | |
| Balance Forward | 18,332,148 | 19,459,384 | 21,054,700 | 18,161,700 | 12,388,600 |
| Current Receipts | 49,532,082 | 51,468,550 | 54,218,400 | 52,075,200 | 51,760,000 |
| Non-Revenue Receipts | 10,566,180 | 10,702,499 | 8,683,800 | 11,015,300 | 11,085,500 |
| Fund Transfers | -2,456,880 | -4,692,600 | -2,692,600 | -2,689,000 | -2,693,800 |
| Total Restricted Funds | 75,973,529 | 76,937,833 | 81,264,300 | 78,563,200 | 72,540,300 |
| TOTAL SOURCE OF FUNDS | 76,933,129 | 77,809,533 | 82,092,800 | 78,563,200 | 72,540,300 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 50,939,609 | 49,118,512 | 55,220,400 | 58,645,300 | 58,957,400 |
| Operating Expenses | 5,389,592 | 6,687,964 | 7,866,600 | 7,529,300 | 7,529,400 |
| Grants Loans Benefits | 895,885 | 871,644 | 828,500 | | |
| Capital Outlay | 184,644 | 76,722 | 15,600 | | |
| TOTAL EXPENDITURES | 57,409,730 | 56,754,842 | 63,931,100 | 66,174,600 | 66,486,800 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 895,585 | 871,644 | 828,500 | | |
| Restricted Funds | 56,514,145 | 55,883,198 | 63,102,600 | 66,174,600 | 66,486,800 |
| TOTAL EXPENDITURES | 57,409,730 | 56,754,842 | 63,931,100 | 66,174,600 | 66,486,800 |
| EXPENDITURES BY UNIT | | | | | |
| General Operations | 26,721,541 | 26,966,049 | 28,936,500 | 31,449,800 | 31,707,400 |
| Public Employees Deferred Compensation Authority | 7,841,841 | 8,015,601 | 8,756,300 | 9,227,800 | 9,269,300 |
| Workers' Compensation Benefits and Reserve | 21,950,763 | 20,901,547 | 25,409,800 | 25,497,000 | 25,510,100 |
| State Group Health Insurance Fund | 895,585 | 871,644 | 828,500 | | |
| TOTAL EXPENDITURES | 57,409,730 | 56,754,842 | 63,931,100 | 66,174,600 | 66,486,800 |

The Personnel Cabinet provides human resources management for Kentucky state government agencies. The Cabinet coordinates the personnel and payroll functions for most of state government. It coordinates state employee benefit packages, such as health and life insurance, workers' compensation, and deferred compensation programs. The Cabinet coordinates state government's employee application process, as well as recruiting and retention functions.

Currently, the Personnel Cabinet is comprised of five appropriation units: General Operations, Public Employees Deferred Compensation Authority, Workers' Compensation Benefits and Reserve, the State Group Health Insurance Fund, and the State Salary and Compensation Fund.

The Department of Personnel was created in 1960 under KRS 18.160. At the time of its inception, it was headed by a personnel board consisting of five members appointed by the Governor. The Board had the responsibility to forward to the Governor a list of qualified applicants for the position of Commissioner of Personnel. In 1972, the legislature made the Commissioner of Personnel a direct appointee of the Governor without nominations from the Personnel Board.

In 1982, KRS 18.160 was repealed and re-enacted under KRS chapter 18A.015. Legislation enacted that year also authorized the Department to charge other state agencies their pro rata share of costs associated with the administration of the Executive Branch's personnel-related functions. In 1998, the General Assembly elevated the Department to Cabinet status.

Postsecondary Education

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|--|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 1,195,384,200 | 1,164,186,855 | 1,173,458,600 | 1,129,941,300 | 1,137,704,500 |
| Special Appropriation | | | 298,000 | | |
| Current Year Appropriation | 1,400,000 | | | | |
| Continuing Approp-General Fund | 9,725,028 | 5,037,060 | 18,158,500 | | |
| Budget Reduction-General Fund | | -2,721,300 | -10,983,600 | | |
| Other | | 5,627,129 | 2,000,000 | | |
| Total General Fund | 1,206,509,228 | 1,172,129,744 | 1,182,931,500 | 1,129,941,300 | 1,137,704,500 |
| Tobacco Fund | | | | | |
| Tobacco Settlement - Phase I | 4,707,500 | 5,806,100 | 6,276,100 | 7,000,000 | 6,686,500 |
| Special Appropriation | 1,365,000 | | | | |
| Continuing Approp-Tob Settlement | 536,958 | 733,674 | 862,100 | | |
| Total Tobacco Fund | 6,609,458 | 6,539,774 | 7,138,200 | 7,000,000 | 6,686,500 |
| Restricted Funds | | | | | |
| Balance Forward | 6,519,483 | 5,936,696 | 7,323,800 | 5,043,200 | 1,431,800 |
| Current Receipts | 4,326,269,910 | 4,792,234,314 | 5,516,796,600 | 5,839,990,500 | 6,161,859,700 |
| Non-Revenue Receipts | 11,276,009 | 11,937,927 | 12,497,500 | 16,081,300 | 17,266,200 |
| Total Restricted Funds | 4,344,065,401 | 4,810,108,937 | 5,536,617,900 | 5,861,115,000 | 6,180,557,700 |
| Federal Fund | | | | | |
| Balance Forward | 199,683 | | | 28,400 | 28,400 |
| Current Receipts | 731,721,971 | 731,806,852 | 834,876,800 | 870,820,700 | 896,449,300 |
| Non-Revenue Receipts | -130,061 | -13,688 | 28,400 | | |
| Total Federal Fund | 731,791,593 | 731,793,164 | 834,905,200 | 870,849,100 | 896,477,700 |
| TOTAL SOURCE OF FUNDS | 6,288,975,680 | 6,720,571,619 | 7,561,592,800 | 7,868,905,400 | 8,221,426,400 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 3,546,081,558 | 3,798,672,537 | 3,771,338,500 | 3,945,705,500 | 4,110,186,400 |
| Operating Expenses | 1,502,252,545 | 1,755,712,123 | 2,253,211,100 | 2,417,623,200 | 2,568,551,700 |
| Grants Loans Benefits | 699,439,289 | 740,466,824 | 1,199,576,600 | 1,183,087,300 | 1,202,755,700 |
| Debt Service | 166,322,859 | 143,822,752 | 156,514,600 | 152,548,200 | 156,109,500 |
| Capital Outlay | 212,359,698 | 162,362,291 | 175,880,400 | 168,481,000 | 183,524,000 |
| TOTAL EXPENDITURES | 6,126,455,949 | 6,601,036,526 | 7,556,521,200 | 7,867,445,200 | 8,221,127,300 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 1,201,469,168 | 1,144,571,176 | 1,182,931,500 | 1,129,941,300 | 1,137,704,500 |
| Tobacco Fund | 5,875,784 | 5,677,653 | 7,138,200 | 7,000,000 | 6,686,500 |
| Restricted Funds | 4,187,365,405 | 4,718,986,633 | 5,531,574,700 | 5,859,683,200 | 6,180,287,000 |
| Federal Fund | 731,745,593 | 731,800,964 | 834,876,800 | 870,820,700 | 896,449,300 |
| TOTAL EXPENDITURES | 6,126,455,949 | 6,601,036,426 | 7,556,521,200 | 7,867,445,200 | 8,221,127,300 |
| EXPENDITURES BY UNIT | | | | | |
| Council on Postsecondary Education | 92,608,778 | 62,652,008 | 70,079,400 | 60,777,500 | 59,985,500 |
| Kentucky Higher Education Assistance Authority | 239,100,475 | 251,546,048 | 296,867,400 | 265,625,900 | 273,890,300 |
| Postsecondary Education Institutions | 5,794,746,696 | 6,286,838,370 | 7,189,574,400 | 7,541,041,800 | 7,887,251,500 |
| TOTAL EXPENDITURES | 6,126,455,949 | 6,601,036,426 | 7,556,521,200 | 7,867,445,200 | 8,221,127,300 |

Public Protection

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|--|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 7,322,000 | 7,102,700 | 7,172,300 | 7,074,100 | 7,178,100 |
| Budget Reduction-General Fund | | -142,100 | -367,400 | | |
| Total General Fund | 7,322,000 | 6,960,600 | 6,804,900 | 7,074,100 | 7,178,100 |
| Restricted Funds | | | | | |
| Balance Forward | 73,971,024 | 85,144,782 | 81,852,800 | 68,313,500 | 53,337,000 |
| Current Receipts | 100,497,388 | 100,776,529 | 99,441,300 | 99,616,800 | 100,536,000 |
| Non-Revenue Receipts | 22,210,604 | 26,277,114 | 22,228,500 | 24,195,300 | 24,384,600 |
| Fund Transfers | -28,600,000 | -45,518,649 | -30,850,000 | -23,000,000 | -23,000,000 |
| Total Restricted Funds | 168,079,016 | 166,679,776 | 172,672,600 | 169,125,600 | 155,257,600 |
| Federal Fund | | | | | |
| Balance Forward | 1,285 | | 3,500 | 3,500 | |
| Current Receipts | 668,723 | 341,790 | 1,295,700 | 857,200 | 157,200 |
| Total Federal Fund | 670,008 | 341,790 | 1,299,200 | 860,700 | 157,200 |
| TOTAL SOURCE OF FUNDS | 176,071,024 | 173,982,165 | 180,776,700 | 177,060,400 | 162,592,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 57,382,446 | 58,248,648 | 71,787,800 | 81,799,100 | 82,015,000 |
| Operating Expenses | 10,861,340 | 10,398,807 | 12,771,100 | 12,680,300 | 12,680,300 |
| Grants Loans Benefits | 21,864,124 | 22,742,868 | 25,829,800 | 25,772,300 | 25,772,300 |
| Capital Outlay | 458,942 | 736,026 | 2,071,000 | 3,471,700 | 1,805,500 |
| Construction | 3,635 | | | | |
| TOTAL EXPENDITURES | 90,570,487 | 92,126,349 | 112,459,700 | 123,723,400 | 122,273,100 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 6,966,246 | 6,960,600 | 6,804,900 | 7,074,100 | 7,178,100 |
| Restricted Funds | 82,934,233 | 84,827,447 | 104,359,100 | 115,788,600 | 114,937,800 |
| Federal Fund | 670,008 | 338,302 | 1,295,700 | 860,700 | 157,200 |
| TOTAL EXPENDITURES | 90,570,487 | 92,126,349 | 112,459,700 | 123,723,400 | 122,273,100 |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 4,187,962 | 4,323,191 | 5,907,000 | 6,494,100 | 6,581,000 |
| Professional Licensing | 4,426,010 | 4,196,346 | 5,193,200 | 5,768,800 | 5,819,200 |
| Kentucky Claims Commission | 2,326,855 | 2,243,211 | 2,364,300 | 2,496,200 | 2,515,200 |
| Boxing and Wrestling Commission | 132,557 | 65,689 | 161,800 | 178,100 | 179,600 |
| Alcoholic Beverage Control | 6,098,844 | 6,201,450 | 7,678,500 | 8,198,500 | 8,257,500 |
| Charitable Gaming | 2,964,319 | 3,109,157 | 3,742,200 | 4,292,800 | 4,333,900 |
| Financial Institutions | 10,204,414 | 10,367,553 | 12,678,500 | 14,523,000 | 14,688,700 |
| Horse Racing Commission | 26,621,684 | 27,302,234 | 32,026,000 | 32,828,300 | 32,893,100 |
| Housing, Buildings and Construction | 19,095,000 | 19,790,584 | 23,197,500 | 28,094,200 | 26,704,100 |
| Insurance | 14,512,843 | 14,526,933 | 19,510,700 | 20,849,400 | 20,300,800 |
| TOTAL EXPENDITURES | 90,570,487 | 92,126,349 | 112,459,700 | 123,723,400 | 122,273,100 |

The Public Protection Cabinet is charged with the supervision and regulation of industries. The mission of the Cabinet is to provide for public safety, consumer protection and financial integrity through enforcement and administration of laws and regulations throughout the Commonwealth. The Cabinet has six departments: Alcoholic Beverage Control, Charitable Gaming, Financial Institutions, Housing, Buildings and Construction, Insurance and Professional Licensing. The Cabinet has commissions attached for administrative purposes only: Kentucky Horse Racing Commission, Boxing & Wrestling Commission and Kentucky Claims Commission. The Office of the Secretary also includes the Office of Communications and Public Outreach and the Office of Legal Services.

Tourism, Arts and Heritage

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 57,967,800 | 57,728,500 | 57,947,500 | 68,068,600 | 70,367,600 |
| Current Year Appropriation | 14,680,000 | | 8,831,600 | | |
| Budget Reduction-General Fund | | -169,700 | -936,900 | | |
| Total General Fund | 72,647,800 | 57,558,800 | 65,842,200 | 68,068,600 | 70,367,600 |
| Restricted Funds | | | | | |
| Balance Forward | 105,127,541 | 105,000,036 | 109,676,200 | 109,640,900 | 103,693,100 |
| Current Receipts | 162,864,820 | 164,181,366 | 165,685,800 | 170,986,400 | 171,288,600 |
| Non-Revenue Receipts | -11,997,585 | 864,225 | -7,769,500 | -7,703,500 | -7,699,900 |
| Fund Transfers | -3,000,000 | -130,600 | | | |
| Total Restricted Funds | 252,994,776 | 269,915,027 | 267,592,500 | 272,923,800 | 267,281,800 |
| Federal Fund | | | | | |
| Balance Forward | 8,198,698 | 9,800,873 | 11,725,200 | 11,725,200 | 10,075,700 |
| Current Receipts | 30,485,326 | 21,797,612 | 18,960,200 | 18,983,000 | 18,976,400 |
| Non-Revenue Receipts | -12,082,047 | -1,523,652 | | | |
| Total Federal Fund | 26,601,978 | 30,074,832 | 30,685,400 | 30,708,200 | 29,052,100 |
| Road Fund | | | | | |
| Regular Appropriation | 410,500 | 439,800 | 445,200 | 544,000 | 553,000 |
| Total Road Fund | 410,500 | 439,800 | 445,200 | 544,000 | 553,000 |
| TOTAL SOURCE OF FUNDS | 352,655,054 | 357,988,459 | 364,565,300 | 372,244,600 | 367,254,500 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 141,032,023 | 144,350,034 | 150,767,200 | 165,051,500 | 166,709,400 |
| Operating Expenses | 79,681,030 | 77,783,398 | 79,615,800 | 79,238,400 | 79,464,800 |
| Grants Loans Benefits | 7,381,645 | 7,888,167 | 8,012,200 | 7,759,300 | 7,759,300 |
| Debt Service | 4,731,949 | 1,451,563 | 2,555,800 | 3,122,800 | 4,446,300 |
| Capital Outlay | 4,159,647 | 5,070,345 | 2,248,200 | 3,303,800 | 3,267,200 |
| Construction | 10,911 | 38,395 | | | |
| TOTAL EXPENDITURES | 236,997,206 | 236,581,900 | 243,199,200 | 258,475,800 | 261,647,000 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 71,790,861 | 57,553,493 | 65,842,200 | 68,068,600 | 70,367,600 |
| Restricted Funds | 147,994,740 | 160,239,041 | 157,951,600 | 169,230,700 | 169,953,200 |
| Federal Fund | 16,801,106 | 18,349,567 | 18,960,200 | 20,632,500 | 20,773,200 |
| Road Fund | 410,500 | 439,800 | 445,200 | 544,000 | 553,000 |
| TOTAL EXPENDITURES | 236,997,206 | 236,581,900 | 243,199,200 | 258,475,800 | 261,647,000 |
| EXPENDITURES BY UNIT | | | | | |
| Secretary | 12,612,329 | 14,654,762 | 16,685,200 | 17,861,900 | 17,916,900 |
| Artisans Center | 2,410,999 | 2,408,619 | 2,423,300 | 2,627,800 | 2,641,200 |
| Kentucky Department of Tourism | 3,055,638 | 2,919,171 | 2,867,500 | 3,147,100 | 3,187,000 |
| Parks | 90,810,889 | 91,057,652 | 91,565,400 | 98,390,300 | 99,952,100 |
| Horse Park Commission | 15,610,652 | 14,398,287 | 14,353,600 | 12,553,700 | 12,792,500 |
| State Fair Board | 48,756,017 | 44,596,445 | 47,462,600 | 51,426,100 | 51,938,000 |
| Fish and Wildlife Resources | 50,606,197 | 53,828,549 | 55,454,200 | 60,951,900 | 61,630,300 |
| Historical Society | 6,534,463 | 6,403,783 | 6,168,600 | 6,531,500 | 6,580,200 |
| Arts Council | 3,420,252 | 3,368,810 | 3,488,200 | 2,568,800 | 2,589,000 |
| Heritage Council | 2,099,161 | 2,036,754 | 1,847,000 | 1,858,400 | 1,861,500 |
| Kentucky Center for the Arts | 1,080,610 | 909,068 | 883,600 | 558,300 | 558,300 |
| TOTAL EXPENDITURES | 236,997,206 | 236,581,900 | 243,199,200 | 258,475,800 | 261,647,000 |

The Tourism, Arts and Heritage Cabinet's mission (KRS 148.522) is to capitalize on the natural assets of the Commonwealth and draw from resources in business development, tourism, outdoor attractions, arts, and cultural heritage. Through unified efforts of its agencies, the Cabinet will continually strive to improve the quality of life of the people of Kentucky by creating new wealth and generating jobs.

The Tourism, Arts and Heritage Cabinet is comprised of the following agencies:

- Kentucky State Fair Board
- Kentucky Heritage Council
- Kentucky Arts Council
- Kentucky Historical Society
- Kentucky Center for the Arts
- Governor's School for the Arts
- Department of Fish and Wildlife Resources
- Kentucky Horse Park
- Kentucky Department of Parks
- Kentucky Artisan Center at Berea
- Department of Travel and Tourism
- Office of the Secretary
- The Kentucky Humanities Council

Transportation

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 6,228,200 | 6,228,200 | 6,228,200 | 6,089,000 | 6,089,000 |
| Special Appropriation | | 10,000,000 | 10,000,000 | | |
| Continuing Approp-General Fund | 197,066 | 125,188 | 3,552,300 | | |
| Budget Reduction-General Fund | | -62,300 | -319,000 | | |
| Total General Fund | 6,425,266 | 16,291,088 | 19,461,500 | 6,089,000 | 6,089,000 |
| Restricted Funds | | | | | |
| Balance Forward | 410,525,959 | 209,321,401 | 122,215,500 | 9,607,200 | 2,595,400 |
| Current Receipts | 101,247,802 | 103,661,669 | 141,354,000 | 146,941,300 | 147,432,200 |
| Non-Revenue Receipts | 201,937,375 | 46,233,616 | 76,900,800 | -5,030,400 | -1,884,800 |
| Fund Transfers | -7,568,000 | -5,483,900 | -4,588,200 | -7,370,900 | -6,424,000 |
| Total Restricted Funds | 706,143,136 | 353,732,786 | 335,882,100 | 144,147,200 | 141,718,800 |
| Federal Fund | | | | | |
| Balance Forward | | | | | |
| Current Receipts | 785,274,476 | 810,042,902 | 773,941,400 | 765,300,100 | 766,066,000 |
| Non-Revenue Receipts | -3,222,343 | 7,310,994 | | | |
| Total Federal Fund | 782,052,133 | 817,353,897 | 773,941,400 | 765,300,100 | 766,066,000 |
| Road Fund | | | | | |
| Regular Appropriation | 1,461,383,300 | 1,371,065,500 | 1,380,512,200 | 1,416,927,000 | 1,395,472,100 |
| Surplus Expenditure Plan | 6,338,079 | 37,964,749 | 57,237,100 | | |
| Continuing Approp-Road Fund | 448,706,725 | 275,673,542 | | | |
| Budget Reduction-Road Fund | -31,989,700 | | | | |
| Other | -57,034,983 | 7,240,187 | 4,927,000 | | |
| Total Road Fund | 1,827,403,421 | 1,691,943,978 | 1,442,676,300 | 1,416,927,000 | 1,395,472,100 |
| TOTAL SOURCE OF FUNDS | 3,322,023,956 | 2,879,321,750 | 2,571,961,300 | 2,332,463,300 | 2,309,345,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 537,793,161 | 530,538,841 | 443,950,200 | 494,111,900 | 497,039,100 |
| Operating Expenses | 306,941,723 | 240,678,672 | 255,175,600 | 258,357,800 | 253,993,500 |
| Grants Loans Benefits | 243,081,040 | 243,519,355 | 277,860,300 | 233,856,900 | 234,305,200 |
| Debt Service | 227,515,517 | 240,988,057 | 266,049,800 | 265,524,500 | 252,367,100 |
| Capital Outlay | 21,721,976 | 8,966,097 | 2,005,500 | 1,882,700 | 1,882,700 |
| Construction | 1,471,948,479 | 1,136,021,554 | 1,306,317,500 | 1,072,766,400 | 1,066,137,800 |
| TOTAL EXPENDITURES | 2,809,001,896 | 2,400,712,576 | 2,551,358,900 | 2,326,500,200 | 2,305,725,400 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 6,300,078 | 12,738,702 | 19,461,500 | 6,089,000 | 6,089,000 |
| Restricted Funds | 496,821,735 | 231,517,412 | 326,274,900 | 141,551,800 | 141,466,000 |
| Federal Fund | 782,052,133 | 817,353,897 | 773,941,400 | 765,300,100 | 766,066,000 |
| Road Fund | 1,523,827,951 | 1,339,102,565 | 1,431,681,100 | 1,413,559,300 | 1,392,104,400 |
| TOTAL EXPENDITURES | 2,809,001,896 | 2,400,712,576 | 2,551,358,900 | 2,326,500,200 | 2,305,725,400 |
| EXPENDITURES BY UNIT | | | | | |
| General Administration and Support | 70,855,388 | 71,210,385 | 77,293,000 | 83,651,200 | 84,047,000 |
| Aviation | 12,937,727 | 23,610,795 | 38,069,700 | 12,756,700 | 12,617,800 |
| Debt Service | 150,045,550 | 153,287,226 | 154,830,400 | 156,646,700 | 146,729,700 |
| Highways | 2,156,177,172 | 1,750,077,952 | 1,844,340,600 | 1,654,608,900 | 1,645,397,200 |
| Public Transportation | 30,500,675 | 26,987,301 | 50,096,200 | 32,146,000 | 32,219,200 |
| Revenue Sharing | 328,982,082 | 329,966,242 | 336,957,200 | 336,345,200 | 337,318,200 |
| Vehicle Regulation | 39,815,303 | 37,802,831 | 49,771,800 | 50,345,500 | 47,396,300 |
| Transfer to Capital Projects | 19,688,000 | 7,769,843 | | | |
| TOTAL EXPENDITURES | 2,809,001,896 | 400,712,576 | 2,551,358,900 | 2,326,500,200 | 2,305,725,400 |

The Transportation Cabinet is responsible for maintaining and improving transportation services in the Commonwealth. All modes of transportation are addressed by the Cabinet, including air transportation, railroads, waterways, public transit, and highways. The Secretary of Transportation, who is appointed by the Governor, heads the organization. The duties and responsibilities of the Cabinet are found in Titles XV and XVI of the Kentucky Revised Statutes.

The Cabinet receives funding from the state Road Fund, proceeds from highway bonds issued by the Kentucky Turnpike Authority, and federal aid apportionments for highways. Other revenue sources include agency receipts, non highway federal aid, the state General Fund, and a federal fund leveraging mechanism titled Grant Anticipation Revenue Vehicle (GARVEE) bonds. The revenue components of the Road Fund are the motor fuels tax, motor vehicle usage tax, license and privilege taxes, interest income, and miscellaneous departmental fees, permits, and sales.

Seven major budget units comprise the Transportation Cabinet: General Administration and Support, Aviation, Public Transportation, Revenue Sharing, Highways, Vehicle Regulation, and Debt Service.

Organizationally, the agency is divided into four departments: Aviation, Vehicle Regulation, Rural and Municipal Aid, and Highways. Each department is headed by a commissioner directly responsible to the Secretary. Other organizational units include the Office of Support Services, the Office of Transportation Delivery, the Office of Audits, the Office of Human Resource Management, the Office of Information Technology, the Office of Legal Services, the Office of Public Affairs, the Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, and the Office of Inspector General. These units report to the Office of the Secretary. The following offices report to the State Highway Engineer in the Department of Highways: the Office of Project Development, the Office of Project Delivery and Preservation, the Office of Highway Safety, and Highway District Offices One through Twelve. The Office of Local Programs and the Office of Rural and Secondary Roads report to the Commissioner of Rural and Municipal Aid.

The Transportation Cabinet has its origin as an agency of the Commonwealth of Kentucky in 1912 when the General Assembly established the Department of Highways. Legislation in 1974 created the Department of Transportation by consolidating the Departments of Highways, Motor Transportation, and Aeronautics, plus certain transportation-related functions of the Department of Public Safety and the Department of Revenue. The 1982 General Assembly established the Transportation Cabinet as the successor to the Department of Transportation, and it assumed all of the duties formerly associated with the Department.

Legislative Branch

Legislative Branch

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 60,139,500 | 59,311,100 | 63,206,600 | 68,607,700 | 70,162,500 |
| Continuing Approp-General Fund | 13,890,367 | 13,198,343 | 10,836,000 | 10,836,000 | 10,836,000 |
| Budget Reduction-General Fund | | -406,500 | -463,900 | | |
| Total General Fund | 74,029,867 | 72,102,943 | 73,578,700 | 79,443,700 | 80,998,500 |
| Restricted Funds | | | | | |
| Balance Forward | 1,032,151 | 975,725 | 1,006,400 | 1,006,400 | 1,006,400 |
| Current Receipts | 193,823 | 30,811 | 175,000 | 75,000 | 175,000 |
| Total Restricted Funds | 1,225,974 | 1,006,535 | 1,181,400 | 1,081,400 | 1,181,400 |
| TOTAL SOURCE OF FUNDS | 75,255,841 | 73,109,478 | 74,760,100 | 80,525,100 | 82,179,900 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 47,354,290 | 47,170,215 | 47,745,500 | 57,338,200 | 58,678,900 |
| Operating Expenses | 11,165,971 | 10,492,273 | 11,651,100 | 9,035,500 | 9,349,600 |
| Capital Outlay | 588,710 | 120,312 | 37,000 | 40,000 | 40,000 |
| TOTAL EXPENDITURES | 59,108,971 | 57,782,800 | 59,433,600 | 66,413,700 | 68,068,500 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 58,858,721 | 57,782,800 | 59,258,600 | 66,338,700 | 67,893,500 |
| Restricted Funds | 250,250 | | 175,000 | 75,000 | 175,000 |
| TOTAL EXPENDITURES | 59,108,971 | 57,782,800 | 59,433,600 | 66,413,700 | 68,068,500 |
| EXPENDITURES BY UNIT | | | | | |
| Legislative Branch | 59,108,971 | 57,782,800 | 59,433,600 | 66,413,700 | 68,068,500 |
| TOTAL EXPENDITURES | 59,108,971 | 57,782,800 | 59,433,600 | 66,413,700 | 68,068,500 |

Judicial Branch

Judicial Branch

| | Actual FY 2016 | Actual FY 2017 | Revised FY 2018 | Enacted FY 2019 | Enacted FY 2020 |
|------------------------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | |
| General Fund | | | | | |
| Regular Appropriation | 337,449,600 | 363,245,100 | 365,212,700 | 384,897,100 | 388,377,700 |
| Continuing Approp-General Fund | 1,803,519 | | 2,281,259 | | |
| Budget Reduction-General Fund | | -3,494,100 | -1,886,500 | | |
| Total General Fund | 339,253,119 | 359,751,000 | 365,607,459 | 384,897,100 | 388,377,700 |
| Restricted Funds | | | | | |
| Balance Forward | 12,681,110 | 846,365 | 10,676,273 | 8,982,400 | 8,614,100 |
| Current Receipts | 24,037,959 | 23,463,440 | 22,970,338 | 23,025,300 | 23,027,800 |
| Non-Revenue Receipts | 13,356,645 | 13,308,464 | 11,750,089 | 11,750,000 | 11,750,000 |
| Total Restricted Funds | 50,075,714 | 37,618,269 | 45,396,700 | 43,757,700 | 43,391,900 |
| Federal Fund | | | | | |
| Current Receipts | 3,712,532 | 3,821,252 | 2,758,700 | 1,982,700 | 1,369,200 |
| Total Federal Fund | 3,712,532 | 3,821,252 | 2,758,700 | 1,982,700 | 1,369,200 |
| TOTAL SOURCE OF FUNDS | 393,041,365 | 401,190,521 | 413,762,859 | 430,637,500 | 433,138,800 |
| EXPENDITURES BY CLASS | | | | | |
| Personnel Costs | 222,625,287 | 227,810,969 | 233,914,100 | 254,172,100 | 257,779,200 |
| Operating Expenses | 169,468,813 | 160,305,520 | 170,766,359 | 160,051,300 | 159,572,400 |
| Capital Outlay | 100,000 | 115,700 | 100,000 | 100,000 | 100,000 |
| TOTAL EXPENDITURES | 392,194,100 | 388,232,189 | 404,780,459 | 414,323,400 | 417,451,600 |
| EXPENDITURES BY FUND SOURCE | | | | | |
| General Fund | 339,252,219 | 357,468,941 | 365,607,459 | 377,197,100 | 380,877,700 |
| Restricted Funds | 49,229,349 | 26,941,996 | 36,414,300 | 35,143,600 | 35,204,700 |
| Federal Fund | 3,712,532 | 3,821,252 | 2,758,700 | 1,982,700 | 1,369,200 |
| TOTAL EXPENDITURES | 392,194,100 | 388,232,189 | 404,780,459 | 414,323,400 | 417,451,600 |
| EXPENDITURES BY UNIT | | | | | |
| Judicial Branch | 392,194,100 | 388,232,189 | 404,780,459 | 414,323,400 | 417,451,600 |
| TOTAL EXPENDITURES | 392,194,100 | 388,232,189 | 404,780,459 | 414,323,400 | 417,451,600 |

**Governor's 2018 State of the Commonwealth Address and
2018-2020 Budget Address**

Governor Matt Bevin:

I guess you all expect me to say something about now. Thank you so much. Please do have a seat. I'm grateful for the opportunity to be here with you tonight. I want to start, as is often the case, by thanking those of you that are gathered in this room, for starters. It hasn't been easy today weather-wise for a number of you to make your way here, and yet you've done it, so thank you for doing that. Thank you for making your way here.

For those of you for whom it is your job during this time of year, thank you. I'll come back to that in a moment.

I want to thank those of you that are watching this as well, on some form of video stream. Thank you for taking the time to check in with us here in Kentucky and find out what's happening as we talk about not only the state of commonwealth, but the state of the budget, and they are one and the same, inextricably intertwined in a time like this.

I want to thank a couple of groups in particular. You always run the risk when you start thanking groups, but when we come through the weather we have had in recent days, I'm mindful of a couple of groups who I truly think are worthy of our thanks throughout the commonwealth and frankly in the first group throughout the country.

I want to send a special gratitude to the men and women who mine the coal that produces the electricity and the heat that keeps so much of America warm at times look this. Truly grateful to you. And while there are fewer of you working now than there have been in years past, your job is no less critical, no less important, and certainly at times like this, no less necessary than it is or has ever been.

I want to thank the men and women also who have been plowing the roads that have made it possible for us to get here. From every corner of the commonwealth. I stopped into -- I stopped into One of our state garages last night and it was fairly slim there. A couple people there sort of managing schedules, but the vast majority of folks were out on the road. I'm grateful to you for the job that you've been doing.

I want to thank a group that so often we don't tend to think of except from time to time, even though in reality they're the ones who make everything work, and that is all the state employees. Every single one of them. The tens of thousands of you who come to work every day on so many fronts to do so many things to make the commonwealth work. I want to thank you very much for all that you do and for the 2,000 of you, for the more than 2,000 of you who responded to the email that went out asking for your input, asking for your thoughts on things that we've been doing well but things that we could do better. And while I often in the past have read some of the those notes I'm not going to do that this time but I am going read a few names.

These are just some of the 2,000 names who wrote thoughtful, informative, thought-provoking responses to us. People like Michelle Shipley, Chris Tatro, Sandy Whisman, Anna Kelley, Scott Boroughs, John Watkins, Jerry Willis, Stuart West, Jeff White, Kristen Alexander Wilcher, Leslie Bates, Christina Mason, Elizabeth Vasati, Thelma Blair, Damon Preston.

Yours are some of those I thought about weaving into this conversation. I'm not going to but in the days

and weeks ahead I am going to take some of those emails and respond to them probably one-on-one directly in the form of a video response to the questions that you raise. I want to thank each and every one of, you again more than 2,000 who took the time to weigh in.

I want to thank the cabinet secretaries. It is nearly unprecedented that you would have a cabinet that two plus years in is in its entirety the same group that is still here. I don't know where they're all sitting. There they are up here. I want to thank you for the work that you have done. How about a round of applause for our cabinet secretaries?

The fact that they still all sit together and like each other, spend time together inside and outside of work, truthful grateful to each and with every one of you for what you do to lead the commonwealth forward.

I want to thank our lieutenant governor who has been my right arm through the last two years and change and a year before that. I thank you for the job you do to represent Kentucky so well day in and day out in so many organizations and throughout our schools, et cetera. Thank you to our lieutenant governor. Appreciate it. Thank you.

I want to thank the person for whom it would be possible for me to do this, I want to thank my wife and our children who have put up with tremendous sacrifice in order to allow me the opportunity to serve alongside those of you in this legislature. So thank you to my wife, the First Lady.

I want to thank another group that often perhaps doesn't get thanked enough. We get excited about new companies coming, as well we should. We get excited about new jobs being created, as well we should. But there are any number of other companies that have already been here some for many years, and I want to put up on the screen and, Gary, I don't know where you went but I'm going to ask you to do it because I didn't really learn how to use the clicker.

That is a group of about 68 companies that employ at least a thousand people in Kentucky already. And I want to thank these companies who employ so many of our fellow citizens. It doesn't even include some companies like GM that employ hundreds down at the Bowling Green Corvette plant and hundreds more in various dealerships. It doesn't include companies like a Papa John's that has 500 some people at its headquarters and hundreds more around the state. This is just that have these many people located in one or two facilities. It doesn't include those with retail franchises. So there's even other companies perhaps that aren't on this list but it is many, many dozens who employ so many of our fellow Kentuckians and I'm grateful to you.

I want to say three things before we start, and I'm going to touch tonight on just looking briefly back at 2017. I want to look back briefly on 2017. But I really want to look forward to 2018. And the three things that I want to say before we look either back or forward is this: first of all, I love Kentucky. I genuinely, passionately, sincerely love Kentucky. And I know that that is not an emotion that I alone share. And I'm grateful for the fact that so many in this room and so many watching feel the same way. And so much of what we have done and what we are doing and what we intend to do going forward is driven by that fact.

I want to say secondly, especially to those of you in this room, those of you legislators in particular but then also to the people of Kentucky, I want you to know that I pray for you. I pray earnestly for you. I pray individually for you. I pray for you as a group. I pray for the people of Kentucky. I pray for the

commonwealth that we will be blessed, that we will be preserved from so much that has potential to harm us. I'm a person who believes in the power of prayer, and I want each and every one of you to know that I pray for you.

I also want you to know thirdly that I'm excited for the future of Kentucky. I'm really excited. One of the greatest compliments I got was recently speaking to a reporter who said to me, "You always seem enthusiastic about things."

I'm enthusiastic because I believe in the upside possibility here. The future of Kentucky is bright indeed. I love Kentucky. I pray for you and I'm excited about the future of the commonwealth. I want you to bear those things in mind as we take a brief look backward at 2017.

The reason I'm excited, the reason that I truly believe in the future is because I believe in the American dream. The American dream is a real thing. It truly is. I've lived it. I've experienced it. So, too, have many of you. So, too, have many of you who are watching. And I want that opportunity for the children yet to come in the Commonwealth of Kentucky.

The American dream doesn't come in a box. It doesn't come in some form of a government program. It comes as the result of opportunities that people like us make. That people like us influence the outcome of what people's futures look like.

If we look back at 2017, we've had a couple of challenges. We've been left with a whole lot of things that we need to clean up. Literally and figuratively, some physical things to clean up. Others more figurative. Things of a policy nature. Things of a financial nature. One of the things we've talked about in the briefs that we have shared with some of you is that the real budget focus this year is getting our financial house in order. And this is something that we have talked about for quite some time. But looking back at 2017, I want to show you something here.

This is a slide, those in blue are the top 50 job announcements in 2017 in the counties that they are going to. And some of them, of course, will pull from people in other surrounding counties, but that's where the jobs themselves will be located.

The ones in orange in the top 100. The ones that appear to be kind of gray because they're striped are counties that have companies both in the top 50 and the top 100. I share this with you because I want you to understand that when people talk about economic development, they talk about jobs, everybody wants them in their neighborhood and so even when there's an announcement made, people say, well, it's only happening here but not there. This was just this past year. It covers a pretty amazing amount of Kentucky. It literally covers the northernmost, southernmost, easternmost and westernmost counties of the Commonwealth of Kentucky.

The job opportunities are coming, but these are seeds we're just putting into the ground. We're putting these seeds into the ground now, but they will bear fruit for many, many years to come, and I wanted to put that up there for you as a reminder of that which we have, in fact, done.

I want to show you this next slide as well. This is a before and after of our own state capitol, the very building that we sit in right now. Take a look at the difference. So many of us have seen this building, worked in this building, spent time in and around this building over the last years, in some case decades. Do you realize this building had never been cleaned since it was built? Ever?

We're going to clean up Kentucky. We're going to do it in any number of different ways. But this is the embodiment of what we're talking about. The only part that is yet to be cleaned is the dome, and you can see it still has a lot of the same discoloration that the entire building used to have.

When we talk about the future of Kentucky, the potential of Kentucky, I want to recognize the fact that we have it in our power to make this possible by picking up trash after ourselves, by opening doors for one another, literally and figuratively, by looking out for our neighbors, by taking care of one another, by beautifying the Bluegrass and taking care of our own communities. By looking for things that need to be cleaned, should be cleaned, have not been cleaned, and then cleaning them, we change the perspective we have on how we view ourselves, how others view us. It changes our whole mindset, our whole attitudes. Gives people hope and encouragement. This is what we're trying to do.

The policies that you have put into place, you in the legislature, those of you who have passed legislation last year, the policies you put into place have led to the kind of record breaking investments that we've had. Previously, the best year we ever had in Kentucky: \$5.1 billion of capital invested in our state in a single year. This past year: \$9.2 billion. Directly the result of policies that you put into place last year. Things like right-to-work. Things like repealing prevailing wage, things like all the other things we've done to make it clear that we're getting our house in order. These are the types of things that have attracted people to our state.

17,000 plus jobs were created last year. The most since 2000. Things are changing but these again are seeds that are just now going into the ground. I want to take a look at this next slide real quick. I want to speak briefly.

This is how many of you are in elected office in these two chambers. I want to speak to each of you but I also want to speak to those of you that are watching before we start talking about 2018. What happens in 2018 is going to be driven by 138 men and women. 138 out of 4.5 million people. That's 3/100,000 of the population of Kentucky will make the laws, will make the rules, will spend the money, will make the decisions that affect every single bit of every single life in the Commonwealth of Kentucky. Three out every 100,000.

I want to speak to those of you who have this responsibility yourselves. But I know for a fact some of you are not going to be running again. Some of you are retiring. Some of you are going to be pursuing other things. That's going to leave open opportunities. And I want to speak directly to those of you who are not in this chamber. Those of you, perhaps you're in this chamber but perhaps you're somewhere at home and you've thought about serving at some point in time. I want to encourage you to step up and throw your hat in the ring. The greatness of Kentucky and the greatness of the political process in America as a whole is in fact that men and women who understand how wealth is created, who have created payroll, who understand how to budget, who understand how to spend their own money easily and thoughtfully than they would want to spend others' money. Those are the men and women that we need to run. 138 is all we need. So many are already here and so many will be back, and I'm grateful for that fact. But for those that are not going to be coming back, for those where there's an improvement to be made, I would truly ask if you're out there to think about throwing your hat in the ring, because those that come here every day to serve the commonwealth, led by these men behind me, our Speaker David Osborne and our President of the Senate, Robert Stivers, they need 136 other people with them, and I want to challenge you please to throw your hat in the ring. And for those of you who

are not even sure if you're going to do it again, thank you for serving. Thank you for your willingness to be public servants. It is at times a thankless task, but we need that 3/100,000th to do the job.

I want to read you a quote that was written. We're in an interesting time right now where the weather causes us to kind of hunker down inside, and on a similarly cold December night in 1776 there was a man not even 40 years old who hunkered down inside a house, took a pen out, sat at the paper and wrote these words, the first line of which you all know. The next lines of which you may not. Not even 40 years old, this man, Thomas Paine, wrote:

"These are the times that try men's souls. The summer soldier and the sunshine patriot will in this crisis shrink from the services of their country, but he that stands by it now deserves the love and thanks of man and woman."

These, too, are the times that try our souls here in the commonwealth. We may not be at war as our nation was when those words were written. But the battles, the divisiveness, they continue. We find ourselves under assault. We find ourselves divided on issues of morality, on issues of spirituality, on issues of politics, on issues of ideology, on economic issues. These too are the times that try men's souls. And again, it is the 138 that will be here through this session and the 138 that will follow them into the next session and into the next generation and into the next century that will always be 138 Kentuckians that whenever the times are tight and trying will step up and stand in the gap.

I want to take a look at what we're talking about in 2014. -- or 2018, I'm sorry, as we look forward, so long we have had issues that have been ignored, and I want to put a graphic up here that will be perhaps a little bit of an amusement to some but speaks to the truth of about we're about to discuss. This is the truth about our challenges.

We have in the commonwealth lined up for many, many years, some intentionally, some not, realizing that's this were in this line being told a whole lot of comforting lies, especially about financial issues. When in reality nobody wants the unpleasant truths. The unpleasant truths are a-plenty. And they need to be discussed. And I want to briefly take you through some of the things that we need to talk about as we look forward.

One of the things I want to make clear is this, and you can leave that up on the screen. One thing I want to make clear to you is that we are going to fund our pension system. 100 percent of the obligation that is owed. That is going to happen in this budget that I will be presenting that's going to be released publicly after this.

I'll come back to that in a moment. We're going to fend fund our pension. We're going to fix our foster care and adoption system. We have 8,500 children in foster care, 2,400 plus eligible to be adopted right now. Those numbers are only growing. We are going to fix that. You're going to see those efforts reflected in this budget. We're going to fight this opioid crisis.

There's only five more, so I'll pace you guys. We're going to fight this opioid crisis.

There are seven of them. There are seven things I want to make sure you understand, among the others that will be reflected in this budget.

This opioid crisis is exploding. It's not getting better, and we're going to spend the money, the resources and the attention necessary to address this problem in Kentucky like it's never been addressed before.

We're going to invest in education and workforce development like we never have before. We're going to continue to invest as we have done in the last two years, the first two years of this administration, by investing more money per pupil in SEEK than has ever been invested in the history of Kentucky.

That number is not going to be changed. The amount that's being spent in the classroom is still there in the budget. We'll come to specifically where there will be change as we move forward. But education in the classroom, education with workforce development, these areas are going to continue to be a priority as we move forward.

We're going to reform entitlements in this state. Kentucky is going to lead on this front. You have seen this of late. We did us have our 11-15 waiver approved and Medicaid for able-bodied working aged men and women without dependents is going to change. The expectation and the opportunity and the incentive for people to do for themselves is going to change. We are going to see the impact of that as we move forward. That's going to be implemented starting in July. And the opportunity to connect people to the dignity and the opportunity associated with doing for themselves is going to start happening, and I want to thank those who have worked tirelessly to get us ready, and for Kentucky to be chosen as the first in the nation for this, to be a model for the rest of America is a high compliment to the tremendous works that has gone into making that possible.

One of the primary roles of government is public safety and we are going to remember roles of government. We're going to opt to keep the KLEF funding at \$4,000, the highest it's ever been. We're going to continue to invest in our law enforcement.

We're going to buy new automobiles so that these law enforcement officers, our state police, are not driving around in cars with 200,000 miles on them. You see so many of the accidents and problems that we have had come from that. We're going to get them modern weapons so that they're able to protect us.

That is one of the roles of government, and we are going to invest in our law enforcement officers in 2018.

We're also going to at the same time, as part of that, focus on our prisons and prison reform. I want to make one commitment to you. Certainly no budget that I'm ever going to be putting my stamp of approval on, we're not going to invest another dollar in building another prison here in Kentucky.

We're not spending any more money building prisons to warehouse people. We are going cut down on the recidivism, we're going to find ways to pour into people who have screwed up, who are in prison so that we rehabilitate and re-assimilate them and don't have them recidivate back into the system over and over again. We can do this as part of the way in which we focus on protecting and serving our people.

The final thing I'll say is this: tax reform is coming. It is coming. Whether it comes as a part of this session time will tell. It depends on the band width and the appetite and the opportunity that beholds us.

But we will in 2018 address tax reform, and it's not simply going to be, and it's not simply going to be, as some would have it to be just raising taxes.

It's not a simple function of raising a tax here and raising a tax there "and that's tax reform." It needs to be comprehensive, it needs to focus on making us competitive. It needs to be focused to make sure we compete with states around us all over this country as well as those that border us, to make businesses want to come here.

These are the things that we're going to be focused on in 2018.

As I said a moment ago, the focus of this budget is to get our financial house in order. I want to speak to a few of the specifics of that.

A few of the specifics that I want to speak to are things that relate to things that we're calling for, and I'm just going to read a few of these.

I talked about funding the pension like we've never funded it before. In this budget that's being presented for you all to consider, there is for state employees, there are currently over \$1 billion being funded in the biennium that's going to be put into our state retirement system, our KRS.

\$1.1 billion. This is fully funding not only the ARC as it has been called.

But -- fully funding what has been owed.

By fully funding it we now have an understanding of how much is truly owed, our obligation.

I want to make it clear to some of those in this room, certainly those watching don't necessarily understand. You hear we're 13% funded.

What does that mean? What 13% funded means, is that if you're a state worker in the krs non-hazardous plan which is 13% funded, which it is, and you're expecting to retire some point, if there's 100 of you, 13 of you will get what you think you're going to get. ,87 of you won't.

That's what 13%-funded means. 87 out of 100 will not get the retirement they think they're going to get.

And for those of you in other plans, maybe the KTRS plan, teachers, that after a strong year in the markets last year, people are appropriately feeling good and happy that we're more funded than we were and yet we're still only 56% funded. What does that mean? That means that 56 out of every 100 teachers that retire will get what they think they're going to get and 44 of you won't.

It's not as simple as that, of course. It could also mean that everybody gets 44% less than you think you're going to get.

But the bottom line is, the money's not there. So whether it's the KTRS, whether it's the KRS plan, we are going to be funding these like we never have. Never in the history of Kentucky, the whole idea of an arc was put into place back in 2006, '07, '08 because 12, 15, 20 years ago we were fully funded. 15 years ago we were still fully funded for most of the plans.

Starting about 15 years ago, that began to change, and so about 12 years ago there was the realization that something needed to be done, and so this Arc was -- this actuarially required contribution was put in place, and it was then suggested to the legislature that certain amounts be contributed.

Never once since then, never once in the history of Kentucky has the arc been fully funded for all of our pension systems, not one time, which is why we now find ourselves in the situation where they are all so severely underfunded.

This year they will be funded in their entirety for the first time in the history of the commonwealth of Kentucky.

[applause]

For the teachers' retirement plan, that means nearly \$2.3 billion in the biennium is being put into the ktrs pension system, \$2.3 billion.

14-1/2% of the general requirement goes to -- of the general fund -- goes to retirement.

And it's very difficult, though, at a time like this when you're putting this kind of money into the retirement system to be able to protect all of education, so let's talk about what this looks like as we move forward.

We are going to continue in this budget to fund seek classroom dollars at \$3,981 per pupil. It's the same as it was the year before. It's the highest it has ever been in the history of Kentucky.

Never have we put so much into that. it would be fantastic if we could put still more, but the reality is we don't have enough money to meet the obligations that this state has. So the \$3,981 is not going to be touched because frankly we've got to take care of making sure that we don't rob our students.

So where then is the money going to come from? It's going to come by cutting administrative overhead that's where it's going to come from. And we can go into specifics, some of which you'll see in the budget. I'm not going to go into that now.

Want to encourage to you look at our two largest school systems, in Jefferson County and Fayette County. In Jefferson County alone there have been articles, you have seen, more than 600 administrators making \$100,000 a year or more. That's more than \$60 million. Conservatively. And a lot more than that if you factor in the true numbers. 600 people making \$100,000 a year or more who don't touch your students, who don't teach in the classrooms, that's administrative overhead. That's where the cuts are going to come from.

We're challenging -- I'm telling you we need to clean that up in a big way.

[applause]

In Fayette county, Fayette county, well over 120 that are in a similar category. The bottom line is we have far too many people that are not teaching our students that are sucking up the dollars that are intended, that you all budget for our students. That is going to change.

We're going to expect the local school districts to contribute -- local school districts to contribute to transportation. More than they have in the past. It still needs to be done but they're not going to be funded to the same degree by the state as they have historically and we're going to ask them to get their overall administrative costs down significantly, the specifics of which are spelled out and you'll see in this budget.

But i want to make something clear because there are certain districts, and some of you know who you are, where you're already cut pretty thin, and yet

In Kentucky there are nearly \$1 billion currently being held in cash reserves by our school systems, nearly \$1 billion.

I'll bet that's news to many of you legislators. I know it is to many out there in the general public. It's over \$950 million that are currently being just held in the reserve fund.

We're going to ask these school districts to tap those reserves. This is exactly what it was intended for, for times like these that try men's souls.

This is how we are going to get through this budget crisis. This is how we are going to fund the obligations that we have.

We are going to continue to dedicate 100%, 100% of all of our lottery money to education. 100% of the proceeds are going to go to scholarships, just as they have, to ensuring that young people have educational opportunities.

While it would be tempting and easy to think we should sweep that money to offset things, the people agreed to that lottery under the assumption that those monies were going to that purpose, and that's exactly what we're going to do, and we owe them the obligation of keeping that promise to them and to the young people and not so young people that will benefit from that.

[applause]

We're going to go ahead and put another \$100 million in there for another workforce bond pool, and I'll tell you why we are. Two years ago we did this for the first time. And in the course of doing that, we weren't sure whether we would even have enough in terms of applications. We did.

\$540 million worth of applications for that \$100 million potential investment from the people of Kentucky. We got to choose the best 18% of those.

But guess what? We didn't fund anything that was requested at 100%. In fact, on average we requested them less than 50%. We funded them less than 50% of what was requested.

The net result was the state of Kentucky invested \$100 million, and those local jurisdictions and local businesses invested another \$150 million.

Allowing the investment \$100 million that you supported last time we had a budget to turn into \$250 million worth of investment in Workforce Development. That's the kind of investment, we're looking for when we spend the taxpayers' money.

So many of the emails that we received came from people that are involved in our criminal justice, in our criminal defense, in our prosecution.

We have received a lot of thought, some of those names that I read, you'll recognize. You know what you wrote to us. That was heard.

We have caseloads that are insufferable. We are losing good people. People that we can't afford to lose and don't want to lose. People who don't want to leave their jobs because it's coming at a toll on them and their families and their health in ways that's not fair to expect of anybody.

So you're going to see us investing money like we never have any time in the history of Kentucky in not only people on the prosecutor's side but people on the public defense side, and you're going to see money in this budget to hire 75 new prosecutors and 51 new public advocates in this budget that's going to be presented to you.

[applause]

This investment will make a profound difference in terms of the backlog of cases that we have. This will allow people the opportunity to get out from underneath that. This is money that will be well spent.

We're going to leave the cleft money alone, as I suspected we're going to continue to – as I said. We are going to continue to use those monies to provide a \$4,000 stipend to our top certified law enforcement officers. The details of that you will see if there.

Also as I said we're going to take care of funding things like cars and weapons and other things that are needed by our law enforcement officers.

Medicaid I talked about already as it relates to the 11-15 waiver and the changes that'll be coming.

In this budget you are going to see an additional \$34 million being applied to the battle against the opioid drug crisis. That's a significant sum.

We have put significant money in before and it sadly isn't even enough. But \$34 million will go a long way. Many of the specifics of where and how that is being applied you will see in the details of this budget. But 34 additional million dollars we're going to additionally put in millions more focusing on pregnant women that are addicted to drugs because the cost on the children that are born to an addicted woman and the cost on society financially, emotionally, sociologically, communally is too high. Far higher than any a money we're going to spend on this.

[applause]

Another area where people are just plain overworked, absolutely swamped, you walk into any DCBS office in Kentucky and you will hear the same story, I don't care which part of the state you're in. You will meet some of the strongest, most passionate, most well-intentioned, hard-working thoughtful people you've ever imagined but they're broken down. It's destroying them to be suffocated by a caseload that continues to grow. So we're going to invest tens of millions of dollars into DCBS and into hiring new people and increasing pay, the likes of which has never been seen. Let me give you some specifics.

[applause]

The first thing I want to say is this. Not everybody who works in the state government are the kind of people we need for the long term. That's a fact sadly. Most are. The vast majority are. What we want to do is make sure the people that are there, when this takes effect on July 1st, 2018 and beyond, that the people who are there are the right people, the supervisors are the right people, the workers are the right people, that they are here for the right reasons. We will do that over the course of the next six months, make sure we have the right people in the right seats on the bus.

And then what you will see from people who are caseworkers to people who are supervisors, you will see pay increases that range from 10 to 20 percent. We're not 1 and 2 per-centing people. 10 to 20 per cent. Significant pay raises to make sure with the right people we're able to keep them in place and cut down on this turnover that costs us far more money than we save by not investing in this.

So we're going to see changes in people's compensation. We're also going to have funding in there to be able to hire significant new people. We already have positions that are unfilled right now that are open that have been budgeted for previously. We're going to focus now with increased pay on attracting those people and making sure that we have more caseworkers and that they're more properly compensated. That will change in 2019-20 and beyond.

[applause]

You're going to see a program \$10.8 million for a new program specifically targeting adoption and foster care. Nearly \$11 million specifically for that purpose. You think about what is the role of government. It's to protect. It's to take care of those who are vulnerable, for those who truly need our help. It should not be as bureaucratic and insufferable as it is.

I want to show you another slide here that will speak to the heart of what we're talking about. I want you to take a close look at the back of these t-shirts.

This is the Derringer family from Louisville. The mother and father, 1218 Days. That is how long it took them from the time they tried to adopt a child in Kentucky to the time that that was first possible. I want to show you three other t-shirts. 437, 937 days. 1,043 days. Et cetera. These are the numbers of days it actually took these children to be adopted. I want to ask this family if you guys could come on up here, I want you to meet this family.

[applause]

[Editor's note. At this point, the governor recognized a Jefferson county couple who adopted three children, but had wait more than 1,000 days for one child to clear that process. Ashley Derringer talked about the long process and she asked the legislators to do whatever they can to make the process smoother and quicker for potential foster and adoptive parents.]

This is the face, this is what government is here for. It is only three, as Ashley has said, but I'll tell you what, it's three fewer. There's any number of people that are out there watching that might be able to take one, two

Or three children. We are going to invest in like never. We have said we're going to do it.

We're going to do it and we're going to put \$10.8 million toward making sure that we accelerate this because the idea that a couple like this, who want as desperately as they do to be part of the solution, have to wait between three and four years to even be able to do so is a "shame on us."

And we're going to fix this and we're going to focus on this with the efforts of the first lady and so many others in health and family services and dcbs specifically, and so many outside groups for whom I am grateful and won't even start to mention them all. I'll forget some.

But there folks inside and outside of Kentucky that are going hope to us address this make sure that we find homes for the most vulnerable among us, that we take care of everyone in Kentucky.

We're also going to be focusing on doubling in this budget -- it's a small number in absolute dollars but I think it's important many -- in light of all that's happening both in this state and outside of this state, so much attention to all the things that are happening that should or should not be happening in government. We're going to be doubling the budget for the Executive Branch Ethics Commission. They've been boot strapping it for a long time and we're going to double that money so that they have the ability to do the job that they need to do going forward.

A couple other things I want to touch on.

One of the ways that we make this happen, obviously to be able to fund the things that we are funding, something has to give.

Where does this money come from? If you put billions of dollars, more than 20% of the budget into the pension because that is the cost of making sure that pensions for teachers like Ashley actually get paid -- if those teachers

and others expect to actually get their pensions we need to fund that and if we do where is the money going to come from? There's only a finite amount of it.

So in the budget you will see that we have actually eliminated 70 entire programs, the specifics of which you will see. There's others, arguably, that could be and perhaps ultimately should be as well.

But you have to take the money from somewhere, and so there are 70 absolute programs for which zero funding is included in this budget, and they're scattered throughout state government.

We've been thoughtful about it, not indiscriminate. But had we not done so, then the next number I'm about to give you would be the number that so many of you have been expecting and anticipating and that I've heard hypothesized on. I've heard a thousand ideas of the double digit cuts that are going to come, and indeed if we did not do the things that we just talked about, they would be.

But the net result of all this that is overall cost in reduction is 6.25%.

Everything else in state government other than those areas that I've not mentioned before that are going to be, that are going to be cut, any other areas that we've kept uncut before and the areas that I just talked about with the seek formula for the classrooms and for law enforcement and things of this sort, veterans' affairs, et cetera, there are certain things that we are going to do our best to make whole, but for state government across the board, you're going to see a cut in the next biennium of 6.25%.

It's a whole lot less than it would have been had we not been as intentional in this budget. And it's less than what some were expecting but that's still a significant cut.

That's what it's going to take to balance our budget. We don't have any alternative. The only alternative we have is to generate more revenue, and that's a topic that will ultimately lead to our conversation on taxes.

I want to talk about debt though, because another solution I've heard from the past, I'm going to be very blunt here, there are people that are in this room who have many criticisms about the pension bill, they have many criticisms about tax bills that they've heard discussed who've never in their entire lives, and some have been here for decades, never had a solution of their own, not one, they have plenty, they love to go on TV and talk about everything that's wrong with what other people propose. But they have never had a solution.

In fact, some of them supported the idea that on the tax front, for example, or the pension front, I should say, that borrowing money to pay off the pension obligation was a good idea.

That was floated a couple of years ago. It didn't end up happening. It's like using your MasterCard to pay off your American express. It doesn't make sense.

It's a bad idea. For those individuals, I'm asking you get real, to be real, to step up and make honest decisions about the kind of ways in which we have to balance this budget because we have to do it by law.

But we're for the going to borrow inordinate numbers of dollars. Once again, we are keeping the amount of bonding in this budget to a much lower level than it has been historically. The ten-year average is over 6 and a half per cent. The ten-year average has been 6.58% of our budget has been associated with debt services.

In this budget it will be 5.63%, the second year in a row that it's below 6%.

And yet I will say, I will say this, that also includes a tremendous amount of money to take care of things like the amazing amount of deferred maintenance on our college universities. Our college university campuses have a tremendous amount, \$6 billion worth of deferred maintenance, and there is debt service allowed in here for that to start to be taken care of in conjunction with those Universities using their own resources to make it a priority if they choose to do so.

So we're taking care of again similar to the picture you saw of cleaning up physical things, we are going to invest in things look our university campuses.

We're going to invest this in things like our bridges and the buildings that we operate in, cleaning things and improving things and repairing things.

This is an obligation that we have, not only to those in the commonwealth now but for those that will come for years to come.

We also have got to put money in our rainy day fund. We are on trend right now, we're going to end our year, this fiscal year, and as you know we've had to cut the budget in order to make it fit inside of this year's actual dollars. We've had to cut the budget in an emergency cut just in recent weeks.

We're going to end our year with zero dollars in the bank. Think about that.

How many of you would recommend having nothing in reserve? Nothing, no matter what you earn.

You have nothing in savings, nothing in a checking account, something for an emergency. What if something happened like we have seen happen in other states in our country in the past six months happened here?

We wouldn't have the resources to be able to pay for it.

I'm putting in this budget half of the bare minimum we should have.

All credit rating agencies and others have said that we should have at least \$550 million in our rainy day fund. That's about 5% of our total operating budget. I'm putting in this budget half that amount. It's a fraction of what it needs to be.

It won't be looked upon as favorably as it might otherwise be by credit rating agencies but it's better than nothing.

And again I want you to bear in mind that we have universities that have hundreds of millions of dollars in cash reserve. We have school districts that have hundreds of millions of dollars in cash reserves.

Jefferson county school district has hundreds of millions of dollars in reserves. Why should one school district in our state have hundreds of millions of dollars more for an emergency but never be expected to use those, than the commonwealth of Kentucky itself does and the idea that we have nothing in our reserve is bad why and it's going to be, and I truly challenge those of you in this legislature to make sure we do not shortchange the possibility of something happening in this state and our ability to deal with it.

The last thing I'll say is just on the tax front. Modernizing our tax code is something we've got to do. It has to be brought into the 21st century. It just does, to be more competitive with states around us. And that is something that you are going to see proposals coming from me. And I want to hear any and all proposals coming from you.

I have put out emails asking every single legislator to weigh in with your ideas. I've heard from very, very few of you.

Some of you I've heard from, I appreciate the fact that you've weighed in, but the idea that just simply raising everybody's taxes isn't the solution.

But there are so many of you from whom I have heard nothing but complaints, nothing but comments about how your voice isn't being heard, nothing but plenty of negative commentary after 30 something years of being in this body and never having a solution.

We deserve better than that. For those of you that that might apply to I would say this. I want to show you one final picture here. And I'm going to actually hold off on that. I'm going to come to this in a moment.

I want to talk about at the end of the day why this matters. This matters because it's the responsibility of our state to take care of its people, to pay its bills, to educate, and provide infrastructure.

It's interesting you often hear of people that want to get a piece of the pie or people saying they get too much of the pie or we need to grow the pie.

I find it ironic and I noticed as I was writing about the actual role of government that it's actually an acronym, as I was writing out these three words in that order I noticed that they spell P I E: protection, infrastructure, education.

That's the role of government. That's what we're here for. If we provide for the protection of our people, the infrastructure needed to get goods and services to market and for the education of our people, that's the pie.

That's what this budget is intended to do.

I want to encourage you please to take this seriously. These are serious times. These are the times that try men's souls.

I'd love to sit here and give you lots of rah-rah. Nobody likes the idea of having to cut budgets. Nobody likes the idea of having to make these difficult decisions.

There is not enough money, and it's easy to throw stones without coming up with solutions. But now is the time where we need people who are experienced, people who are capable of coming up with solutions to do exactly that, to not just give lip services to working across the aisle but to truly work together to find what is best for Kentucky. We owe this to the people of Kentucky.

We need to actually balance our budget in a way that takes care of our obligations. So many of the things that we need, the protection, the infrastructure and the education, can barely be paid for even with this budget that we've put forward.

Then there's all the things that we want. If we want more of what we want, then we're going to ultimately have to have the resources to pay for it.

And that's going to come by continuing to put seeds in the ground, getting a tax structure and resolving our pension crisis and balancing the budget in a way that will attract other businesses, that when you have \$9.2 billion worth of investment going into the ground, that the jobs, 17,000 plus and growing, That will come from those investments alone will take root and germinate and the fruit will be borne for generations but it will take an environment in which we continue to fertilize the ground.

That's your job. I'll work with you and I look forward to it but I need and want your support and your help in order to do it.

Every year I've shared with you as part of my address a book that i would encourage you to read. The first year I recommended that you read a book called "Dreamland" and if you haven't read it i would still recommend it to you. "Dreamland." It's about the opioid crisis.

Last year I recommended you read a book called "Hillbilly Elegy." while it's salty and you may not want to have your young children read it, nonetheless, it's a powerful tale of what grips so much of our eastern part of our state in particular but frankly other parts of our state as well. If you have not read that i would encourage that you do.

This year i want to encourage to you read a different book and you see it up here the on screen. This was published a couple years ago by David McCullough. "The Wright Brothers." you say 'why that book?' this is a book about people who dream big. This is a book about people who believe in bigger possibilities.

My high school quote yearbook was by Henry Wadsworth Longfellow,: "lives of great men all remind us we can make our lives sublime and in passing leave behind us footsteps on the sands of time."

The footsteps that this legislature is going to lay down that our administration is going to lay down in conjunction with you, that we collectively are going to lay down for the people of Kentucky as someone's going to follow in them.

I want you to encourage to you read this book. It's a powerful story about People that you've heard about but maybe don't know much about, about the father and the sister who helped to make everything that the two brothers we've heard of, able to do the things that they did.

It's an incredible story. It's not long, 300 pages maybe. But I encourage you to read it and to dream big dreams, to think about the possibilities ahead of us here in Kentucky.

There is no reason why we cannot truly lead the nation. We're doing it now with Medicaid reform. We're doing it with prison and criminal justice reform. We're doing it on pension reform if we will pass the bill that you have the capacity to pass and that I know the votes exist and i look forward to having that done.

So many people are turning to our state when it comes to red tape reduction. I just gave my pin away to the young man that was here. I did warn his mother it was sharp if he took the back off it.

But the fact is we're leading the nation on things like that. And on so many things. Why not on economic development? Why not on what it looks like to

Have a rich environment for people to create jobs for future generations?

This is my challenge to you. Read this book. Dream big dreams. Let Kentucky aim high and disregard the ridicule as these two brothers did.

Disregard the seemingly overwhelming odds as these two brothers did. Disregard all the naysayers and all the dollars that seem to be lined up in other pockets working against you.

We do have limited resources. So, too, did they. They were so outgunned it wasn't even funny. But the bottom line is this, if you dream big dreams and you pursue them and you don't quit, what is possible is almost inconceivable.

I want to thank each and every one of you for your willingness to serve. We do have differences of opinion on any number of things but we need every single person to be at the oars.

We need every single one of you to step up and to serve like you never have in this session because we are going to lay down footsteps. They're going to lead one way or they're going to lead the other way.

And the great men and women who comprise this legislature are going to be followed and the things that you do are going to be followed by 4.5 million and growing other Kentuckians.

So let's lay down deep, bold, straight footprints for others to follow in the years to come. And let's dream big dreams.

I thank you for the opportunity to serve you. I thank you for your attention to this. I thank you for your thoughtful consideration of the budget that will be presented to you.

It is a realistic budget. It is one that is not wishful thinking. It's one that we must pass. And it will set us on course for to get our house in order so that the future will be bright and so that our excitement that we have will continue to be as real as it is today.

Thank you for your time and attention, for your service to the commonwealth. May god bless you and may god bless the commonwealth of Kentucky.

[applause]