

# TEAM KENTUCKY



## 2020-2021 Budget of the Commonwealth

**Andy Beshear**  
GOVERNOR

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STATE BUDGET DIRECTOR



## Budget in Brief

***Commonwealth of Kentucky***  
**2020 – 2021**  
**Budget of the Commonwealth**  
***Budget in Brief***

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The Budget of the Commonwealth for the 2020-2021 biennium is the financial plan for Kentucky State Government as enacted by the Regular Session of the 2020 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 2020-2021 Budget of the Commonwealth is presented in four volumes:

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

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

# Kentucky's FY 2020-2021 Enacted Budget

## EXECUTIVE SUMMARY

### Kentucky's FY 2020-21 Budget Included Adjustments Due to COVID-19

On March 6, 2020, Governor Andy Beshear declared that a state of emergency existed in the Commonwealth. To prevent the spread of the COVID-19 virus in Kentucky, Governor Beshear issued a series of orders directing mitigation efforts to “flatten the curve” of the number and rate of infections. Those actions and similar ones taken by other Governors and throughout the world have dramatically affected state, national, and global economies. The depth and duration of the resulting economic recession will depend primarily on the capacity and execution of further mitigation, testing, and containment actions sufficient to re-open businesses and phase-in an economic recovery, as well as a successful vaccine. The Kentucky House of Representatives passed its version of a two-year budget on March 6, the Senate on March 19. In approaching the Conference Committee with a clearer perspective on the drastically changing situation with the public health emergency, and the severe uncertainty of future tax revenues, the General Assembly, with close consultation with Governor Beshear and the Office of State Budget Director, chose to make the following budget decisions:

- Enact a one-year budget for fiscal year 2021 instead of a two-year budget; deferring action on the fiscal year 2022 budget.
- Use the Consensus Forecasting Group's pessimistic revenue estimate scenario that was part of the public record as it delivered the official revenue estimate in December, 2019. This entailed a reduction from the official General Fund revenue estimate of \$128 million for fiscal year 2020 and a reduction of \$130 million for fiscal year 2021. Similarly, the estimated Road Fund revenues were reduced by \$21 million in fiscal year 2020 and by \$30 million in fiscal year 2021.
- Include only a limited number of additional funding items necessary to maintain existing services and to accommodate changing service populations.
- Forego new and enhanced investments in elementary and secondary education, postsecondary education, child protective services, and salary improvements for teachers and state employees.
- Pass a small revenue measure which includes taxing e-cigarette and vaping products, adding \$5.5 million in resources in fiscal year 2021.

### PENSIONS

The enacted budget includes full funding for the actuarially determined contributions for the Kentucky Employees Retirement System, with an exception of freezing contributions for quasi-governmental entities at the current 49.47 percent rate. Senate Bill 249 extends the amortization period for the non-hazardous plan's unfunded liability from 24 to 30 years which lowered the required employer contribution from 93.01 percent to 84.43 percent, nearly the same rate as in fiscal year 2020.

The budget fully funds the requested employer contributions for the Kentucky Teachers' Retirement System pension and medical trust funds. The General Assembly added a new provision that requires any General Fund contribution to the Teachers' Retirement System medical insurance fund in fiscal year 2021 in excess of the actuarially determined contribution shall carry forward and be considered the General Fund contribution for fiscal year 2022.

## **EDUCATION**

### **SEEK Formula Funding**

The budget maintains the base per pupil amount at \$4,000. It diverts the expected current year SEEK excess amount of \$85.7 million to help balance the fiscal year 2020 budget due to lowering the revenue estimate by \$128 million. For the first time since the SEEK formula was put in place in 1990, the appropriations act shifts budget from SEEK over to another part of the Department of Education's budget for state-operated secondary career and technical schools.

### **School Facilities Funding**

For school facilities funding, the budget equalizes all nickels levied by January 2020, up to three nickels, and equalized 33 new districts at 25% with a stated intention of 100% in a future budget. Four school facilities will receive urgent needs offers of assistance in the amount of \$47.5 million.

### **Teachers' Retirement and Medical Benefits**

The budget includes full pension funding for the Teachers' Retirement System for just the second time. It also includes full funding in both years of the biennium for the medical benefits. This budget will begin the second decade of fully funding the medical benefits for retired teachers.

### **School Safety-Facility Upgrades**

The budget includes bond funding for \$18.2 million to finance school building upgrades required by Senate Bill 1 from the 2019 legislative session. This is the full amount of funding need as estimated by the Kentucky School Boards Association. The Department of Education will distribute the funds based on school districts' unmet facility need. This reflects the first phase of implementation of the School Safety and Resiliency Act.

### **Mental Health Services in Schools**

\$7.4 million is provided to fund school-based mental health services. The Kentucky Center for School Safety and the State School Security Marshal will collaborate to determine how to distribute the funds

### **Infrastructure Repair for Kentucky School for the Blind and School for the Deaf**

The capital budget includes \$8.3 million for needed facility systems repairs at both the Kentucky School for the Deaf and the Kentucky School for the Blind to help meet deferred maintenance and facility upgrade needs at those two state schools.

## **POSTSECONDARY EDUCATION**

### **Student Financial Aid**

The budget devotes all of the estimated lottery revenues to student financial aid programs. Due to higher than expected lottery revenues in the current year and next year compared to the enacted fiscal year 2020 budget, the need-based aid programs will support approximately 7,300 additional recipients. This aid flows through the College Access Program and for students attending private institutions, it is supplemented by the Kentucky Tuition Grant program, as well as the KEES program. Funding for the dual credit scholarship program, begun in fiscal year 2017, is expected to support over 29,000 students by the end of the next biennium.

### **University Agency Bonds**

The budget includes \$422.1 million in Agency bond authority for the universities. This reflects capital projects requested for seven institutions that range from constructing a new college of business building at the University of Louisville to replacing exterior panels on a dormitory at Morehead State University. The debt service for Agency bond debt comes from each institution's tuition and fee revenue.

### **Optometry and Veterinary School Contract Spaces**

The budget includes an additional \$273,200 to maintain the Commonwealth's reserved spaces for these professional degree programs at out-of-state universities.

## **HEALTH CARE and HUMAN SERVICES**

### **Medicaid and Medicaid Expansion**

The budget funds the Medicaid program, including Medicaid Expansion. The budget includes an additional \$38.9 million from the General Fund in fiscal year 2021 to fully fund the Medicaid and Medicaid expansion program. The budget also accommodates several Federal/State share changes. Kentucky's base Medicaid program state share shifts slightly downward from 28.22% in fiscal year 2020 to 28.01% in fiscal year 2021. The final step in the Medicaid expansion state share increases from 8.5% to 10% in the fiscal year 2021. In 2018, the U.S. Congress phased out the 2015 enhanced match for the Children's Health Insurance Program (K-CHIP in Kentucky) resulting in the state match becoming 11.5% higher. The enacted budget reduces the Governor's General Fund recommendation by \$20 million and replaces it with an unknown source of Restricted funds.

### **Louisville's Health Care System**

The budget includes \$35 million in bond funding to the Economic Development Cabinet to provide a loan to the University of Louisville for a public medical center that will provide needed direct health care services and research operations facilities to the Commonwealth.

### **Poison Control Center/COVID-19 Hotline**

An additional \$300,000 in FY 2020 and \$1.1 million in FY 2021 is provided for the Poison Control Center/COVID-19 hotline operated at Norton's health care site in Louisville, in addition to the base budget of \$750,000.

### **Preserving Child Support Enforcement**

An additional \$6.5 million is provided from the General Fund to preserve the federal funding awarded to Kentucky for child support enforcement. The County Attorneys primarily carry out this important service. The reduction in certain agency revenues as created the need to fill a gap, preventing a \$26 million loss from unmatched federal dollars over the biennium.

### **Supporting Programs that Assist Victims of Domestic Violence**

Increased funding for Rape Crisis, Domestic Violence, Child Advocacy centers, respectively by \$250,000, \$250,000, and \$500,000.

## **PUBLIC EMPLOYEES**

### **Health Insurance**

An additional \$17 million from the General Fund is provided to cover the increased costs of providing health insurance coverage to school district employees and state employees.

## **PUBLIC SAFETY**

### **Corrections**

The General Fund budget for Corrections in fiscal year 2021 increases by about \$36 million, and supplemental funding of \$17 million is provided for the current fiscal year. To offset the loss of 1,269 prison beds, most at the medium-security Kentucky State Reformatory, the Commonwealth will begin operating a new medium-security correctional facility in Wheelwright, the Southeastern Correctional Complex, which provides 656 beds. This will help offset some portion of the lost beds at aging facilities that are also unable to recruit and retain sufficient correctional officers.

Higher operating costs, underfunding of correctional institutions, the need to raise pay in the Oldham/Shelby county institutions for correctional officers, a slightly higher inmate population, and an action plan to correct issues with the awarding of good time to inmates make up the other portions of the increased General Fund spending in Corrections.

### **Kentucky State Police – Salary Increases**

The budget includes \$4.5 million to provide salary increases to troopers and other sworn personnel in the Kentucky State Police. This is the second biennium of their new salary schedule, put in place to improve the retention of our State Police force.

### **Firefighters –PTSD Treatment Services**

An additional \$2.5 million each year is provided from the Firefighters Foundation Program Fund for a program to treat firefighters with post-traumatic stress disorder.

### **Kentucky State Police – Emergency Radio System Replacement-Phase II**

An additional \$52.5 million is provided in the capital budget for Phase II of the emergency radio replacement system. The project will replace the twenty-year old radio system and upgrade it to a modern, state-of-the art communications network that will improve the safety of the State Police and other first responders by ensuring coverage throughout the state.

### **Kentucky State Police – Rapid DNA Lab Analysis**

The budget includes \$3 million each year to invest in a Rapid DNA technology which will speed up investigatory efforts as well as decrease the time needed for DNA testing.

## **LOCAL GOVERNMENTS**

### **Returning Coal Severance Tax Revenues to Counties**

The budget returns coal severance tax revenues to the coal-producing counties, after reserving amounts needed for debt service on past capital projects that benefitted Kentucky's coal counties and the administration of those programs. Almost \$10 million in fiscal year 2021 will be returned to coal-producing counties above the baseline budget.

### **Water and Sewer Infrastructure**

The capital budget includes \$16.4 million in state bond funds to match \$93.9 million in federal dollars to repair, replace and improve local drinking water and wastewater infrastructure.

### **Elections**

The budget includes a return to the statutory rate of state reimbursement to counties for election and voter registration costs. An additional \$1 million is provided to the Board of Elections to match increased federal Help America Vote Act funds.

## **ECONOMIC DEVELOPMENT**

### **Training at Ford**

The budget includes \$1,000,000 for the Bluegrass State Skills Corporation to make training grants to Ford Motor Company.

## **TRANSPORTATION**

### **REAL ID**

The budget includes \$4,265,500 in the current year and over \$17,834,800 in fiscal year 2021 to set up and implement the issuance of REAL ID motor vehicle driver licensing and personal identification cards, complying with federal security requirements and meeting the recently extended October 1, 2021 deadline for air travel and entering a federal building. REAL ID's will be issued by the Transportation Cabinet instead of the Judicial branch's Circuit Court Clerks. Legislation was passed in the 2020 Session of the General Assembly to transition the issuance of all motor vehicle driver licensing to the Transportation Cabinet from the Judicial branch.

### **Public Transportation Funding for Local Governments**

Due to the loss of state matching funds from a source called toll credits, \$8.6 million from the Volkswagen settlement will support matching funds to ensure that Kentucky's local governments are able to obtain federal public transit grants, with most federal programs providing 80% in federal dollars.

## INVESTING IN VETERANS

### **Bowling Green Veterans Center**

The capital budget includes \$2.5 million for the design of a new veterans nursing center in Bowling Green. The completion of the design is a prerequisite to drawing down federal funds for the construction of the new facility. The General Assembly approved a non-sum specific contingent General Fund appropriation for debt service to support \$10,500,000 in bonds to be combined with \$19.5 million in federal funds for the construction of the Bowling Green Veterans' Center project.

### **Nursing Staff Loan Forgiveness Program**

Funds are provided to initiate a new loan forgiveness program for the nursing staff at the Veterans Centers to improve both the recruitment and retention of critical personnel at Kentucky's centers.

## FINANCE AND ADMINISTRATION

### **State Facilities Infrastructure Improvement**

The capital budget includes \$22 million in bond funds for the first phase of upgrades to the Capitol Campus, comprising the state Capitol building, the Capitol Annex building, and the Capitol Parking Garage. The basic mechanical, plumbing and electrical systems are over sixty years old and have had few significant upgrades. Another \$10 million in bond funds is included for other key state building system upgrades.

## TOURISM

### **State Fairgrounds – Trifesta Grounds Improvements**

The capital budget includes \$4 million for the Prestonia Grounds and Infrastructure Improvements project. This effort will improve ten acres on the site of the Kentucky Exposition Center to provide an improved location for outdoor music festivals, including the Trifesta, a series of three music festivals occurring in the fall of each year.

### **Parks – Operating and Infrastructure Improvements**

The budget includes an additional \$2.7 million in the current fiscal year to address the Department of Parks' prior year budget shortfall. The capital budget contains \$5 million in bond funds for wastewater treatment plant improvements across the Kentucky Parks system, as well as a \$5 million for major maintenance for the Parks system.

## AGRICULTURE

### **New Inspection and Licensing System – Department of Agriculture**

The capital budget includes a capital information technology project for the Department of Agriculture to replace a 20-year old system for the Department's licensing and regulatory system that will encompass over twenty statutorily-required programs and share resources under a unified platform using new technologies.

## **FEW SPENDING CUTS**

Most of the state agency budgets avoided cuts for the first budget since the 2006-2008 biennium. There are some General Fund spending cuts in the enacted budget. Cuts made to state agency base budgets include: the Governor's Office, by 7.5 percent, the Commission on Human Rights, the elimination of per capita grants to local libraries, the Commonwealth's facilities management agency by almost 43 percent, the Controller's Office by over 15 percent, the wage and hour enforcement function in the Labor Cabinet, by 18 percent.

## **FISCAL RESPONSIBILITY**

### **Budget Reserve Trust Fund**

Kentucky's Budget Reserve Trust Fund, its "rainy day fund" balance has never exceeded 3.7 percent of General Fund revenues. The balance at the beginning of fiscal year 2020 is \$306.1 million which is 2.6 percent of estimated General Fund revenues. This ranks as the 46<sup>th</sup> lowest rainy day fund among the 50 states. The COVID-19 impact prevented additional funding to be added to the Fund, but other actions were taken to prevent further reductions and preserve the balance

### **Planning for Known Liabilities**

To further protect and preserve the Budget Reserve Trust Fund, the budget also includes \$25 million in direct appropriations in the current fiscal year for expenses already incurred and known unbudgeted liabilities, such as Judgments against the Commonwealth, Guardian Ad Litem required reimbursements, security for courthouses across the Commonwealth, and actions required at the Maxey Flats nuclear waste disposal site. This action will prevent \$25 million in further reductions to the balance of the Budget Reserve Trust Fund. This is necessary because disposition of the fiscal year 2019 surplus, the traditional source for these unbudgeted expenses, provided no funding.

### **Judgments**

The budget includes \$22.5 million each year for known liabilities rather than depend upon a budget surplus or draining the Budget Reserve Trust Fund, this budget provides direct funding.

### **Debt Authorized and Debt Capacity**

A total of \$759,810,300 in new debt was authorized in the budget, which includes \$337,672,300 supported from the General Fund and \$422,138,000 in Agency bonds, all for postsecondary education institutions. The primary focus of the General Fund supported debt was to maintain and preserve the Commonwealth's assets.

The enacted debt service to state revenue ratio is 5.49 percent, well under the Commonwealth's debt capacity policy threshold of 6 percent.

## **REVENUE MEASURES**

House Bill 351 includes five taxation measures that had a net General Fund revenue increase of \$5,460,000 in fiscal year 2020-21:

- A new vapor products tax of \$1.50 on each closed vapor cartridge and 15% of the wholesale price for which the distributor sells the open vaping system +\$7,900,000
- Sales tax on municipal golf course admissions +\$1,900,000
- New and expanded industry equipment sales tax exemption for machinery directly used in the manufacturing of distilled spirits, wine, or malt beverages on the premises of the manufacturer that includes a retail establishment (\$2,000,000)
- Coal severance tax refund for exported coal (\$1,340,000)
- Allows a 10-day delayed payment on the cigarette tax and surtaxes, except that all payments must be made by the end of any fiscal year. Negative impact based on an estimate of noncompliance. (\$1,000,000)

## ACKNOWLEDGMENTS

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**2020-22 BUDGET OF THE COMMONWEALTH  
GENERAL FUND SUMMARY**

	<u>Enacted FY 2020</u>	<u>Enacted FY 2021</u>
<b>RESOURCES</b>		
Beginning Balance	130,094,500	62,490,900
Official Revenue Estimate	11,448,237,100	11,592,051,800
Tax Changes	-	5,460,000
Other Resources	13,784,700	5,625,000
Fund Transfers	315,851,900	134,893,500
Tobacco Settlement-Phase I	110,900,000	106,300,000
<b>RESOURCES</b>	<b><u>12,018,868,200</u></b>	<b><u>11,906,821,200</u></b>
<b>Continued Appropriations Reserve</b>		
Budget Reserve Trust Fund	129,077,800	303,590,800
Executive Branch	73,813,300	
Legislative Branch	13,971,500	13,971,500
Judicial Branch	5,979,400	
<b>Continued Appropriations Reserve</b>	<b><u>222,842,000</u></b>	<b><u>317,562,300</u></b>
<b>TOTAL RESOURCES</b>	<b><u>12,241,710,200</u></b>	<b><u>12,224,383,500</u></b>
<b>APPROPRIATIONS</b>		
<b>Executive Branch</b>		
Appropriations-Operating	11,169,683,700	11,301,175,000
Capital		700,000
Use of Budget Reserve Trust Fund	2,500,000	
Special Appropriations		3,069,000
Surplus Appropriations	130,094,500	
Current Year Appropriations	45,749,300	
Dedicated Revenue Adjustments	15,662,000	
Lapses	(141,496,400)	(17,900,200)
Tobacco Settlement-Phase I	112,887,500	108,226,600
Build America Bonds-Tobacco Lapse	(1,987,500)	(1,926,600)
<b>Total Executive Branch</b>	<b><u>11,333,093,100</u></b>	<b><u>11,393,343,800</u></b>
<b>Judicial Branch</b>		
Appropriations	388,377,700	392,416,700
Lapses	(7,500,000)	-
<b>Total Judicial Branch</b>	<b><u>380,877,700</u></b>	<b><u>392,416,700</u></b>
<b>Legislative Branch</b>		
Appropriations	70,162,500	71,986,400
Lapses	(2,269,000)	-
<b>Total Legislative Branch</b>	<b><u>67,893,500</u></b>	<b><u>71,986,400</u></b>
<b>TOTAL APPROPRIATIONS</b>	<b><u>11,781,864,300</u></b>	<b><u>11,857,746,900</u></b>
<b>BALANCE</b>	<b><u>459,845,900</u></b>	<b><u>366,636,600</u></b>
<b>Continued Appropriations Reserve</b>		
Budget Reserve Trust Fund	129,077,800	303,590,800
Appropriations to Budget Reserve Trust Fund	174,513,000	-
<b>Subtotal-Budget Reserve Trust Fund</b>	<b><u>303,590,800</u></b>	<b><u>303,590,800</u></b>
Executive Branch	73,813,300	
Legislative Branch	13,971,500	13,971,500
Judicial Branch	5,979,400	
<b>Continued Appropriations Reserve</b>	<b><u>397,355,000</u></b>	<b><u>317,562,300</u></b>
<b>ENDING BALANCE</b>	<b><u>62,490,900</u></b>	<b><u>49,074,300</u></b>

**2020-2021 EXECUTIVE BUDGET  
ROAD FUND SUMMARY**

	<b>Revised FY 2020</b>	<b>Recommended FY 2021</b>
<b>RESOURCES</b>		
Beginning Balance	75,238,000	37,323,600
Official Revenue Estimate	1,551,800,000	1,543,400,000
Returns from Capital Projects	2,188,700	
Fund Transfers	1,829,800	1,831,100
<b>TOTAL RESOURCES</b>	<b>1,631,056,500</b>	<b>1,582,554,700</b>
<b>APPROPRIATIONS</b>		
Operating Budget Appropriations	1,507,557,500	1,572,220,200
Capital Appropriations	6,940,000	13,940,000
Current Year Appropriations	4,265,500	
Surplus Appropriations	75,238,000	
Dedicated Revenue Adjustments	9,046,100	
Debt Service Lapse	(5,921,300)	
Build America Bonds-Debt Service Lapse	(3,392,900)	(3,605,500)
<b>TOTAL APPROPRIATIONS</b>	<b>1,593,732,900</b>	<b>1,582,554,700</b>
<b>ENDING BALANCE</b>	<b>37,323,600</b>	<b>0</b>

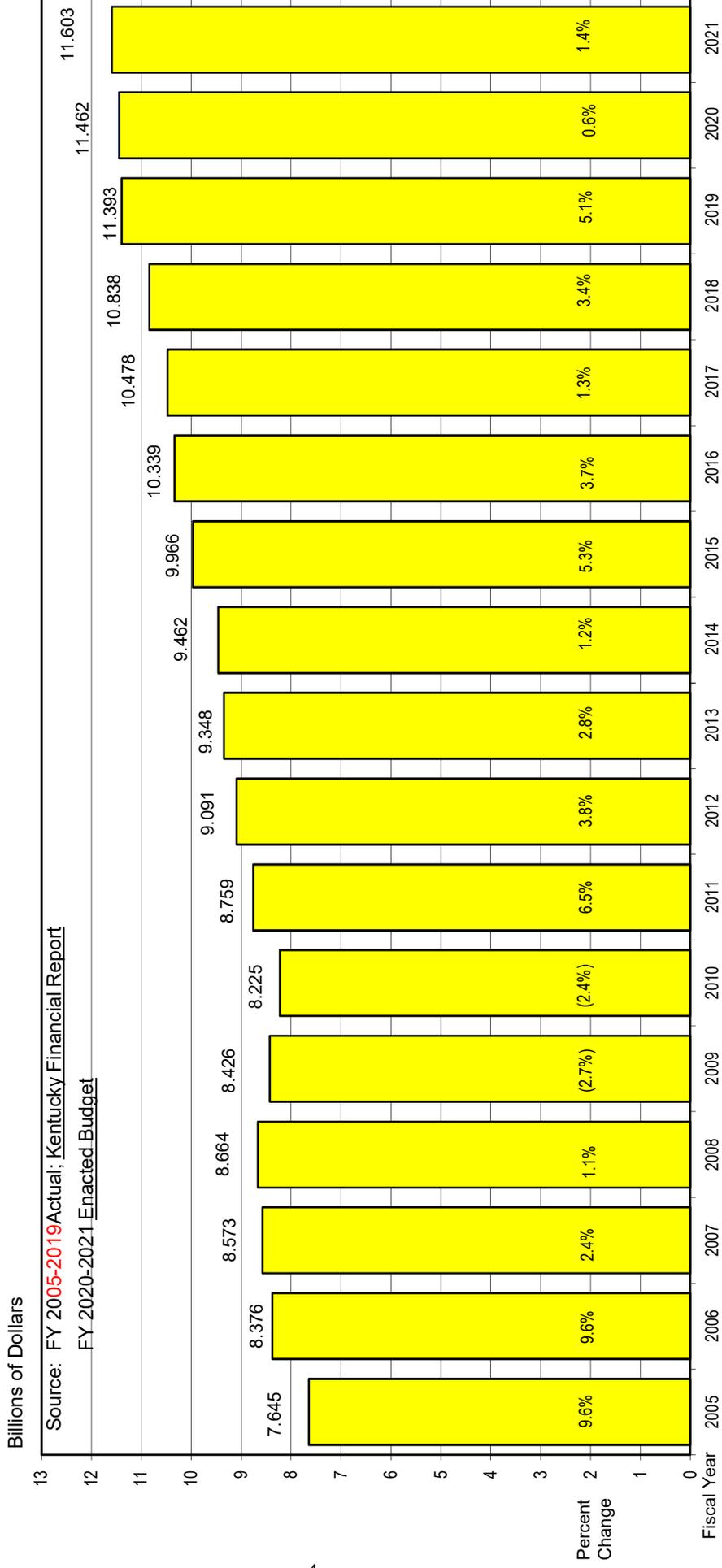
**2020-2021 BUDGET OF THE COMMONWEALTH  
CAPITAL PROJECTS SUMMARY**

	<b>Enacted FY 2020</b>	<b>Enacted FY 2021</b>
	<hr/>	<hr/>
<b>SOURCE OF FUNDS</b>		
<b>Executive Branch</b>		
General Fund	2,500,000	700,000
Restricted Funds	10,660,000	5,895,416,200
Federal Funds		135,451,000
Road Fund	800,000	13,940,000
Bond Funds	38,000,000	313,672,300
Agency Bonds		422,138,000
Investment Income		10,170,000
Other - Cash	3,000,000	766,630,000
Other - Third Party Financing		1,005,288,000
<b>SOURCE OF FUNDS</b>	<hr/> <b>54,960,000</b>	<hr/> <b>8,563,405,500</b>
 <b>APPROPRIATIONS BY CABINET</b>		
<b>Executive Branch</b>		
General Government	7,000,000	195,488,400
Economic Development	35,000,000	
Department of Education		27,472,000
Education & Workforce Development		38,610,000
Energy and Environment		7,300,000
Finance and Administration		36,711,300
Health and Family Services		31,074,000
Justice and Public Safety		74,381,000
Labor		
Postsecondary Education	8,500,000	8,124,088,800
Public Protection		
Tourism, Arts and Heritage	3,000,000	13,640,000
Transportation	1,460,000	14,640,000
<b>TOTAL APPROPRIATIONS</b>	<hr/> <b>54,960,000</b>	<hr/> <b>8,563,405,500</b>

# General Fund Revenue Receipts

## Fiscal Years 2005-2021

(Billions of dollars – rounded)



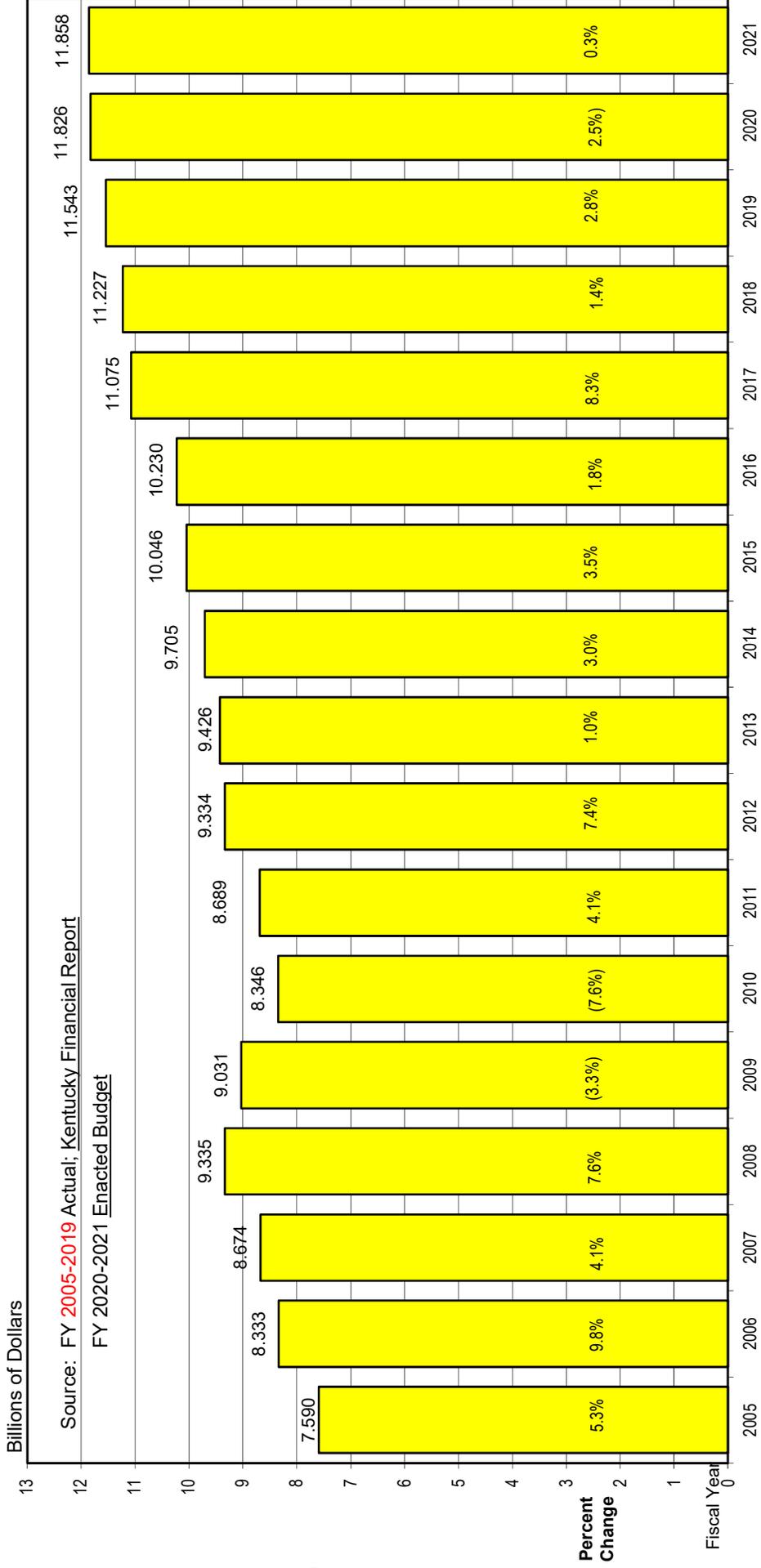
• Excludes Tobacco Settlement – Phase I Funds

• Excludes Fund Transfers

# General Fund Expenditures

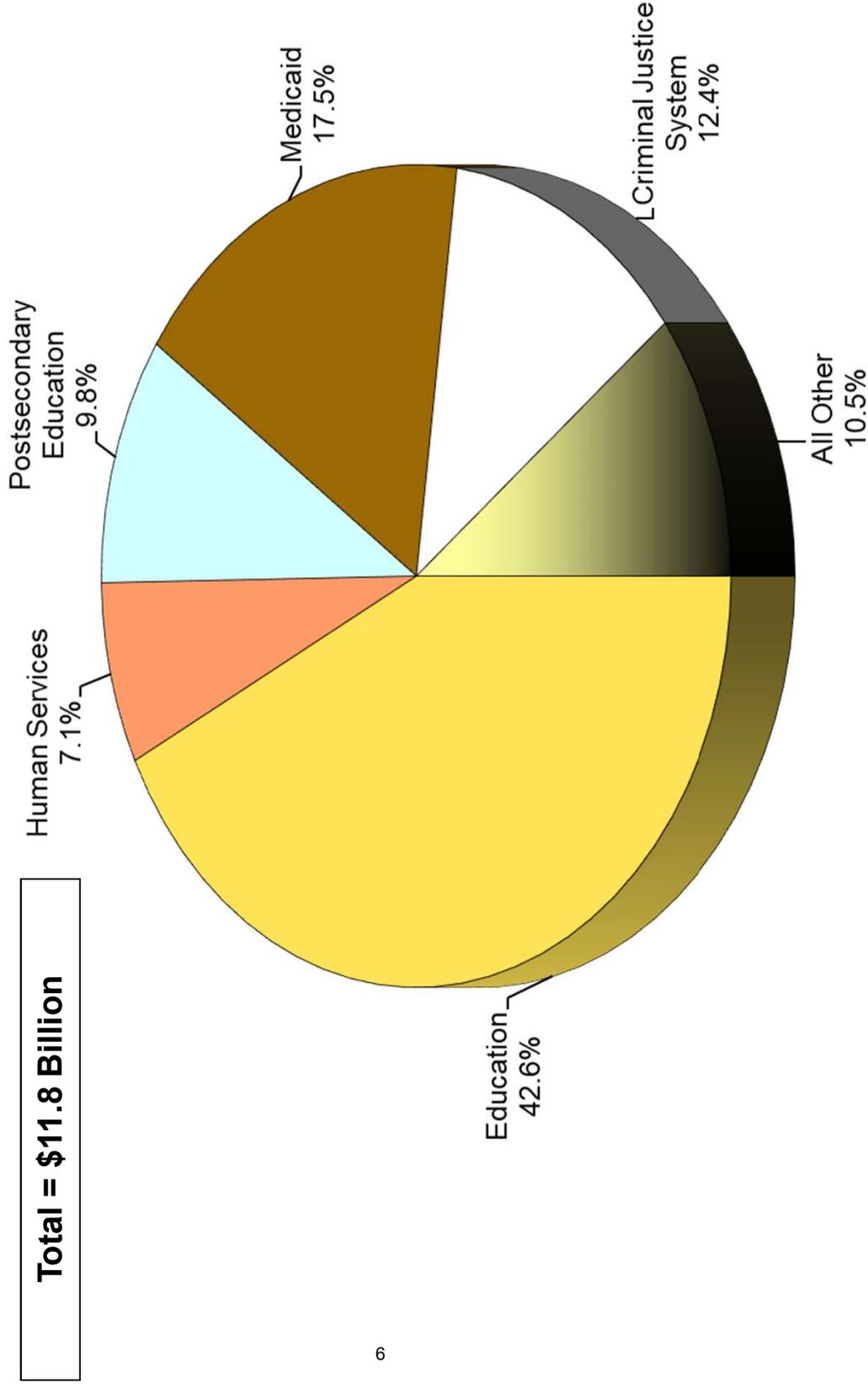
## Fiscal Years 2005-2021

(Billions of dollars – rounded)



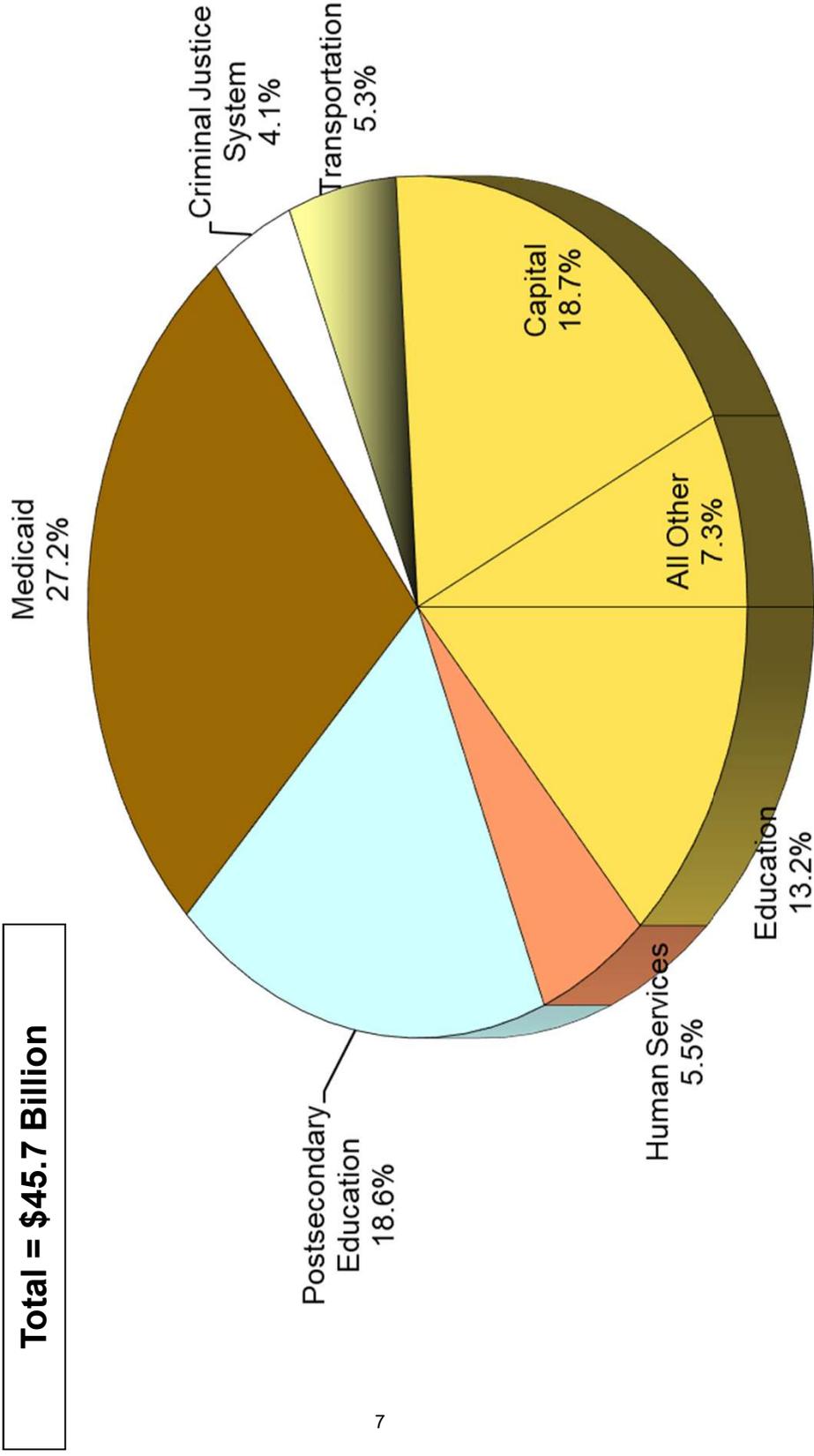
• Excludes Tobacco Settlement – Phase I Funds

# Fiscal Year 2021 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.

# Fiscal Year 2021 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  
Official Enacted Forecast FY20 - FY21**

	<u>FY19</u>		<u>FY20</u>		<u>FY21</u>	
	Actual	%Chg	Estimate	%Chg	Estimate	%Chg
Individual Income	4,544,676,175	-1.3	4,664,400,000	2.6	4,770,900,000	2.3
Sales & Use	3,937,610,039	9.2	4,129,800,000	4.9	4,190,500,000	1.5
Corp. Inc. & LLET	762,681,723	1.8	581,100,000	-23.8	545,900,000	-6.1
Property	647,009,309	4.1	657,100,000	1.6	671,700,000	2.2
Lottery	263,946,017	4.3	271,000,000	2.7	277,000,000	2.2
Cigarettes	353,452,495	66.9	344,900,000	-2.4	335,200,000	-2.8
Coal Severance	92,906,947	3.6	56,000,000	-39.7	44,560,000	-20.4
Other	790,415,755	12.3	757,721,800	-4.1	767,376,800	1.3
<b>Total General Fund</b>	<b>11,392,698,460</b>	<b>5.1</b>	<b>11,462,021,800</b>	<b>0.6</b>	<b>11,603,136,800</b>	<b>1.2</b>

**Road Fund  
Official Enacted Forecast FY20 - FY21**

	<u>FY19</u>		<u>FY20</u>		<u>FY21</u>	
	Actual	%Chg	Estimate	%Chg	Estimate	%Chg
Motor Fuels	773,248,338	1.1	773,200,000	0.0	786,600,000	1.7
Motor Vehicle Usage	514,522,523	4.3	518,600,000	0.8	494,800,000	-4.6
Motor Vehicle License	120,900,980	7.1	115,400,000	-4.5	118,800,000	2.9
Motor Vehicle Operators	16,631,111	-1.0	17,100,000	2.8	18,300,000	7.0
Weight Distance	83,721,474	2.5	83,800,000	0.1	81,200,000	-3.1
Investment	11,923,927	320.3	3,700,000	-69.0	2,400,000	-35.1
Other	45,131,508	16.5	40,000,000	-11.4	41,300,000	3.3
<b>Road Fund</b>	<b>1,566,079,861</b>	<b>3.6</b>	<b>1,551,800,000</b>	<b>-0.9</b>	<b>1,543,400,000</b>	<b>-0.5</b>

## 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>
1998-00 <sup>1</sup>	1,095,128,000	2010-12 <sup>7</sup>	1,553,199,800
2000-02 <sup>2</sup>	1,046,927,600	2012-14 <sup>8</sup>	630,258,000
2002-04 <sup>3</sup>	828,936,380	2014-16 <sup>9</sup>	1,496,548,200
2004-06 <sup>4</sup>	1,906,315,300	2016-18 <sup>10</sup>	1,266,242,500
2006-08 <sup>5</sup>	2,110,528,000	2018-20 <sup>11</sup>	1,047,702,000
2008-10 <sup>6</sup>	2,015,494,000	2020-21 <sup>12</sup>	759,810,300

**<sup>1</sup>Debt 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.

**<sup>2</sup>Debt 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.

**<sup>3</sup>Debt Enacted in the 2002-2004 Budget of the Commonwealth.**

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

**<sup>4</sup>Debt 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.

**<sup>5</sup>Debt 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.

**<sup>6</sup>Debt 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.

**<sup>7</sup>Debt 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.

**<sup>8</sup>Debt 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.

**<sup>9</sup>Debt 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.

**<sup>10</sup>Debt Enacted in the 2016-2018 Budget of the Commonwealth and 2017 Regular Session of the General Assembly.**

General Fund Authorization \$ 588,986,500  
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.

**<sup>11</sup>Debt Enacted in the 2018-2020 Budget of the Commonwealth and 2019 Regular Session of the General Assembly.**

General Fund Authorization: \$ 444,817,000  
Agency Fund Authorization: \$ 602,885,000

The 2018 Regular Session authorized \$369,817,000 for new projects. The Agency Fund bond authorization includes \$60,000,000 of authorization for the Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund. The 2019 Regular Session of the General Assembly authorized General Fund bonds of \$25,000,000 for the Economic Development Cabinet and \$50,000,000 for Parks.

**<sup>12</sup>Debt Enacted in the 2020-2021 Budget of the Commonwealth**

General Fund Authorization: \$ 337,672,300  
Agency Fund Authorization: \$ 422,138,000

The total General Fund bonds listed above include \$35,000,000 in bonds for the Economic Development Cabinet that were authorized in House Bill 99 from the 2020 Session of the General Assembly. It excludes the General Fund bonds that were listed in the biennial appropriations act for the UK Sanders-Brown Center on Aging as no debt service was appropriated to support those bonds.

## **DEBT FINANCING**

### **2020-2021 Budget of the Commonwealth**

The 2020 Regular Session of the Kentucky General Assembly enacted \$759,810,300 in net debt-financed capital projects. The General Fund amount is \$337,672,300 and the Agency Fund amount is \$422,138,000. Also included was a reauthorization and reallocation of \$1,189,700 in previously authorized General Fund supported debt. If all authorized amounts are issued by June 30, 2021, the Commonwealth's debt capacity ratio would be 5.49% (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**

<b>Fiscal Year</b>	<b>Percent of Total Revenue</b>	<b>Fiscal Year</b>	<b>Percent of Total Revenue</b>
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	6.02
2003	5.70	2016	5.72
2004	5.39	2017	5.62
2005	4.70	2018	5.75
2006	4.89	2019	5.70
2007	4.29	2020	4.98*
2008	5.16	2021	5.49*

\*Estimated. The Fiscal Year 2021 figure assumes all new appropriated debt is issued by June 30, 2021.

The above analysis for Fiscal Years 2020 and 2021 is premised on the following assumptions:

- Fiscal Years 2020-2021 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 2019 revenues from the Supplementary Information to the FY19 Comprehensive Annual Financial Report, and for FY20 and FY21, estimated amounts are obtained from the 2020-2022 biennial budget submissions.
- All previously appropriated but unissued debt was assumed issued by June 30, 2020.
- All debt service for authorized but unissued debt was assumed at the budgeted rates of 4.25% for 10-year tax-exempt issues, 5.00% for 20-year tax-exempt issues, and 5.75% for 20-year taxable issues.

**ENACTED BOND FUNDED PROJECTS**

<u>AGENCY</u>	<u>PROJECT</u>	<u>GENERAL FUND</u>
EKU	Purchase Aviation Maintenance Technician/Pilot Training Equip	5,000,000
EKU	Construct Aviation/Aerospace Instructional Facility	3,016,000
Attorney General	Technology Upgrades	2,000,000
Veterans Affairs	Construct Bowling Green Veterans Center	10,500,000
Ky Infrastructure Authority	Fund A-Federally Assisted Wastewater Program	4,086,000
Ky Infrastructure Authority	Fund F-Drinking Water Revolving Loan Program	4,561,000
Econ Development	KY Economic Development Finance Authority Loan Pool	35,000,000
School Facilities Construction Commission	Offers of Assistance - 2018-2020	58,000,000
School Facilities Construction Commission	Special Offers of Assistance	47,527,000
Education	School Safety Facility Upgrades	18,200,000
Finance & Administration	Capitol Campus Upgrade	22,000,000
Finance & Administration	Air Handler Replacement and Repair-Central Lab	2,011,300
Finance & Administration	Elevator Upgrades - Phase I	2,000,000
Kentucky State Police	Emergency Radio System Replacement, Phase II	52,450,000
Corrections	Repair/Replace Roofs - Eastern KY Correctional Complex	6,531,000
Corrections	Install Emergency Generators-Luther Lockett & Green River	5,700,000
CHFS-Behavioral Health	Western State Hospital - Electrical Upgrade - Phase III	3,493,000
CHFS-Behavioral Health	Oakwood Renovate/Replace Cottages - Phase II	8,000,000
CHFS-Behavioral Health	Oakwood Replace, Upgrade & Enhance Emergency Generators	1,825,000
State Fair Board	Prestonia Grounds and Infrastructure Improvements	4,000,000
Parks	Wastewater Treatment Upgrades Pool	5,000,000
Environmental Protection	State-Owned Dam Repair Pool	7,000,000
Education	State Schools Roof Replacement Pool	3,272,000
Education	State Schools HVAC Pool	5,000,000
Parks	Maintenance Pool	5,000,000
Finance & Administration	Maintenance Pool	5,000,000
Corrections	Maintenance Pool	5,000,000
Health and Family Services	Maintenance Pool	5,000,000
State Fair Board	Maintenance Pool	1,500,000
<b>TOTAL - NEW GENERAL FUND PROJECTS</b>		<b>\$337,672,300</b>

<u>AGENCY</u>	<u>PROJECT</u>	<u>AGENCY FUND</u>
Eastern	Upgrade/Improve Athletic Facilities/Fields Pool	25,000,000
Morehead	Capital Renewal and Maintenance Pool-Auxiliary	4,539,000
Morehead	Comply with ADA - Auxiliary	2,034,000
Morehead	Construct New Residence Hall	37,956,000
Morehead	Construct New Volleyball Facility - Phase 2	2,380,000
Morehead	Renovate Alumni Tower Ground Floor	3,812,000
Morehead	Replace Exterior Precast Panels-Nunn Hall	3,148,000
Morehead	Replace Turf on Jacobs Field	1,102,000
Murray	Renovate Residence Hall or Replace	16,740,000
Murray	Renovate Residence Hall Electrical System	4,180,000
Murray	Renovate Residence Hall HVAC System	3,503,000
Murray	Replace Residence Hall Domestic Water Piping	1,143,000
Murray	Renovate Residence Hall Interior	1,601,000
Northern	Renovate Residence Halls	10,000,000
UK	Facilities Renewal and Modernization	125,000,000
UK	Renovate/Upgrade Health Care Facilities-Addl	25,000,000
UK	Acquire/Renovate Housing	40,000,000
UofL	Construct College of Business Building	40,000,000
WKU	Construct, Renovate and Improve Athletic Facilities	50,000,000
WKU	Construct Parking Structure IV	25,000,000
<b>TOTAL - AGENCY BOND PROJECTS</b>		<b>\$422,138,000</b>
<b>TOTAL - ALL BOND PROJECTS</b>		<b>\$759,810,300</b>

**Commonwealth of Kentucky**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	11,316,078,900	11,542,766,100	11,820,106,900	11,766,278,100
Surplus Expenditure Plan		15,763,250	130,094,500	
Special Appropriation	10,939,000			3,069,000
Current Year Appropriation	29,592,000		45,749,300	
Continuing Approp-General Fund	201,476,269	168,038,187	222,841,944	318,962,300
Budget Reduction-General Fund	-128,985,200	-9,832,700		
Reorganization Adjustment		55,200		
Mandated Allotments	80,787,233	33,213,434		
Other	-58,015,491	34,823,821	792,000	
<b>Total General Fund</b>	<b>11,451,872,711</b>	<b>11,784,827,292</b>	<b>12,219,584,644</b>	<b>12,088,309,400</b>
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	95,018,000	121,531,400	120,087,500	108,226,600
Continuing Approp-Tob Settlement	64,283,196	49,981,174	62,788,700	18,773,500
Budget Reduction-Tobacco			-7,200,000	
Other		-1,913,225		
<b>Total Tobacco Fund</b>	<b>159,301,196</b>	<b>169,599,349</b>	<b>175,676,200</b>	<b>127,000,100</b>
<b>Restricted Funds</b>				
Balance Forward	747,958,021	790,793,905	895,800,226	765,733,334
Current Receipts	6,775,533,272	6,885,365,485	8,151,253,331	8,573,122,600
Non-Revenue Receipts	790,776,881	842,284,743	992,413,058	946,604,900
Fund Transfers	-67,146,700	-78,693,712	-50,917,800	-101,623,500
<b>Total Restricted Funds</b>	<b>8,247,121,474</b>	<b>8,439,750,421</b>	<b>9,988,548,815</b>	<b>10,183,837,334</b>
<b>Federal Fund</b>				
Balance Forward	61,384,494	-43,097,522	-22,710,104	17,285,700
Current Receipts	12,342,018,630	12,553,813,201	14,084,861,031	14,126,029,100
Non-Revenue Receipts	-67,137,329	67,857,103	2,140,800	-2,522,300
SFSF Receipts	79			
<b>Total Federal Fund</b>	<b>12,336,265,874</b>	<b>12,578,572,782</b>	<b>14,064,291,727</b>	<b>14,140,792,500</b>
<b>Road Fund</b>				
Regular Appropriation	1,483,636,300	1,538,060,900	1,513,697,600	1,586,160,200
Surplus Expenditure Plan	57,237,112	19,582,190	75,328,000	
Current Year Appropriation			5,065,500	
Continuing Approp-Road Fund	336,329,257	408,175,824		
Other	7,466,004	6,968,866	9,046,100	
<b>Total Road Fund</b>	<b>1,884,668,673</b>	<b>1,972,787,780</b>	<b>1,603,137,200</b>	<b>1,586,160,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>34,079,229,927</b>	<b>34,945,537,624</b>	<b>38,051,238,586</b>	<b>38,126,099,534</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	7,286,982,975	7,659,351,963	8,024,102,363	8,242,227,704
Operating Expenses	2,993,054,367	3,101,919,326	3,770,608,617	3,981,464,796
Grants Loans Benefits	19,729,681,437	19,852,917,639	22,322,385,300	22,429,480,700
Debt Service	1,181,581,578	1,150,383,391	1,159,336,700	1,150,728,900
Capital Outlay	238,289,781	287,854,668	285,269,000	300,132,500
Construction	1,007,684,355	1,107,663,566	1,206,124,600	1,044,858,400
<b>TOTAL EXPENDITURES</b>	<b>32,437,274,493</b>	<b>33,160,090,553</b>	<b>36,767,826,580</b>	<b>37,148,893,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	11,234,291,748	11,542,151,911	11,749,356,944	11,752,146,900
Tobacco Fund	107,255,021	104,779,140	154,915,200	106,300,000
Restricted Funds	7,299,286,842	7,373,497,086	9,222,815,436	9,585,404,400
Federal Fund	12,344,221,897	12,587,677,634	14,047,006,000	14,122,487,000

**EXPENDITURES BY FUND SOURCE**

Road Fund	<u>1,452,218,985</u>	<u>1,551,984,782</u>	<u>1,593,733,000</u>	<u>1,582,554,700</u>
<b>TOTAL EXPENDITURES</b>	<b>32,437,274,493</b>	<b>33,160,090,553</b>	<b>36,767,826,580</b>	<b>37,148,893,000</b>

**EXPENDITURES BY UNIT**

Executive Branch	31,989,691,727	32,676,623,883	36,248,778,500	36,628,881,300
Legislative Branch	60,076,855	62,384,947	68,068,500	72,061,400
Judicial Branch	<u>387,505,910</u>	<u>421,081,723</u>	<u>450,979,580</u>	<u>447,950,300</u>
<b>TOTAL EXPENDITURES</b>	<b>32,437,274,493</b>	<b>33,160,090,553</b>	<b>36,767,826,580</b>	<b>37,148,893,000</b>

# Executive Branch

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**Executive Branch**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	10,887,659,600	11,089,261,300	11,361,566,700	11,301,875,000
Surplus Expenditure Plan		15,763,250	130,094,500	
Special Appropriation	10,939,000			3,069,000
Current Year Appropriation	29,592,000		45,749,300	
Continuing Approp-General Fund	188,358,972	149,184,576	202,891,000	304,990,800
Budget Reduction-General Fund	-126,634,800			
Reorganization Adjustment		55,200		
Mandated Allotments	80,787,233	33,213,434		
Other	-58,015,491	34,823,821	792,000	
<b>Total General Fund</b>	<b>11,012,686,514</b>	<b>11,322,301,581</b>	<b>11,741,093,500</b>	<b>11,609,934,800</b>
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	95,018,000	121,531,400	120,087,500	108,226,600
Continuing Approp-Tob Settlement	64,283,196	49,981,174	62,788,700	18,773,500
Budget Reduction-Tobacco			-7,200,000	
Other		-1,913,225		
<b>Total Tobacco Fund</b>	<b>159,301,196</b>	<b>169,599,349</b>	<b>175,676,200</b>	<b>127,000,100</b>
<b>Restricted Funds</b>				
Balance Forward	736,275,209	769,145,193	862,479,051	744,085,540
Current Receipts	6,752,974,875	6,858,522,491	8,126,239,431	8,548,208,700
Non-Revenue Receipts	776,548,383	818,491,808	969,844,958	924,036,800
Fund Transfers	-67,146,700	-78,693,712	-50,917,800	-101,623,500
<b>Total Restricted Funds</b>	<b>8,198,651,767</b>	<b>8,367,465,780</b>	<b>9,907,645,640</b>	<b>10,114,707,540</b>
<b>Federal Fund</b>				
Balance Forward	61,384,494	-43,097,522	-22,710,104	17,285,700
Current Receipts	12,338,104,248	12,549,593,748	14,079,818,931	14,122,839,100
Non-Revenue Receipts	-67,137,329	67,857,103	2,140,800	-2,522,300
SFSF Receipts	79			
<b>Total Federal Fund</b>	<b>12,332,351,492</b>	<b>12,574,353,329</b>	<b>14,059,249,627</b>	<b>14,137,602,500</b>
<b>Road Fund</b>				
Regular Appropriation	1,483,636,300	1,538,060,900	1,513,697,600	1,586,160,200
Surplus Expenditure Plan	57,237,112	19,582,190	75,328,000	
Current Year Appropriation			5,065,500	
Continuing Approp-Road Fund	336,329,257	408,175,824		
Other	7,466,004	6,968,866	9,046,100	
<b>Total Road Fund</b>	<b>1,884,668,673</b>	<b>1,972,787,780</b>	<b>1,603,137,200</b>	<b>1,586,160,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>33,587,659,641</b>	<b>34,406,507,819</b>	<b>37,486,802,167</b>	<b>37,575,405,140</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	7,007,402,213	7,346,177,728	7,686,706,600	7,909,213,804
Operating Expenses	2,825,234,487	2,934,182,191	3,592,325,000	3,797,806,996
Grants Loans Benefits	19,729,681,437	19,852,917,639	22,322,385,300	22,429,480,700
Debt Service	1,181,581,578	1,150,383,391	1,159,336,700	1,150,728,900
Capital Outlay	238,107,657	285,299,367	281,900,300	296,792,500
Construction	1,007,684,355	1,107,663,566	1,206,124,600	1,044,858,400
<b>TOTAL EXPENDITURES</b>	<b>31,989,691,727</b>	<b>32,676,623,883</b>	<b>36,248,778,500</b>	<b>36,628,881,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	10,817,444,359	11,101,868,185	11,294,606,300	11,287,743,800
Tobacco Fund	107,255,021	104,779,140	154,915,200	106,300,000
Restricted Funds	7,272,465,848	7,334,533,595	9,163,560,100	9,532,985,800
Federal Fund	12,340,307,515	12,583,458,181	14,041,963,900	14,119,297,000

**EXPENDITURES BY FUND SOURCE**

Road Fund	1,452,218,985	1,551,984,782	1,593,733,000	1,582,554,700
<b>TOTAL EXPENDITURES</b>	<b>31,989,691,727</b>	<b>32,676,623,883</b>	<b>36,248,778,500</b>	<b>36,628,881,300</b>

**EXPENDITURES BY UNIT**

General Government	1,627,721,974	1,703,335,913	1,832,884,200	1,794,495,300
Economic Development	27,126,458	22,958,306	38,523,100	33,063,600
Department of Education	4,981,770,039	5,064,715,359	5,054,653,100	5,123,942,200
Education and Workforce Development	582,501,456	526,390,393	635,803,200	614,363,800
Energy and Environment	202,867,188	231,736,674	287,082,700	292,311,000
Finance and Administration	838,020,390	917,742,132	945,392,500	959,852,600
Health and Family Services	12,914,833,428	12,998,372,431	14,783,672,600	14,945,374,300
Justice and Public Safety	1,099,610,659	1,241,809,609	1,276,297,700	1,308,658,400
Labor	198,643,295	186,526,345	205,714,400	193,479,800
Personnel	54,286,460	54,876,937	61,891,700	62,500,200
Postsecondary Education	6,788,909,832	6,868,157,241	8,151,482,100	8,509,248,800
Public Protection	96,687,899	110,036,467	134,598,700	126,589,800
Tourism, Arts and Heritage	244,299,648	252,925,028	261,866,200	272,910,000
Transportation	2,332,413,001	2,497,041,049	2,569,476,300	2,377,451,500
Statewide			9,440,000	14,640,000
<b>TOTAL EXPENDITURES</b>	<b>31,989,691,727</b>	<b>32,676,623,883</b>	<b>36,248,778,500</b>	<b>36,628,881,300</b>

**General Government**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	1,221,725,222	1,271,495,313	1,158,282,500	1,238,634,200
Surplus Expenditure Plan		15,763,250	130,094,500	
Current Year Appropriation	2,820,200		21,535,000	
Continuing Approp-General Fund	203,669	137,257	15,144,400	
Budget Reduction-General Fund	-1,939,600			
Reorganization Adjustment		151,800	151,800	
Mandated Allotments	19,392,897	15,784,643		
Other	9,449,784	17,705,104	662,000	
<b>Total General Fund</b>	<b>1,251,652,171</b>	<b>1,321,037,368</b>	<b>1,325,870,200</b>	<b>1,238,634,200</b>
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	29,050,200	41,053,300	40,929,300	35,244,800
Continuing Approp-Tob Settlement	35,811,529	19,392,531	24,801,800	18,773,500
Budget Reduction-Tobacco			-3,279,000	
Reorganization Adjustment			-2,050,000	
Other		-956,613		
<b>Total Tobacco Fund</b>	<b>64,861,729</b>	<b>59,489,218</b>	<b>60,402,100</b>	<b>54,018,300</b>
<b>Restricted Funds</b>				
Balance Forward	139,782,035	151,197,930	131,011,407	117,737,740
Current Receipts	154,799,801	162,882,192	172,770,400	197,783,400
Non-Revenue Receipts	65,020,904	64,150,502	104,276,233	109,516,900
Fund Transfers	-2,507,800	-27,500,000	-1,500,000	-6,400,000
<b>Total Restricted Funds</b>	<b>357,094,940</b>	<b>350,730,624</b>	<b>406,558,040</b>	<b>418,638,040</b>
<b>Federal Fund</b>				
Balance Forward	15,562,484	6,300,138	3,914,400	4,531,900
Current Receipts	126,751,019	145,104,807	176,620,600	184,063,700
Non-Revenue Receipts	-10,851,034			
<b>Total Federal Fund</b>	<b>131,462,469</b>	<b>151,404,945</b>	<b>180,535,000</b>	<b>188,595,600</b>
<b>Road Fund</b>				
Regular Appropriation	520,400	557,900	562,000	571,600
<b>Total Road Fund</b>	<b>520,400</b>	<b>557,900</b>	<b>562,000</b>	<b>571,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,805,591,710</b>	<b>1,883,220,054</b>	<b>1,973,927,340</b>	<b>1,900,457,740</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	341,497,213	397,781,358	419,634,400	437,828,504
Operating Expenses	100,863,745	118,570,832	144,189,300	164,887,596
Grants Loans Benefits	942,636,027	960,550,092	1,022,834,600	961,202,500
Debt Service	237,821,866	214,078,095	225,012,800	212,714,200
Capital Outlay	4,698,168	8,536,573	21,213,100	17,862,500
Construction	204,955	3,818,964		
<b>TOTAL EXPENDITURES</b>	<b>1,627,721,974</b>	<b>1,703,335,913</b>	<b>1,832,884,200</b>	<b>1,794,495,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	1,250,508,669	1,304,318,491	1,325,870,200	1,238,634,200
Tobacco Fund	45,720,163	34,687,352	41,628,600	35,244,800
Restricted Funds	205,720,054	219,561,982	288,820,300	333,526,500
Federal Fund	125,260,126	144,213,277	176,003,100	186,518,200
Road Fund	512,963	554,810	562,000	571,600
<b>TOTAL EXPENDITURES</b>	<b>1,627,721,974</b>	<b>1,703,335,913</b>	<b>1,832,884,200</b>	<b>1,794,495,300</b>
<b>EXPENDITURES BY UNIT</b>				
Office of the Governor	5,763,663	6,606,822	7,112,400	7,293,700

**EXPENDITURES BY UNIT**

Office of State Budget Director	3,210,285	3,394,974	3,795,200	3,768,600
Homeland Security	4,143,628	4,243,954	6,025,200	6,032,200
Department of Veterans' Affairs	73,443,623	85,607,171	92,503,000	97,638,400
Governor's Office of Agricultural Policy	45,234,748	34,230,264	41,228,600	34,694,800
Kentucky Infrastructure Authority	25,298,490	31,735,904	64,246,900	63,593,000
Military Affairs	105,856,330	116,099,924	140,127,800	149,831,300
Commission on Human Rights	1,958,895	2,141,032	2,260,600	2,181,600
Commission on Women	218,067			
Department for Local Government	44,587,405	34,148,581	39,942,900	56,531,500
Local Government Economic Assistance Fund	31,889,409	28,826,186	38,624,200	21,830,900
Local Government Economic Development Fund	11,400,000	17,923,300	13,570,500	12,814,300
Area Development Fund	408,900			
Local Government Regional Development Agency Assistance Fund		2,000,000		6,000,000
Executive Branch Ethics Commission	726,643	864,493	975,700	981,600
Secretary of State	3,376,508	4,124,286	5,155,100	5,399,000
Board of Elections	7,143,536	8,406,324	13,176,800	8,946,800
Registry of Election Finance	1,231,700	1,481,440	1,529,400	1,541,300
Attorney General	31,399,127	31,786,789	34,903,400	35,664,300
Unified Prosecutorial System	96,997,913	116,107,146	119,244,300	122,790,200
Treasury	4,302,778	5,121,013	5,781,900	5,765,600
Agriculture	31,776,839	36,387,893	37,956,300	40,366,100
Auditor of Public Accounts	13,435,697	15,088,417	17,698,900	19,713,600
Personnel Board	780,393	814,547	845,900	875,000
Kentucky Retirement Systems	119,936,418	52,442,771	108,883,200	49,272,200
Occupational & Professional Boards & Commissions	20,247,826	22,630,045	25,516,600	26,750,800
Kentucky River Authority	4,735,264	5,190,834	7,550,000	7,975,100
School Facilities Construction Commission	134,918,000	129,898,300	129,071,300	125,243,600
Teachers' Retirement System	757,734,692	841,956,894	803,463,400	797,720,300
Judgments	531,627	4,384,814	16,900,000	22,500,000
Appropriations Not Otherwise Classified	19,734,554	25,764,718	19,026,400	14,526,400
KY Communications Network Authority	25,299,019	33,927,075	35,768,300	46,253,100
<b>TOTAL EXPENDITURES</b>	<b>1,627,721,974</b>	<b>1,703,335,913</b>	<b>1,832,884,200</b>	<b>1,794,495,300</b>

**Economic Development**

**Economic Development**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	24,065,500	25,496,800	25,606,300	26,054,000
Special Appropriation	641,000			3,069,000
Continuing Approp-General Fund	3,443,248	2,777,382	8,200,000	
Budget Reduction-General Fund	-409,000			
Other	-173,400			
<b>Total General Fund</b>	<b>27,567,348</b>	<b>28,274,182</b>	<b>33,806,300</b>	<b>29,123,000</b>
<b>Restricted Funds</b>				
Balance Forward	937,965	2,548,135	2,549,200	976,000
Current Receipts	3,665,862	2,388,370	2,743,600	3,009,200
<b>Total Restricted Funds</b>	<b>4,603,827</b>	<b>4,936,506</b>	<b>5,292,800</b>	<b>3,985,200</b>
<b>Federal Fund</b>				
Balance Forward	13,056	-12,289	-127,900	124,400
Current Receipts	255,665	384,343	652,300	304,400
<b>Total Federal Fund</b>	<b>268,722</b>	<b>372,055</b>	<b>524,400</b>	<b>428,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>32,439,897</b>	<b>33,582,743</b>	<b>39,623,500</b>	<b>33,537,000</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	10,839,621	11,928,626	13,523,200	12,043,000
Operating Expenses	2,473,981	2,453,625	2,561,800	3,939,800
Grants Loans Benefits	12,249,856	8,576,055	22,438,100	14,011,800
Debt Service	1,563,000			3,069,000
<b>TOTAL EXPENDITURES</b>	<b>27,126,458</b>	<b>22,958,306</b>	<b>38,523,100</b>	<b>33,063,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	24,789,756	20,071,048	33,806,300	26,054,000
Restricted Funds	2,055,692	2,387,261	4,316,800	3,634,200
Federal Fund	281,010	499,996	400,000	306,400
<b>TOTAL EXPENDITURES</b>	<b>27,126,458</b>	<b>22,958,306</b>	<b>38,523,100</b>	<b>29,994,600</b>
<b>EXPENDITURES BY UNIT</b>				
Economic Development	27,126,458	22,958,306	38,523,100	29,994,600
<b>TOTAL EXPENDITURES</b>	<b>27,126,458</b>	<b>22,958,306</b>	<b>38,523,100</b>	<b>29,994,600</b>

**Department of Education**  
**Department of Education**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	4,129,690,300	4,122,433,400	4,143,248,100	4,106,080,500
Continuing Approp-General Fund	12,090,664			
Budget Reduction-General Fund	-21,247,700			
Reorganization Adjustment			-15,349,800	
<b>Total General Fund</b>	<b>4,120,533,264</b>	<b>4,122,433,400</b>	<b>4,127,898,300</b>	<b>4,106,080,500</b>
<b>Restricted Funds</b>				
Balance Forward	10,518,946	12,847,607	16,171,944	
Current Receipts	5,210,253	4,137,050	5,838,531	22,641,300
Non-Revenue Receipts	19,199,865	22,287,203	21,410,425	23,720,500
Fund Transfers				-200,000
<b>Total Restricted Funds</b>	<b>34,929,065</b>	<b>39,271,859</b>	<b>43,420,900</b>	<b>46,161,800</b>
<b>Federal Fund</b>				
Balance Forward	3,340,881	6,898,731	171,000	
Current Receipts	857,727,830	916,601,209	968,859,300	971,699,900
Non-Revenue Receipts	-281,322			
SFSF Receipts	79			
<b>Total Federal Fund</b>	<b>860,787,468</b>	<b>923,499,941</b>	<b>969,030,300</b>	<b>971,699,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>5,016,249,796</b>	<b>5,085,205,200</b>	<b>5,140,349,500</b>	<b>5,123,942,200</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	123,883,615	118,392,476	133,557,500	123,779,200
Operating Expenses	34,417,482	32,660,846	33,184,400	34,305,700
Grants Loans Benefits	4,821,999,382	4,913,497,578	4,887,911,200	4,964,897,800
Debt Service	1,220,500			959,500
Capital Outlay	249,059	164,458		
<b>TOTAL EXPENDITURES</b>	<b>4,981,770,039</b>	<b>5,064,715,359</b>	<b>5,054,653,100</b>	<b>5,123,942,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	4,105,799,844	4,122,433,383	4,042,201,900	4,106,080,500
Restricted Funds	22,081,458	22,666,705	43,420,900	46,161,800
Federal Fund	853,888,737	919,615,271	969,030,300	971,699,900
<b>TOTAL EXPENDITURES</b>	<b>4,981,770,039</b>	<b>5,064,715,359</b>	<b>5,054,653,100</b>	<b>5,123,942,200</b>
<b>EXPENDITURES BY UNIT</b>				
Support Education Excellence in Kentucky (SEEK)	3,022,599,253	3,056,500,800	2,961,784,500	2,973,696,700
Operations and Support Services	440,225,864	452,943,296	474,184,900	473,681,300
Learning and Results Services	1,518,944,922	1,555,271,263	1,618,683,700	1,676,564,200
<b>TOTAL EXPENDITURES</b>	<b>4,981,770,039</b>	<b>5,064,715,359</b>	<b>5,054,653,100</b>	<b>5,123,942,200</b>

## Education and Workforce Development

	Actual FY 2018	Actual FY 2019	Revised FY 2020	Enacted FY 2021
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	73,940,231	66,812,610	34,372,900	66,674,200
Continuing Approp-General Fund	2,211,583	2,811,752	4,283,800	
Budget Reduction-General Fund	-2,801,000			
Reorganization Adjustment		1,444,521	34,335,400	
Other		40,000		
<b>Total General Fund</b>	73,350,814	71,108,883	72,992,100	66,674,200
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	2,050,000	2,050,000		1,400,000
Continuing Approp-Tob Settlement	4,010,736	4,167,159	3,912,300	
Reorganization Adjustment			2,050,000	
Other		-40,725		
<b>Total Tobacco Fund</b>	6,060,736	6,176,434	5,962,300	1,400,000
<b>Restricted Funds</b>				
Balance Forward	47,673,463	7,330,083	10,835,600	8,870,000
Current Receipts	13,721,320	11,486,751	21,604,600	35,788,600
Non-Revenue Receipts	-1,435,654	16,714,610	6,611,900	-7,909,700
<b>Total Restricted Funds</b>	59,959,129	35,531,445	39,052,100	36,748,900
<b>Federal Fund</b>				
Balance Forward	3,756,416	122,136	-2,751,800	
Current Receipts	456,788,032	439,880,488	534,843,700	516,343,600
Non-Revenue Receipts	-3,252,995	-1,477,434	-3,425,200	
<b>Total Federal Fund</b>	457,291,453	438,525,190	528,666,700	516,343,600
<b>TOTAL SOURCE OF FUNDS</b>	596,662,133	551,341,952	646,673,200	621,166,700
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	92,184,746	99,250,049	101,148,300	103,748,800
Operating Expenses	31,233,736	29,664,259	34,313,400	34,816,200
Grants Loans Benefits	413,627,316	397,196,916	500,284,400	475,741,700
Debt Service	45,162,162	182,500		
Capital Outlay	253,939	69,826	57,100	57,100
Construction	39,557	26,842		
<b>TOTAL EXPENDITURES</b>	582,501,456	526,390,393	635,803,200	614,363,800
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	70,539,061	66,822,367	70,992,100	66,674,200
Tobacco Fund	1,893,577	2,264,110	5,962,300	1,400,000
Restricted Funds	52,806,002	16,120,429	30,182,100	29,946,000
Federal Fund	457,262,816	441,183,487	528,666,700	516,343,600
<b>TOTAL EXPENDITURES</b>	582,501,456	526,390,393	635,803,200	614,363,800
<b>EXPENDITURES BY UNIT</b>				
General Administration and Program Support	28,065,289	18,490,703	30,074,500	27,220,700
Commission on Proprietary Education	206,130	203,042	323,900	331,900
Deaf and Hard of Hearing	1,966,400	2,457,800	2,149,700	2,148,400
Kentucky Educational Television	14,542,094	16,090,112	16,560,900	16,578,800
Environmental Education Council	191,043	474,553	815,700	822,900
Libraries and Archives	16,054,303	16,102,649	19,748,300	15,871,400
Department of Workforce Investment	521,476,197	472,571,533	566,130,200	551,389,700
<b>TOTAL EXPENDITURES</b>	582,501,456	526,390,393	635,803,200	614,363,800

## Energy and Environment

	Actual FY 2018	Actual FY 2019	Revised FY 2020	Enacted FY 2021
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	78,063,510	87,443,600	88,054,000	86,352,900
Current Year Appropriation			700,000	
Continuing Approp-General Fund	610,679	1,063,213	1,798,500	1,400,000
Budget Reduction-General Fund	-3,647,000			
Reorganization Adjustment	851,515	2,023,500	2,049,300	
Mandated Allotments	3,271,273	74,691		
<b>Total General Fund</b>	<b>79,149,977</b>	<b>90,605,004</b>	<b>92,601,800</b>	<b>87,752,900</b>
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	5,000,000	3,757,300	3,757,300	3,386,800
Continuing Approp-Tob Settlement	13,895,959	14,093,860	14,348,300	
Budget Reduction-Tobacco			-321,000	
<b>Total Tobacco Fund</b>	<b>18,895,959</b>	<b>17,851,160</b>	<b>17,784,600</b>	<b>3,386,800</b>
<b>Restricted Funds</b>				
Balance Forward	25,221,479	41,240,927	52,262,400	46,270,000
Current Receipts	26,786,472	27,969,242	27,361,700	27,515,200
Non-Revenue Receipts	67,308,780	71,935,361	74,750,400	91,576,500
Fund Transfers	-8,000,000	-15,333,812	-14,500,000	-31,500,000
<b>Total Restricted Funds</b>	<b>111,316,731</b>	<b>125,811,718</b>	<b>139,874,500</b>	<b>133,861,700</b>
<b>Federal Fund</b>				
Balance Forward	1,540	-5,247,859	-2,970,100	
Current Receipts	60,678,892	76,772,392	89,057,200	89,800,200
Non-Revenue Receipts	-9,278,671	-2,436,985	4,569,000	-2,312,300
<b>Total Federal Fund</b>	<b>51,401,761</b>	<b>69,087,548</b>	<b>90,656,100</b>	<b>87,487,900</b>
<b>Road Fund</b>				
Regular Appropriation	320,900	320,900	320,900	320,900
<b>Total Road Fund</b>	<b>320,900</b>	<b>320,900</b>	<b>320,900</b>	<b>320,900</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>261,085,328</b>	<b>303,676,329</b>	<b>341,237,900</b>	<b>312,810,200</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	125,864,790	141,638,464	160,921,800	159,675,900
Operating Expenses	35,021,200	36,077,575	38,737,900	39,566,800
Grants Loans Benefits	26,258,821	26,070,716	40,535,500	47,550,800
Debt Service	654,500	424,500		140,000
Capital Outlay	3,053,709	8,236,283	7,117,000	5,900,200
Construction	12,014,168	19,289,136	39,770,500	39,477,300
<b>TOTAL EXPENDITURES</b>	<b>202,867,187</b>	<b>231,736,674</b>	<b>287,082,700</b>	<b>292,311,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	71,018,763	82,321,310	84,716,600	79,867,700
Tobacco Fund	4,802,100	3,502,887	17,784,600	3,386,800
Restricted Funds	70,075,804	73,534,211	93,604,500	121,247,700
Federal Fund	56,649,620	72,057,367	90,656,100	87,487,900
Road Fund	320,900	320,900	320,900	320,900
<b>TOTAL EXPENDITURES</b>	<b>202,867,188</b>	<b>231,736,674</b>	<b>287,082,700</b>	<b>292,311,000</b>
<b>EXPENDITURES BY UNIT</b>				
Secretary	5,119,246	6,418,568	7,179,100	27,403,600
Environmental Protection	101,872,114	113,020,968	120,002,900	124,874,500
Natural Resources	77,121,918	88,310,980	130,928,200	112,252,400
Public Service Commission	9,326,536	10,231,813	11,768,300	11,603,600
Office of Administrative Services	5,601,109	9,621,713	11,469,200	10,804,200

**EXPENDITURES BY UNIT**

Office of KY Nature Preserves	1,925,824	2,071,847	3,481,300	3,433,300
Office of Energy Policy	1,900,440	2,060,786	2,253,700	1,939,400
<b>TOTAL EXPENDITURES</b>	<u>202,867,188</u>	<u>231,736,674</u>	<u>287,082,700</u>	<u>292,311,000</u>

**Finance and Administration**

**Finance and Administration**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	649,545,100	666,827,500	702,674,300	685,172,300
Special Appropriation			3,181,500	
Current Year Appropriation	2,438,400		2,800,000	
Budget Reduction-General Fund	-8,015,100			
Mandated Allotments	5,990,463	2,438,200		
Other	-22,753,775			
<b>Total General Fund</b>	<b>627,205,088</b>	<b>669,265,700</b>	<b>708,655,800</b>	<b>685,172,300</b>
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	26,917,700	29,224,900	32,128,700	31,113,200
Continuing Approp-Tob Settlement		6		
<b>Total Tobacco Fund</b>	<b>26,917,700</b>	<b>29,224,906</b>	<b>32,128,700</b>	<b>31,113,200</b>
<b>Restricted Funds</b>				
Balance Forward	40,969,289	39,008,209	40,603,100	34,855,400
Current Receipts	217,258,453	232,360,293	238,165,300	245,057,200
Non-Revenue Receipts	3,770,041	-619,925	3,015,600	3,262,700
Fund Transfers	-17,008,100	-2,800,000	-2,800,000	-16,994,400
<b>Total Restricted Funds</b>	<b>244,989,682</b>	<b>267,948,577</b>	<b>278,984,000</b>	<b>266,180,900</b>
<b>Federal Fund</b>				
Balance Forward	1	3,049	3,069	
Current Receipts	11,534	100,467	391,231	150,400
Non-Revenue Receipts	-1,856			
<b>Total Federal Fund</b>	<b>9,678</b>	<b>103,516</b>	<b>394,300</b>	<b>150,400</b>
<b>Road Fund</b>				
Regular Appropriation	3,545,900	3,842,300	3,887,400	4,047,400
<b>Total Road Fund</b>	<b>3,545,900</b>	<b>3,842,300</b>	<b>3,887,400</b>	<b>4,047,400</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>902,668,049</b>	<b>970,384,999</b>	<b>1,024,050,200</b>	<b>986,664,200</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	233,634,441	258,267,017	272,415,100	267,444,600
Operating Expenses	124,856,770	138,429,850	150,657,000	159,269,200
Grants Loans Benefits	445,737	784,069	1,052,500	1,052,500
Debt Service	455,805,609	493,468,167	500,779,700	510,718,700
Capital Outlay	23,276,609	26,793,029	20,488,200	21,367,600
Construction	1,225			
<b>TOTAL EXPENDITURES</b>	<b>838,020,390</b>	<b>917,742,132</b>	<b>945,392,500</b>	<b>959,852,600</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	604,211,019	659,373,583	666,841,000	674,457,300
Tobacco Fund	24,601,729	27,193,506	30,141,200	29,186,600
Restricted Funds	205,981,473	227,345,486	244,128,600	252,010,900
Federal Fund	6,630	100,482	394,300	150,400
Road Fund	3,219,540	3,729,073	3,887,400	4,047,400
<b>TOTAL EXPENDITURES</b>	<b>838,020,390</b>	<b>917,742,132</b>	<b>945,392,500</b>	<b>959,852,600</b>
<b>EXPENDITURES BY UNIT</b>				
General Administration	38,657,655	35,747,317	38,819,900	36,418,800
Controller	16,313,078	17,259,757	19,627,800	19,929,400
Office of Inspector General	1,238,716	1,089,529	1,379,800	1,269,700
Debt Service	448,368,109	492,635,167	500,779,700	510,185,700
Facilities and Support Services	47,869,225	49,051,072	52,448,100	58,784,600
County Costs	22,845,627	23,501,615	24,246,000	21,446,000

**EXPENDITURES BY UNIT**

Commonwealth Office of Technology	110,094,646	127,065,539	130,606,300	135,042,000
Revenue	100,919,658	112,635,483	117,846,000	116,829,700
Property Valuation Administrators	51,713,678	58,756,653	59,638,900	59,946,700
<b>TOTAL EXPENDITURES</b>	<u>838,020,390</u>	<u>917,742,132</u>	<u>945,392,500</u>	<u>959,852,600</u>

**Health and Family Services**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	2,714,393,178	2,706,415,687	2,870,293,300	2,902,696,700
Current Year Appropriation	6,600,000		300,000	
Budget Reduction-General Fund	-69,620,100			
Reorganization Adjustment		-151,800	-151,800	
<b>Total General Fund</b>	<b>2,651,373,078</b>	<b>2,706,263,887</b>	<b>2,870,441,500</b>	<b>2,902,696,700</b>
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	23,954,200	30,614,900	29,222,900	26,039,100
Continuing Approp-Tob Settlement	9,034,216	10,420,196	14,467,200	
Budget Reduction-Tobacco			-2,436,700	
Other		-610,845		
<b>Total Tobacco Fund</b>	<b>32,988,416</b>	<b>40,424,251</b>	<b>41,253,400</b>	<b>26,039,100</b>
<b>Restricted Funds</b>				
Balance Forward	75,672,600	108,983,922	91,546,900	117,573,600
Current Receipts	638,957,120	670,449,188	904,075,400	901,329,000
Non-Revenue Receipts	389,374,399	324,970,166	435,904,000	417,374,400
<b>Total Restricted Funds</b>	<b>1,104,004,119</b>	<b>1,104,403,276</b>	<b>1,431,526,300</b>	<b>1,436,277,000</b>
<b>Federal Fund</b>				
Balance Forward	25,071,438	7,759,271	-23,187,000	3,400
Current Receipts	9,237,485,560	9,222,348,120	10,581,215,500	10,626,252,200
Non-Revenue Receipts	-8,925,795	659	-100	
<b>Total Federal Fund</b>	<b>9,253,631,203</b>	<b>9,230,108,050</b>	<b>10,558,028,400</b>	<b>10,626,255,600</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>13,041,996,816</b>	<b>13,081,199,464</b>	<b>14,901,249,600</b>	<b>14,991,268,400</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	854,529,959	948,582,460	959,748,200	999,378,900
Operating Expenses	121,982,977	136,934,811	140,691,300	132,466,600
Grants Loans Benefits	11,925,603,151	11,901,001,660	13,671,729,100	13,801,044,600
Debt Service	11,793,725	11,430,975	11,256,200	11,730,700
Capital Outlay	914,316	421,675	247,800	753,500
Construction	9,300	850		
<b>TOTAL EXPENDITURES</b>	<b>12,914,833,428</b>	<b>12,998,372,431</b>	<b>14,783,672,600</b>	<b>14,945,374,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	2,651,373,078	2,706,263,887	2,870,441,500	2,902,696,700
Tobacco Fund	22,568,220	25,957,085	41,253,400	26,039,100
Restricted Funds	995,020,197	1,012,856,459	1,313,952,700	1,390,564,700
Federal Fund	9,245,871,933	9,253,295,000	10,558,025,000	10,626,073,800
<b>TOTAL EXPENDITURES</b>	<b>12,914,833,428</b>	<b>12,998,372,431</b>	<b>14,783,672,600</b>	<b>14,945,374,300</b>
<b>EXPENDITURES BY UNIT</b>				
General Administration and Program Support	91,156,774	93,930,223	100,673,500	109,121,900
Aging and Independent Living	66,386,680	68,225,480	72,236,900	72,912,900
Income Support	94,219,070	104,218,820	110,404,100	115,191,100
Public Health	325,245,634	332,665,589	381,143,300	369,577,200
Behavioral Health, Developmental & Intellectual Disabilities	427,273,368	438,936,242	464,055,000	431,612,300
Family Resource Centers and Volunteer Services	12,078,053	18,039,069	18,389,700	18,402,200
Community Based Services	1,112,099,313	1,265,393,994	1,338,820,000	1,370,277,800
Medicaid Services	10,747,903,076	10,641,303,722	12,258,055,500	12,427,229,000

**EXPENDITURES BY UNIT**

Office for Children with Special Health Care Needs	17,970,515	18,530,859	21,292,500	19,854,400
Office of Health Data and Analytics	20,500,944	17,128,432	18,602,100	11,195,500
<b>TOTAL EXPENDITURES</b>	<u>12,914,833,428</u>	<u>12,998,372,431</u>	<u>14,783,672,600</u>	<u>14,945,374,300</u>

**Justice and Public Safety**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	769,495,100	910,163,400	921,059,400	953,585,700
Current Year Appropriation	8,901,800		17,216,900	
Continuing Approp-General Fund	177	1	2,700	
Budget Reduction-General Fund	-7,356,600			
Mandated Allotments	52,132,600	14,915,900		
<b>Total General Fund</b>	<b>823,173,077</b>	<b>925,079,301</b>	<b>938,279,000</b>	<b>953,585,700</b>
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	1,769,800	7,831,000	7,362,800	3,516,600
Continuing Approp-Tob Settlement	668,634	707,858	4,616,800	
Budget Reduction-Tobacco			-609,600	
Other		-161,067		
<b>Total Tobacco Fund</b>	<b>2,438,434</b>	<b>8,377,791</b>	<b>11,370,000</b>	<b>3,516,600</b>
<b>Restricted Funds</b>				
Balance Forward	29,784,017	30,860,642	44,362,900	44,011,700
Current Receipts	48,692,557	53,476,436	54,931,800	56,690,200
Non-Revenue Receipts	97,820,185	115,743,522	110,364,600	116,959,300
Fund Transfers	-1,500,000			
<b>Total Restricted Funds</b>	<b>174,796,759</b>	<b>200,080,601</b>	<b>209,659,300</b>	<b>217,661,200</b>
<b>Federal Fund</b>				
Balance Forward	1,783,480	-3,245,256	-5,218,500	1,371,700
Current Receipts	41,548,020	49,994,920	65,466,000	70,315,400
Non-Revenue Receipts	-4,402,565	7,622	863,200	
<b>Total Federal Fund</b>	<b>38,928,935</b>	<b>46,757,286</b>	<b>61,110,700</b>	<b>71,687,100</b>
<b>Road Fund</b>				
Regular Appropriation	88,596,700	105,278,800	106,762,100	108,100,200
<b>Total Road Fund</b>	<b>88,596,700</b>	<b>105,278,800</b>	<b>106,762,100</b>	<b>108,100,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,127,933,905</b>	<b>1,285,573,779</b>	<b>1,327,181,100</b>	<b>1,354,550,800</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	602,314,894	695,478,020	705,110,600	727,277,300
Operating Expenses	143,696,940	145,674,564	148,819,800	155,916,100
Grants Loans Benefits	340,032,365	375,997,244	403,764,300	411,417,900
Debt Service	3,511,823	2,767,966	1,492,400	1,723,500
Capital Outlay	10,696,305	21,410,022	17,110,600	12,323,600
Construction	-641,668	481,792		
<b>TOTAL EXPENDITURES</b>	<b>1,099,610,659</b>	<b>1,241,809,609</b>	<b>1,276,297,700</b>	<b>1,308,658,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	823,173,076	925,076,512	932,779,000	953,585,700
Tobacco Fund	1,730,576	3,760,900	11,370,000	3,516,600
Restricted Funds	143,936,117	155,717,617	165,647,600	172,543,900
Federal Fund	42,174,191	51,975,781	59,739,000	70,912,000
Road Fund	88,596,700	105,278,800	106,762,100	108,100,200
<b>TOTAL EXPENDITURES</b>	<b>1,099,610,659</b>	<b>1,241,809,609</b>	<b>1,276,297,700</b>	<b>1,308,658,400</b>
<b>EXPENDITURES BY UNIT</b>				
Justice Administration	53,602,062	68,927,642	84,508,700	87,390,600
Criminal Justice Training	68,832,766	80,038,305	82,954,500	81,806,200
Juvenile Justice	106,185,607	122,166,423	119,297,100	122,528,300
State Police	231,573,523	280,992,562	272,274,700	279,788,700

**EXPENDITURES BY UNIT**

Corrections	579,081,562	620,402,827	644,589,100	663,103,700
Public Advocacy	60,335,140	69,281,850	72,673,600	74,040,900
<b>TOTAL EXPENDITURES</b>	<u>1,099,610,659</u>	<u>1,241,809,609</u>	<u>1,276,297,700</u>	<u>1,308,658,400</u>

**Labor**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	3,624,887	5,898,955	6,008,200	1,774,000
Budget Reduction-General Fund	-143,700			
Reorganization Adjustment	-1,122,745	-3,216,921	-3,280,200	
<b>Total General Fund</b>	<b>2,358,442</b>	<b>2,682,034</b>	<b>2,728,000</b>	<b>1,774,000</b>
<b>Restricted Funds</b>				
Balance Forward	23,568,404	14,372,437	24,269,500	
Current Receipts	110,633,975	107,726,483	89,481,300	98,066,500
Non-Revenue Receipts	73,095,116	82,305,831	85,748,600	89,983,000
<b>Total Restricted Funds</b>	<b>207,297,495</b>	<b>204,404,751</b>	<b>199,499,400</b>	<b>188,049,500</b>
<b>Federal Fund</b>				
Balance Forward	126,444	-12,155		
Current Receipts	3,391,747	3,862,503	3,487,000	3,656,300
Non-Revenue Receipts	-22,475	-731		
<b>Total Federal Fund</b>	<b>3,495,717</b>	<b>3,849,617</b>	<b>3,487,000</b>	<b>3,656,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>213,151,653</b>	<b>210,936,403</b>	<b>205,714,400</b>	<b>193,479,800</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	108,854,187	121,851,184	134,995,300	134,028,200
Operating Expenses	41,537,138	18,613,663	16,109,300	4,993,600
Grants Loans Benefits	48,118,997	45,811,469	54,358,000	54,358,000
Capital Outlay	132,926	250,000	251,800	100,000
Construction	47	29		
<b>TOTAL EXPENDITURES</b>	<b>198,643,295</b>	<b>186,526,345</b>	<b>205,714,400</b>	<b>193,479,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	2,210,365	2,541,528	2,728,000	1,774,000
Restricted Funds	192,925,058	180,135,200	199,499,400	188,049,500
Federal Fund	3,507,872	3,849,617	3,487,000	3,656,300
<b>TOTAL EXPENDITURES</b>	<b>198,643,295</b>	<b>186,526,345</b>	<b>205,714,400</b>	<b>193,479,800</b>
<b>EXPENDITURES BY UNIT</b>				
Secretary	7,180,834	8,858,678	11,206,500	9,737,200
Workplace Standards	10,228,721	11,506,604	14,349,700	11,815,300
Workers' Claims	62,975,261	60,839,172	72,456,800	71,231,900
Occupational Safety and Health Review Commission	530,202	600,993	697,500	715,700
Workers' Compensation Funding Commission	117,728,277	104,720,899	107,002,800	99,978,600
Workers' Compensation Nominating Committee			1,100	1,100
<b>TOTAL EXPENDITURES</b>	<b>198,643,295</b>	<b>186,526,345</b>	<b>205,714,400</b>	<b>193,479,800</b>

		Personnel		
		Personnel		
	Actual	Actual	Revised	Enacted
	FY 2018	FY 2019	FY 2020	FY 2021
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	873,200			
Budget Reduction-General Fund	-44,700			
<b>Total General Fund</b>	<b>828,500</b>			
<b>Restricted Funds</b>				
Balance Forward	21,054,635	27,068,833	23,534,400	20,447,000
Current Receipts	53,406,325	47,951,532	52,123,200	50,832,300
Non-Revenue Receipts	8,758,432	6,080,017	9,374,900	10,172,700
Fund Transfers	-2,692,600	-2,689,000	-2,693,800	-2,690,700
<b>Total Restricted Funds</b>	<b>80,526,793</b>	<b>78,411,381</b>	<b>82,338,700</b>	<b>78,761,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>81,355,293</b>	<b>78,411,381</b>	<b>82,338,700</b>	<b>78,761,300</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	48,690,746	49,870,702	55,426,700	55,633,000
Operating Expenses	4,767,214	5,006,235	6,465,000	6,867,200
Grants Loans Benefits	828,500			
<b>TOTAL EXPENDITURES</b>	<b>54,286,460</b>	<b>54,876,937</b>	<b>61,891,700</b>	<b>62,500,200</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	828,500			
Restricted Funds	53,457,960	54,876,937	61,891,700	62,500,200
<b>TOTAL EXPENDITURES</b>	<b>54,286,460</b>	<b>54,876,937</b>	<b>61,891,700</b>	<b>62,500,200</b>
<b>EXPENDITURES BY UNIT</b>				
General Operations	24,561,418	26,314,627	29,811,500	30,121,500
Public Employees Deferred Compensation Authority	8,035,413	7,524,677	7,961,000	8,284,500
Workers' Compensation Benefits and Reserve	20,861,129	21,037,632	24,119,200	24,094,200
State Group Health Insurance Fund	828,500			
<b>TOTAL EXPENDITURES</b>	<b>54,286,460</b>	<b>54,876,937</b>	<b>61,891,700</b>	<b>62,500,200</b>

**Postsecondary Education**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	1,149,288,502	1,111,587,235	1,135,159,000	1,153,052,400
Special Appropriation	298,000	290,000		
Current Year Appropriation			497,400	
Continuing Approp-General Fund	15,755,084	42,565,758	42,426,400	
Budget Reduction-General Fund	-9,756,800			
Reorganization Adjustment		-840,500	-18,407,400	
Other	12,173,400	14,946,017	15,000,000	
<b>Total General Fund</b>	<b>1,167,758,186</b>	<b>1,168,548,510</b>	<b>1,174,675,400</b>	<b>1,153,052,400</b>
<b>Tobacco Fund</b>				
Tobacco Settlement - Phase I	6,276,100	7,000,000	6,686,500	7,526,100
Continuing Approp-Tob Settlement	862,121	1,199,564	642,300	
Budget Reduction-Tobacco			-553,700	
Other		-143,975		
<b>Total Tobacco Fund</b>	<b>7,138,221</b>	<b>8,055,589</b>	<b>6,775,100</b>	<b>7,526,100</b>
<b>Restricted Funds</b>				
Balance Forward	7,274,187	6,952,524	7,328,700	4,150,000
Current Receipts	5,066,409,378	5,101,745,346	6,111,787,400	6,451,577,300
Non-Revenue Receipts	12,764,327	13,005,338	17,328,200	15,433,000
<b>Total Restricted Funds</b>	<b>5,086,447,892</b>	<b>5,121,703,208</b>	<b>6,136,444,300</b>	<b>6,471,160,300</b>
<b>Federal Fund</b>				
Balance Forward		2,175	22,900	23,800
Current Receipts	770,685,719	787,041,045	837,738,200	878,925,300
Non-Revenue Receipts	-26,645			
<b>Total Federal Fund</b>	<b>770,659,074</b>	<b>787,043,220</b>	<b>837,761,100</b>	<b>878,949,100</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,032,003,373</b>	<b>7,085,350,527</b>	<b>8,155,655,900</b>	<b>8,510,687,900</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	3,744,896,218	3,695,980,770	3,887,260,400	4,065,613,700
Operating Expenses	1,807,440,473	1,877,902,326	2,517,908,900	2,670,507,500
Grants Loans Benefits	899,776,144	933,490,752	1,375,032,500	1,388,078,900
Debt Service	158,887,292	163,307,500	171,929,400	173,081,400
Capital Outlay	177,909,706	197,475,894	199,350,900	211,967,300
<b>TOTAL EXPENDITURES</b>	<b>6,788,909,832</b>	<b>6,868,157,241</b>	<b>8,151,482,100</b>	<b>8,509,248,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	1,125,192,427	1,127,141,701	1,174,675,400	1,153,052,400
Tobacco Fund	5,938,657	7,413,300	6,775,100	7,526,100
Restricted Funds	4,922,454,641	4,953,102,426	6,132,294,300	6,469,745,000
Federal Fund	735,324,107	780,499,814	837,737,300	878,925,300
<b>TOTAL EXPENDITURES</b>	<b>6,788,909,832</b>	<b>6,868,157,241</b>	<b>8,151,482,100</b>	<b>8,509,248,800</b>
<b>EXPENDITURES BY UNIT</b>				
Council on Postsecondary Education	27,924,576	30,456,874	32,402,400	26,044,700
Kentucky Higher Education Assistance Authority	261,934,555	278,426,674	332,066,200	312,030,700
Postsecondary Education Institutions	6,499,050,700	6,559,273,693	7,787,013,500	8,171,173,400
<b>TOTAL EXPENDITURES</b>	<b>6,788,909,832</b>	<b>6,868,157,241</b>	<b>8,151,482,100</b>	<b>8,509,248,800</b>

**Public Protection**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	7,490,670	7,074,100	7,178,100	5,312,900
Budget Reduction-General Fund	-397,600			
Reorganization Adjustment	271,230	644,600	652,700	
<b>Total General Fund</b>	<b>7,364,300</b>	<b>7,718,700</b>	<b>7,830,800</b>	<b>5,312,900</b>
<b>Restricted Funds</b>				
Balance Forward	81,926,826	96,861,317	116,330,700	106,683,600
Current Receipts	104,163,058	107,985,902	100,984,200	103,370,900
Non-Revenue Receipts	30,150,396	36,656,953	37,739,400	35,923,000
Fund Transfers	-30,850,000	-23,000,000	-23,000,000	-38,000,000
<b>Total Restricted Funds</b>	<b>185,390,280</b>	<b>218,504,172</b>	<b>232,054,300</b>	<b>207,977,500</b>
<b>Federal Fund</b>				
Balance Forward	3,487		-37,473	
Current Receipts	878,837	493,918	1,434,700	1,197,200
<b>Total Federal Fund</b>	<b>882,325</b>	<b>493,918</b>	<b>1,397,227</b>	<b>1,197,200</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>193,636,905</b>	<b>226,716,789</b>	<b>241,282,327</b>	<b>214,487,600</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	59,070,333	65,582,427	82,393,600	75,670,800
Operating Expenses	11,035,259	10,623,924	12,718,300	12,879,400
Grants Loans Benefits	25,809,107	31,606,873	39,039,600	38,039,600
Capital Outlay	773,200	2,223,243	447,200	
<b>TOTAL EXPENDITURES</b>	<b>96,687,899</b>	<b>110,036,467</b>	<b>134,598,700</b>	<b>126,589,800</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	7,276,612	7,331,462	7,830,800	5,312,900
Restricted Funds	88,528,963	102,173,688	125,370,700	120,080,700
Federal Fund	882,325	531,317	1,397,200	1,196,200
<b>TOTAL EXPENDITURES</b>	<b>96,687,899</b>	<b>110,036,467</b>	<b>134,598,700</b>	<b>126,589,800</b>
<b>EXPENDITURES BY UNIT</b>				
Secretary	5,843,174	6,122,629	7,257,800	6,956,100
Professional Licensing	3,549,627	3,326,048	4,722,700	5,123,100
Kentucky Claims Commission	2,148,497	1,793,605	2,515,200	2,073,800
Boxing and Wrestling Commission	141,565	154,600	179,600	183,000
Alcoholic Beverage Control	5,847,597	6,155,032	8,897,500	7,675,200
Charitable Gaming	3,163,552	3,127,914	4,333,900	3,795,200
Financial Institutions	10,513,390	12,074,187	13,966,100	13,114,000
Horse Racing Commission	30,640,962	37,961,362	45,585,400	44,246,900
Housing, Buildings and Construction	20,012,488	23,443,807	26,239,700	24,985,500
Insurance	14,827,048	15,877,284	20,900,800	18,437,000
<b>TOTAL EXPENDITURES</b>	<b>96,687,899</b>	<b>110,036,467</b>	<b>134,598,700</b>	<b>126,589,800</b>

**Tourism, Arts and Heritage**

**Tourism, Arts and Heritage**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	59,236,000	68,068,600	68,477,100	69,696,200
Current Year Appropriation	8,831,600		2,700,000	
Budget Reduction-General Fund	-936,900			
<b>Total General Fund</b>	<b>67,130,700</b>	<b>68,068,600</b>	<b>71,177,100</b>	<b>69,696,200</b>
<b>Restricted Funds</b>				
Balance Forward	109,675,986	132,598,528	190,652,000	226,734,500
Current Receipts	182,025,144	200,524,813	201,066,400	204,068,300
Non-Revenue Receipts	880,154	24,676,611	4,318,000	7,521,700
Fund Transfers				-1,000,000
<b>Total Restricted Funds</b>	<b>292,581,284</b>	<b>357,799,952</b>	<b>396,036,400</b>	<b>437,324,500</b>
<b>Federal Fund</b>				
Balance Forward	11,725,266	11,682,710	6,400,300	11,230,500
Current Receipts	18,010,336	24,765,619	25,530,500	25,233,100
Non-Revenue Receipts	-1,292,034	-12,857,812	133,900	-210,000
<b>Total Federal Fund</b>	<b>28,443,567</b>	<b>23,590,517</b>	<b>32,064,700</b>	<b>36,253,600</b>
<b>Road Fund</b>				
Regular Appropriation	445,200	544,000	553,000	573,800
<b>Total Road Fund</b>	<b>445,200</b>	<b>544,000</b>	<b>553,000</b>	<b>573,800</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>388,600,751</b>	<b>450,003,069</b>	<b>499,831,200</b>	<b>543,848,100</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	145,269,351	156,223,033	163,863,700	164,753,200
Operating Expenses	84,025,628	80,150,606	82,843,000	87,285,700
Grants Loans Benefits	7,582,896	6,714,093	8,100,500	7,860,500
Debt Service	3,652,542	2,986,674	2,395,600	3,096,100
Capital Outlay	3,737,629	6,759,883	4,663,400	9,914,500
Construction	31,602	90,740		
<b>TOTAL EXPENDITURES</b>	<b>244,299,648</b>	<b>252,925,028</b>	<b>261,866,200</b>	<b>272,910,000</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	67,110,836	68,042,923	71,177,100	69,696,200
Restricted Funds	159,982,756	167,147,827	169,301,900	181,510,400
Federal Fund	16,760,857	17,190,278	20,834,200	21,129,600
Road Fund	445,200	544,000	553,000	573,800
<b>TOTAL EXPENDITURES</b>	<b>244,299,648</b>	<b>252,925,028</b>	<b>261,866,200</b>	<b>272,910,000</b>
<b>EXPENDITURES BY UNIT</b>				
Secretary	15,964,354	16,240,325	17,916,800	18,539,500
Artisans Center	2,409,607	2,617,627	2,641,200	2,665,400
Kentucky Department of Tourism	2,821,085	3,062,483	3,187,000	3,205,000
Parks	100,353,731	99,339,555	100,315,400	99,833,800
Horse Park Commission	13,082,573	12,886,761	12,792,500	13,019,000
State Fair Board	45,534,998	49,788,185	51,321,000	54,060,200
Fish and Wildlife Resources	51,789,874	57,446,460	61,630,300	68,521,300
Historical Society	6,513,006	6,745,045	7,016,700	7,521,000
Arts Council	3,374,661	2,492,585	2,589,000	2,599,000
Heritage Council	1,574,270	1,747,703	1,898,000	2,387,500
Kentucky Center for the Arts	881,490	558,300	558,300	558,300
<b>TOTAL EXPENDITURES</b>	<b>244,299,648</b>	<b>252,925,028</b>	<b>261,866,200</b>	<b>272,910,000</b>

**Transportation  
Transportation**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	6,228,200	6,089,000	6,089,000	6,089,000
Special Appropriation	10,000,000			
Continuing Approp-General Fund	3,552,385	6,049,230	1,957,400	
Budget Reduction-General Fund	-319,000			
<b>Total General Fund</b>	<b>19,461,585</b>	<b>12,138,230</b>	<b>8,046,400</b>	<b>6,089,000</b>
<b>Restricted Funds</b>				
Balance Forward	122,215,374	97,274,099	111,020,300	15,776,000
Current Receipts	127,245,156	127,438,892	143,305,600	150,479,300
Non-Revenue Receipts	9,841,442	40,585,619	59,002,700	10,502,800
Fund Transfers	-4,588,200	-7,370,900	-6,424,000	-4,838,400
<b>Total Restricted Funds</b>	<b>254,713,772</b>	<b>257,927,710</b>	<b>306,904,600</b>	<b>171,919,700</b>
<b>Federal Fund</b>				
Balance Forward		-67,348,172	1,071,000	
Current Receipts	763,891,057	882,243,915	794,522,700	754,897,400
Non-Revenue Receipts	-28,801,937	84,621,784		
<b>Total Federal Fund</b>	<b>735,089,120</b>	<b>899,517,527</b>	<b>795,593,700</b>	<b>754,897,400</b>
<b>Road Fund</b>				
Regular Appropriation	1,390,207,200	1,427,517,000	1,395,472,200	1,458,606,300
Surplus Expenditure Plan	57,237,112	19,582,190	75,328,000	
Current Year Appropriation			4,265,500	
Continuing Approp-Road Fund	336,329,257	408,175,824		
Other	7,466,004	6,968,866	9,046,100	
<b>Total Road Fund</b>	<b>1,791,239,573</b>	<b>1,862,243,880</b>	<b>1,484,111,800</b>	<b>1,458,606,300</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,800,504,050</b>	<b>3,031,827,346</b>	<b>2,594,656,500</b>	<b>2,391,512,400</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	515,872,099	585,351,143	596,707,800	582,338,700
Operating Expenses	281,881,943	301,419,074	263,125,600	290,105,600
Grants Loans Benefits	264,713,139	251,620,122	295,305,000	264,224,100
Debt Service	261,508,559	261,737,015	246,470,600	233,495,800
Capital Outlay	12,412,093	12,958,482	1,513,200	1,906,200
Construction	996,025,170	1,083,955,213	1,166,354,100	1,005,381,100
<b>TOTAL EXPENDITURES</b>	<b>2,332,413,001</b>	<b>2,497,041,049</b>	<b>2,569,476,300</b>	<b>2,377,451,500</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	13,412,353	10,129,991	8,046,400	6,089,000
Restricted Funds	157,439,674	146,907,366	291,128,600	161,464,300
Federal Fund	802,437,292	898,446,493	795,593,700	754,897,400
Road Fund	1,359,123,682	1,441,557,199	1,474,707,600	1,455,000,800
<b>TOTAL EXPENDITURES</b>	<b>2,332,413,001</b>	<b>2,497,041,049</b>	<b>2,569,476,300</b>	<b>2,377,451,500</b>
<b>EXPENDITURES BY UNIT</b>				
General Administration and Support	70,095,868	74,805,168	84,057,000	88,284,200
Aviation	23,251,964	15,905,348	36,201,600	24,519,100
Debt Service	154,820,593	154,413,383	142,387,200	144,385,900
Highways	1,656,412,735	1,824,763,220	1,851,879,000	1,666,311,500
Public Transportation	34,731,118	34,828,829	58,296,400	40,430,000
Revenue Sharing	344,224,041	340,519,204	346,364,300	350,007,300
Vehicle Regulation	37,351,984	41,215,898	50,290,800	63,513,500
Transfer to Capital Projects	11,524,698	10,590,000		
<b>TOTAL EXPENDITURES</b>	<b>2,332,413,001</b>	<b>2,497,041,049</b>	<b>2,569,476,300</b>	<b>2,377,451,500</b>

# Legislative Branch

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**Legislative Branch**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	63,206,600	68,607,700	70,162,500	71,986,400
Continuing Approp-General Fund	10,836,038	10,017,782	13,971,500	13,971,500
Budget Reduction-General Fund	-463,900			
<b>Total General Fund</b>	<b>73,578,738</b>	<b>78,625,482</b>	<b>84,134,000</b>	<b>85,957,900</b>
<b>Restricted Funds</b>				
Balance Forward	1,006,535	1,202,802	1,235,094	1,235,094
Current Receipts	196,267	32,267	175,000	75,000
<b>Total Restricted Funds</b>	<b>1,202,802</b>	<b>1,235,069</b>	<b>1,410,094</b>	<b>1,310,094</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>74,781,540</b>	<b>79,860,551</b>	<b>85,544,094</b>	<b>87,267,994</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	48,752,842	51,195,380	56,219,100	59,245,400
Operating Expenses	11,241,889	10,729,969	11,780,700	12,776,000
Capital Outlay	82,124	459,598	68,700	40,000
<b>TOTAL EXPENDITURES</b>	<b>60,076,855</b>	<b>62,384,947</b>	<b>68,068,500</b>	<b>72,061,400</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	60,076,855	62,384,947	67,893,500	71,986,400
Restricted Funds			175,000	75,000
<b>TOTAL EXPENDITURES</b>	<b>60,076,855</b>	<b>62,384,947</b>	<b>68,068,500</b>	<b>72,061,400</b>
<b>EXPENDITURES BY UNIT</b>				
Legislative Branch	60,076,855	62,384,947	68,068,500	72,061,400
<b>TOTAL EXPENDITURES</b>	<b>60,076,855</b>	<b>62,384,947</b>	<b>68,068,500</b>	<b>72,061,400</b>

# Judicial Branch

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**Judicial Branch**

	<b>Actual FY 2018</b>	<b>Actual FY 2019</b>	<b>Revised FY 2020</b>	<b>Enacted FY 2021</b>
<b>SOURCE OF FUNDS</b>				
<b>General Fund</b>				
Regular Appropriation	365,212,700	384,897,100	388,377,700	392,416,700
Continuing Approp-General Fund	2,281,259	8,835,829	5,979,444	
Budget Reduction-General Fund	-1,886,500	-9,832,700		
<b>Total General Fund</b>	<b>365,607,459</b>	<b>383,900,229</b>	<b>394,357,144</b>	<b>392,416,700</b>
<b>Restricted Funds</b>				
Balance Forward	10,676,276	20,445,910	32,086,081	20,412,700
Current Receipts	22,362,130	26,810,727	24,838,900	24,838,900
Non-Revenue Receipts	14,228,498	23,792,935	22,568,100	22,568,100
<b>Total Restricted Funds</b>	<b>47,266,904</b>	<b>71,049,572</b>	<b>79,493,081</b>	<b>67,819,700</b>
<b>Federal Fund</b>				
Current Receipts	3,914,382	4,219,453	5,042,100	3,190,000
<b>Total Federal Fund</b>	<b>3,914,382</b>	<b>4,219,453</b>	<b>5,042,100</b>	<b>3,190,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>416,788,745</b>	<b>459,169,254</b>	<b>478,892,325</b>	<b>463,426,400</b>
<b>EXPENDITURES BY CLASS</b>				
Personnel Costs	230,827,919	261,978,854	281,176,663	273,768,500
Operating Expenses	156,577,991	157,007,166	166,502,917	170,881,800
Capital Outlay	100,000	2,095,703	3,300,000	3,300,000
<b>TOTAL EXPENDITURES</b>	<b>387,505,910</b>	<b>421,081,723</b>	<b>450,979,580</b>	<b>447,950,300</b>
<b>EXPENDITURES BY FUND SOURCE</b>				
General Fund	356,770,534	377,898,779	386,857,144	392,416,700
Restricted Funds	26,820,994	38,963,491	59,080,336	52,343,600
Federal Fund	3,914,382	4,219,453	5,042,100	3,190,000
<b>TOTAL EXPENDITURES</b>	<b>387,505,910</b>	<b>421,081,723</b>	<b>450,979,580</b>	<b>447,950,300</b>
<b>EXPENDITURES BY UNIT</b>				
Judicial Branch	387,505,910	421,081,723	450,979,580	447,950,300
<b>TOTAL EXPENDITURES</b>	<b>387,505,910</b>	<b>421,081,723</b>	<b>450,979,580</b>	<b>447,950,300</b>

**Governor's 2021 State of the Commonwealth Address and  
2020-2021 Budget Address**

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## **Governor Andy Beshear's State of the Commonwealth Address** *Jan. 14, 2020*

Mr. President, Mr. Speaker, Members of the General Assembly, Lt. Governor Coleman and Chris O'Bryan, constitutional officers, our Kentucky Supreme Court, invited guests, Kentucky's First Lady Britainy Beshear, my children Will and Lila— and, most especially, all of our Kentucky families watching at home.

Here we are.

Convened in this auspicious chamber, together.

Rural and urban.

Legislative, executive, and judicial.

Democrat and Republican.

Northern, central, eastern and western Kentucky.

We are all here, together tonight, on Team Kentucky.

And because of that, I am proud to report to you tonight that the state of our commonwealth is strong, coming together, and ready to face our challenges. We are all here, together, with an opportunity to fulfill the promise that is Kentucky.

That's the promise of a better life for all of our families.

Let's examine what that means.

A better life for our families requires an obligation by all of us to focus on the challenges facing our communities in *every* part of this commonwealth.

It means committing ourselves to action—not just talk—on public education so that every child gets a chance.

It means that access to health care is a pressing need that every family faces.

That the opioid epidemic must be addressed with compassion and real-world solutions,

That there are far too many Kentucky moms and dads working two, three, four jobs just to try to scrape together the monthly budget, all while their bills go up but their wages stay the same.

It means that every child who has to go to school hungry, or is in foster care or who is trying to learn algebra and history while reeling from domestic violence at home is an urgent, critical priority for each of us in this room today.

It means that we must turn the lost, the lonely, and the left behind into the found, the friended, and a meaningful part of Team Kentucky.

When I think of the challenges that we Kentuckians face, I am reminded of 1st Peter Chapter 4, verse 10 which tells us “Each of you should use whatever gift you have received to serve others, as faithful stewards of God’s grace in its various forms.”

We are each here blessed to be able to serve.

But that comes with a special responsibility.

That responsibility has been laid out everywhere from the bible to pop culture.

Luke 12:48 it states: "For unto whomsoever **much is given**, of him shall be **much** required,"

Similarly, the wisdom from Uncle Ben that launched a superhero franchise is – “With great power comes great responsibility”

To those in this chamber, much has been given, so much is expected.

And the power to govern, to change laws and to change lives, is a great power, which comes with great responsibility.

We, in this capitol and around Kentucky, are responsible for using the power and privilege of office to do right by Kentuckians, to focus our energy not on partisan squabbles but on working together to figure out how to better the commonwealth we all love so dearly.

And let me be clear: every moment we focus on partisanship, every moment we focus on national divisions, we fail to address the reality before us.

It is a reality where we are the third poorest state by per capita income.

Where 22% of our children live in poverty.

Where we are in the top eight of states in terms of hunger.

Where we have some of the highest child abuse and neglect rates in the country. Where we lose more of our brothers and sisters to opioid overdoses than all but a handful of other devastated states.

Where a recent ranking had us 45<sup>th</sup> in the country for adults with high school diplomas.

Where we are in the top 10 in lung cancer, diabetes and heart disease.

And where we incarcerate our own people at one of the highest rates in this country and in this world.

Now don't get me wrong, I believe Kentucky has a lot going for it and that the state of our commonwealth is strong.

But there are so many needs, so many in crisis, too many families crying out for help.

There is simply not enough time or enough bandwidth to solve these problems if we play partisan games.

Because those games separate and divide us, which leaves us alone.

And that is not how we do things as Kentucky.

Think about the ice storm in 2009. There are dozens of stories about the National Guard going door to door in hard hit areas, expecting to find people alone and in the cold. Instead, they saw neighbors helping neighbors – a fallen tree on someone’s property was met by a half-dozen Kentuckians with chainsaws.

And anywhere there was power, there were extension cords leading to the next house.

Think about our military and guardsmen and women who are stationed around the world. These brave men and women, many of whom have dangerous assignments, count on each other.

Their unit, their ability to work together is the key for not only their success, but coming home, safe, to their families.

Let’s take a moment to recognize all of those Kentuckians serving in our armed forces, and protecting this commonwealth and this country

So today, we still need each other to survive, but we also need each other to *thrive*.

Because we can’t do that alone, either.

Thurgood Marshall once said, “None of us got where we are solely by pulling ourselves up by our bootstraps. We got here because somebody ... bent down and helped us pick up our boots.”

I grew up in a Kentucky where my family, teachers, mentors and friends all bent down and helped me pick up my boots.

And I have seen firsthand what lifting up the boots of even one generation can do for every generation that comes after.

See, I am the proud grandson of a Baptist preacher named Orlando Russell Beshear from western Kentucky.

He and my grandmother worked hard every day of their lives to make sure my dad and his brother and sisters could become the first generation to attend college in the Beshear family.

My grandparents, and the teachers of Dawson Springs public school system, helped pick up those boots.

My dad Steve Beshear is with us tonight along with my mom Jane Beshear. I am so proud of them and their service to this commonwealth.

They show you that the change in just one generation, his generation, changes everything for the generations to come.

I see it in my kids. That they now have more opportunity because a community picked up that man's boots in the 1960s.

That's the promise of our commonwealth.

That by breaking one cycle of poverty, by providing one person a high school or college degree they never dreamed they can achieve, we can forever – and for the better – change the trajectory of our people.

Today thousands of Kentucky children and adults need us to realize this promise. They need us to help pick up their boots.

It may be help going to see a doctor through K-CHIP, the children's health care program, or expanded Medicaid.

It may be the meals provided in public school or the coat provided by FRYSCKy - our Family Resource and Youth Services Centers.

It may be stepping in to stop abuse and neglect.

Right here and right now, we have a can't-miss opportunity to make major, widespread progress. So we have to take on the big challenges, not do what is politically safe.

It's what our people deserve. It's what we were elected to do.

In our first month in office, my administration took immediate action:

I restored voting rights to more than 140,000 Kentuckians that had committed nonviolent felonies.

My faith teaches me the value of redemption and these are thousands of our neighbors who served their time and should have the opportunity to become part of our democratic process again.

I will never forget that day. Rynn Young had lost his right to vote at 18 – he'd never voted in his life. He'd served his time, become a productive citizen. But he could not take his twin 16-month old girls to the polls to show them the importance of voting.

Now, he can. After signing the executive order restoring his and other rights, I handed him the pen. The look on his face was something I will always remember.

But he and so many others deserve more. It's time to pass a constitutional amendment that automatically restores voting rights to non-violent offenders that complete their sentences.

Days after restoring voting rights, I rescinded the Medicaid waiver that would have kicked more than a hundred thousand Kentuckians off of their health care.

Access to health care is a basic human right and it will be protected during my administration. We can't expect to create the work force of the future if our people aren't healthy.

My administration further stopped \$8 billion in managed care contracts that were rushed through just days before I took office.

The government contract review committee, made up of legislators in this room, unanimously recommended the contract be terminated, because these contracts should be subject to a process that the people of Kentucky have confidence in.

Last week, in what may have seen like a small step to some, the Lt Governor and I announced that we would waive the GED testing fee for anyone who couldn't afford it.

Already, we are seeing major response from those that realize a high school degree or GED can change their life and the next generations of their family.

And I have been intentional about building an inclusive cabinet that reflects the people of Kentucky and who will represent their interests.

Diversity isn't a buzz word or a metric. It's a value. It makes us a better government and makes our state more attractive to investment.

We're making so much progress already and I will bring this same energy and dedication each and every day of my term.

Because we have so much more to do.

What I am focused on is the **WHERE** we are going. It's a simple acronym that encompasses our Team Kentucky agenda.

W is for Wages. *For far too many families the bills are going up while incomes are stagnant.*

H is for Health care. *We can't sit back while prescription drug prices soar and access to health care remains under attack.*

E is for Education. *Public education has the power to transform lives. It will be prioritized under my administration.*

R is for Retirement. *A pension is a promise and should be treated as such. We owe so much to our educators, social workers, first responders and public servants.*

The last E is for Example. *I am committed to changing the tone in Frankfort because we have so much more in common than what divides us.*

This is our obligation. To make sure that every action we take in this capitol building helps our people.

It means our economic approach must be grounded in creating good-paying, family-supporting jobs across our commonwealth, and not just increasing corporate profits.

And that those good jobs must pay a woman the same as they would a man. In 2020, it's time equal work results in equal pay.

We have so much to offer in Kentucky: unparalleled natural beauty, a workforce of educators and health care providers who go to work every day to do right by their neighbors, farmers who wake up early and work late grow our food, miners who continue to work underground to provide for their families, business owners who

run the diners and shops that make up the main streets of our communities, and dads and moms who work second and third shifts at our factories to make ends meet.

These are the people that I think about every day. These are the people that should be at the forefront of the decisions we make in this building.

That is why it is my mission, and it should be our mission, to work to transform our economy to become an international leader in the industries of the future, starting with agriculture technology.

I want to take a moment to give credit where credit is due, the last administration landed an amazing agri-tech project in AppHarvest, and its founder Jonathan Webb.

Jonathan, who is here today, is building what will be the largest greenhouse in North America. He's going to employ nearly 300 Kentuckians, and he's doing it in eastern Kentucky.

But this should just be the start. We have already begun exciting talks on how to build our agri-tech infrastructure with everyone ranging from our Council on Postsecondary Education President Aaron Thompson to an official delegation from the Netherlands.

To attract the jobs of the future, we must invest in three areas: infrastructure, workforce training, and most importantly, education.

On infrastructure, we must focus on completing important projects for families across our commonwealth. It means I'm committed to speeding up the Mountain Parkway project in Eastern Kentucky and building the I-69 bridge to open up western Kentucky.

It also means ensuring that every area of Kentucky has clean drinking water. Because our families deserve it and new business demands it.

And it means coming together to chart our future to ensure every area of the state has high-speed internet.

We can do this, as Team Kentucky, because every part of our commonwealth matters and every part has an important role to play in making our economy thrive.

I believe in a bigger brighter future.

That requires that our Kentucky families don't have to worry about losing health care coverage because of a preexisting condition. I hear members of both parties say those very words.

So this session, let's pass a state law ensuring no one can lose coverage in this state, ever again, based on a preexisting condition.

But that is not enough.

There are far too many Kentuckians who are right now rationing insulin, or deciding between a prescription drug expense or healthy food, rent or school supplies.

In fact, a member of this chamber has talked about having to ration insulin himself

Most bottles of insulin cost just \$7 to produce and yet big pharma is charging our people upwards of \$300 a vial. It is wrong. It is cruel.

We must fight back.

There are a number of bills in the legislature right now to curb the costs of insulin. Representative Danny Bentley, a Republican, and Representative Patti Minter, a Democrat, are sponsoring one such bill. Let's pass it. The approximately 530,000 diabetics, according to the American Diabetes Association, in this state are counting on it.

While we are at it, while we are finding common ground on health care, we should also end surprise medical bills.

Having a loved one in the hospital, going through a procedure, needing emergency services is already hard.

Getting an unexpected \$10,000 bill is devastating.

I know nearly everyone here and everyone at home has received one of these bills. My story, was receiving a five-figure bill for a procedure and testing my family was told was in network and would be covered.

I know the feeling and the fear that comes with opening those bills.

So let's come together and pass a law ending surprise billing in Kentucky.

And then there is our drug epidemic. It's the challenge of our times.

It continues to tear our families and communities apart.

It takes the lives of people we love and care about.

Which is why I appreciate that Attorney General Daniel Cameron is going to continue our lawsuits against opioid manufacturers and distributors.

Let's not sugarcoat it. Opioid manufacturers and distributors fueled this crisis. They have the blood of our loved ones on their hands, and they must be held responsible and made part of the solution.

We must defeat them.

And when we do, we cannot squander what will be a once in a lifetime chance to move beyond this crisis.

Let's make a pledge and turn it into law. That every dollar we get from these companies that have wreaked such havoc on our commonwealth should go towards ending the opioid epidemic.

Those steps would be a good start to addressing the health of our people.

But if we are to fulfill the promise that is Kentucky, the key is education.

It's no secret that the states that have the highest per capita income, where families make the highest wages, are the most educated states in our country.

And the key to breaking cycles of poverty – that's education too.

Waiving the GED test fee is a good start.

But the future, the key to breaking cycles of poverty, of creating a better educated population and of attracting great jobs, or creating better wages and climbing out of the 40s in too many rankings – the key and the solution is in our public schools.

It's time to come together, all of us, in support of public education.

This is a new opportunity, a new start with a new governor, where we can all pledge to lift up our communities by supporting and investing in our public schools.

We can wipe the slate clean, and we can move forward in support of public education together.

Investing in our public schools means investing in our teachers.

These teachers deserve a raise. They are on the front lines of every problem we face as a commonwealth, from family-member addiction, to hunger, to the need for better jobs.

And right now we face a teacher shortage that threatens the education of our children.

This body has spoken to the need of more engineers and more nurses in this state.

But how can that happen if we lack full-time science and math teachers.

We've figured out how to give tax incentives to corporations—so I know we can figure out how to pay a living wage to the men and women who get up at the crack of dawn every morning to go open their classrooms, stay up late grading papers, and give everything they can so our Kentucky children have every opportunity.

My commitment started with asking Jacqueline Coleman, our lieutenant governor, to serve as our new secretary of the Education and Workforce Development Cabinet.

She has graded those papers, stood in that classroom and experienced our teacher shortage firsthand

She is going to do a wonderful job

My commitment will continue with including an across the board \$2,000 raise to our Kentucky teachers in my budget. We can and we must afford it.

Our commitment must continue with keeping our promise and fully funding our pension obligations in that budget, keeping our promise to not just our teachers, but to all public servants.

A commitment to breaking cycles of poverty must also include higher education. In this state, we need more of every option. More graduates with a four-year college degree and more workers with technical degrees and certifications for skilled trades.

To do that, we must end our historic cuts to our universities and community colleges.

So stay tuned, because the education first budget that I am constructing will be designed to provide us the opportunity to truly change lives moving forward. And it will embrace higher education.

A commitment to the future also requires that we create new revenue to meet the growing needs of our state. Right now we are watching more than \$500 million dollars in gaming revenue go across the border to states like Indiana, Ohio and Illinois. It's time to stop that flow. To use that money for our needs.

Representative Adam Koenig has filed a sports betting bill. I fully support it, and we should pass it.

But that shouldn't be the end of the conversation. Because now, all of our neighboring states – most all of them Republican led – have embraced expanded gaming, while we are being left behind.

Finally, in this session, we must not just discuss, but we must pass meaningful criminal justice reform.

In Kentucky, we have one of the highest incarceration rates in the country and in the world.

Our people aren't more violent, we don't have more criminals.

We just put more people in our prisons and jails.

And in the upcoming budget, you are seeing that not only hurts our future, but our present. Because the costs of our system skyrocketing while our facilities are crumbling, and taking necessary funds from critical needs like education and health care.

Successful criminal justice reform must do several things.

It must reduce our incarcerated population.

It must decrease recidivism and the revocation of probation and parole.

It must address the racial bias and racism in our justice system.

It must provide meaningful addiction treatment and recovery services.

It must consolidate, and not expand our state prison institutions.

Other states have done this – and they've done it while reducing their crime rates.

We can do this too. And we should do it together.

We have the power and the responsibility to break the cycle of poverty, addiction and neglect. This should drive our decisions on economic development, on funding for public schools and social services and on health care.

In just two weeks we will be here again to do the people's business with a budget address. It will unveil a budget that this administration has put countless hours into.

One where I believe we have transformed a budget of pain into one of progress.

One that will help us break cycles of poverty.

One that will invest in both the safety and education of our children.

With that type of budget, I know that together we can do big things.

Let's make sure that politics and partisan rancor don't get in the way.

I believe as Helen Keller said, “Alone we can do so little; together we can do so much.” We are each here as a deliberative body that has an enormous potential to make a positive difference for all of the Kentuckians who sent us here. We work for them.

Let’s show that despite all the cynicism, we can actually get things done for our people. Just think what a message that will send for the state of our politics.

No matter what circumstances we are born into, we all rely on other people.

In my inaugural address, I talked about how our founders created not just a state, but a commonwealth.

A commonwealth for the common good of all Kentuckians.

That in the very creation of Kentucky, they recognized—no, they demanded—that we come together to serve its people.

So, can we do it?

Can we come together to fulfill the promise of a better life?

It won’t be easy.

We live in the most divisive times of most of our lives.

Every day, forces try to divide us.

By saying that if someone is different than you, then they must be feared.

If they belong to a different religion, political party, or watch a different cable news channel, they must be wrong.

And we see widespread campaigns of misinformation aimed not just at creating division, but even hate.

And let’s admit it. These attempts at division have been effective.

We see it on the internet and in our neighborhoods.

Kentuckians unable to talk to each other.

Unwilling to shake each other's hand.

So here we are.

Right here, right now with a moment...an opportunity to turn the tide.

An opportunity to stop the yelling and the name calling. Kentuckians deserve better than the bitterness that divides our politics.

And an opportunity to prove to this commonwealth and this country that we can get this right.

It will take us burying old feuds and healing old wounds.

It will take us not just adopting civility in tone but in practice.

And doing that alone will be an accomplishment.

But it takes more than civility to thrive, it will take cooperation.

Winston Churchill once said that courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen.

Coming together will take that courage to listen. To strive to understand people who may disagree with you.

It is how we move forward. I know we have more in common than what divides us.

I know that we can do what are entrusted here to do: deliver results for Kentuckians.

I am honored to serve as your governor. I will serve with honesty and good faith.

Our Kentucky motto is United We Stand, Divided We Fall. I believe that deeply. I look forward to working with all of you and the rest of Team Kentucky.

God Bless you and God Bless the commonwealth of Kentucky.



## **Budget Address**

**Governor Andy Beshear**  
*January 28, 2020*

Mr. President, Mr. Speaker, Members of the General Assembly, Lieutenant Governor Coleman, our constitutional officers, the Kentucky Supreme Court, invited guests, including Kentucky's First Lady Britany Beshear — and, most especially, all of our Kentucky families watching at home.

Tonight, we are gathered here, once again, to realize the promise that is Kentucky.

A promise that there is a better today for our families and a better tomorrow for our children.

To realize that promise, we must gather not as Democrats or Republicans, not as majorities or minorities, not as urban or rural, but all of us must be here tonight on Team Kentucky.

We are men and women from different parts of our Commonwealth, and from different branches of government, that have been shaped by our families, our experiences, our faiths, and our communities.

We are all more than a letter behind our name.

And we should all be here tonight sharing one solemn mission – to better the lives of our Kentucky families.

Two weeks ago, I reported from this same chamber, that the state of our Commonwealth is strong, coming together, and ready to face our challenges.

And seven weeks ago, when I put my hand on my family Bible and took an oath to serve as Governor, I talked about how our Commonwealth is more than a state.

It is a commitment. A commitment to the idea and the ideal that we can come together for the common good.

That we have a special opportunity, a special moment in time to prove that we can get this right.

That we can govern for all of the people, not just the ones we agree with.

And that we have a duty to lift up those who are struggling or in pain.

I'm proud of our work thus far.

There is a different feel in the halls of this Capitol. A feeling of mutual respect and hope that both our tone and our tactics can be better going forward.

My hope is that tonight, we continue that progress by embracing a budget based on a core set of values that are shared by all Kentuckians.

These core values are as follows:

- Public education is not only the key to breaking cycles of poverty for our families, it is the key to leaping forward as a state.
- The most important profession, the most important title in Kentucky is “teacher,” and it is time we invest in them.
- Health care is a basic human right and it is our responsibility to sign up every Kentucky child for some form of health coverage.
- It is time to make a critical major investment to stop the rampant child abuse and neglect in this state.
- We must keep our promise and fully fund our public pension obligations.
- It is time we show our state employees that we value their sacrifice and begin to reinvest in them.
- That one way we serve the lost, the lonely and the left behind is by supporting our quasi-governmental agencies like Child Advocacy Centers and Rape Crisis Centers.
- We must direct more dollars to our struggling communities, which include our coal counties and our urban neighborhoods.
- And that we must support our law enforcement and firefighters who run into danger to pull our loved ones out of it.

I believe these are common values that are held by people of all parties.

Since 2006, we have seen deep, difficult, and historic cuts in our state budgets.

These cuts were not simply numbers on a spreadsheet. They were lost services, lost opportunities, and sometimes even lost lives. They were a lack of support to repair broken lives.

They meant our kids learned from outdated textbooks, our families drive on unsafe roads, our social workers were assigned far too many cases, and many of our teachers left the classroom.

The last 14 years of cuts did not just “cut the fat,” they went deep in the bone, year after year after year.

Tonight, I am proud to report that I am submitting a budget that ends these 14 years of painful cuts.

Yes. We have structured a balanced, responsible budget that makes no new cuts to the General Fund.

Instead, for the first time in 14 years, it starts the process of reinvesting in our people.

Getting here hasn't been easy.

Since the day I was sworn in, we have been working tirelessly on this budget.

We brought in John Hicks, the foremost expert on budgeting in Kentucky. He has worked on nearly 16 budgets for 8 governors, both Democrat and Republican. And he recently ran the national organization for budget directors.

Our budget staff has worked day and night, every weekday and weekend. I am thankful and proud of their work.

And because of that hard work, tonight I am submitting a proposed budget that is balanced and responsible, where every dollar is accounted for. Every single dollar.

It is a budget that not only ends years of painful cuts, it also makes a major investment in public education, fully funds expanded Medicaid, makes a historic investment in protecting our children, directs dollars to breaking cycles of poverty, and I believe will move us forward as a people.

Let's start at the first point. The proposed budget is balanced and responsible.

In its structure, it has the lowest debt capacity ratio that we can find in any budget documentation.

That means it has the least amount of borrowing as compared to revenue in any historical budget that we can compare it to.

This proposal uses 50 percent less in fund transfers than the previous two budgets.

It does something many budgets haven't by including and accounting for expected liabilities over the next two years.

And it even puts more dollars in the rainy day fund.

Those are the pieces to a responsible and balanced budget.

So, the question is where does the money come from?

Nearly every recent budget has relied on what I call four buckets.

The first bucket is tax revenue.

For Fiscal Year 2020-2022, we have forecast that we'll have \$841.7 million in additional tax revenue. But those are only part of the dollars that are available.

The second bucket is what we call fund transfers. Every budget has relied on fund transfers. And they have been significant.

In the last budget, there were \$622 million in fund transfers. In the budget before that, there were \$609.5 million in fund transfers.

These transfers are everything from surcharges that no longer support their original purpose to funds that have far more dollars than needed to accomplish their mission.

In the previous two budgets, \$685 million was transferred from the state health insurance plan and used for different purposes.

In this budget, our transfer is both smaller and more responsible and doesn't touch those health insurance dollars.

At \$288 million, our fund transfer is less than 50 percent of that of the last two budgets.

Our third bucket is dollars that we make available by maximizing our resources.

These are legal settlements that my former office secured, they are enhanced collection efforts where we are going to go get the tax dollars that are owed but haven't been paid, and debt service that has been retired.

For this budget, our efforts to maximize our resources provide \$256.3 million.

The fourth bucket is the new revenue proposed in this budget. As context, the last biennium budget created \$388 million in new revenue.

This proposal calls for less than half, just \$147.7 million in new revenue. I will discuss these new revenue proposals shortly.

These four buckets provide for nearly \$1.256 billion in revenue over and above the last budget.

But being responsible isn't just about the dollars going in. So our administration has also been hard at work reducing expected liabilities from lawsuits and lowering some future costs.

To date, we have reduced amounts we believe will be owed in this biennium by at least \$238.4 million.

Based on these steps, we have crafted a budget that will not require more cuts, that will not require more pain.

And there are finally dollars to start reinvesting in our families.

Let me be clear, these dollars are limited, and we won't be able to undo the pain of the last 14 years all at once.

So we must invest wisely and we must lead with our values.

To me, those values must begin with public education. And that is exactly where this education-first budget starts:

Public education is the key to breaking cycles of poverty.

Every individual who attains a new level of education, who is the first in a family to graduate from high school or college, forever changes the world for their kids and their grandkids.

And states that have the best jobs, where people make the highest wages, they have the best educated populations.

So an investment in education is an investment into forever changing our future.

This investment must start with our teachers.

We face a teacher shortage in Kentucky that threatens the quality of our public education.

Without good teachers, we cannot produce the best students or the best workforce.

So our budget prioritizes our teachers.

Now, if you don't think that's important, ask Brian Kemp, the Republican Governor of Georgia.

Governor Kemp called for giving teachers a \$2,000 raise in his state of the state address two weeks ago.

He told lawmakers:

“This raise will enhance retention rates, boost recruitment numbers and improve educational outcomes in schools throughout Georgia.”

Georgia is facing its own budget challenges, but has chosen to do the right thing. And at least 15 other states have given teachers a raise in the last two years, including Alabama, Arizona, Arkansas, and Idaho.

Oh, and that phrase that we in Kentucky often use when we find ourselves at the bottom of various rankings, that phrase “thank God for Mississippi.”

Mississippi gave its teachers a raise too.

Surely, we can do the same.

That's why this budget proposal includes a \$2,000 across-the-board raise for all Kentucky teachers.

And it reinstates the teacher loan forgiveness program and teacher's scholarship program.

Additionally, my budget recommendation funds the full actuarial health insurance contribution for our retired Kentucky teachers; so to our retired teachers including those under age 65, thank you for your service and we've got your back.

The budget recommendation continues with a 1 percent increase to the SEEK funding formula, which will provide an additional \$87.5 million to our public schools.

And it includes \$11 million each year for textbooks and instructional resources, an area the last budget was unable to fund.

For our students to learn, we must also provide school facilities that are safe and protect them.

That's why we're appropriating \$18.2 million to fund the physical plant mandate from the school safety bill passed in 2019.

That's every dollar the Kentucky School Board Association said they needed for statewide school security upgrades.

Sadly, we cannot satisfy all parts of that bill in a single budget. So this proposal takes the natural first step in fully funding the physical security improvements needed in our public schools.

And while our schools are making security upgrades, they can also make repairs. This budget provides \$100 million in bond capacity to the School Facilities Construction committees, to make necessary upgrades to our public schools.

Our kids must also be safe getting to school. So we are in the process of approving transportation projects at schools all over Kentucky, including Bullitt, Trimble, Floyd and Carter counties, to ensure we have the turn lanes and other infrastructure for our kids to reach schools safely.

We're also proposing funding for the Kentucky School for the Deaf and the Kentucky School for the Blind for facility upgrades, as well as funding to open the new Estill County Area Technology Center.

And this budget proposes that we use a settlement from Volkswagen to provide every school district in Kentucky with a new, clean school bus.

So this education-first budget invests heavily into K-12 education.

But to be an education-first budget, we must also invest in post-secondary education.

In this budget, we're ending the cuts to our public universities and community college system.

These cuts have been painful, and have led to consistent tuition increases for our students.

And we are just one of two states in the entire country that hasn't reinvested in higher ed.

That should end tonight. So in addition to ending these cuts, this budget adds 1 percent in a funding increase.

To further aid our institutions, we're also creating the Higher Education Resurgence fund, an unprecedented \$200 million bond pool to allow our universities to rebuild aging infrastructure so they can move into a brighter future.

Our universities and community colleges have been putting off maintenance for years. The last time they had any help from the state to address asset preservation was 2008. This move will allow them to focus more assets on our students.

Speaking of those students, this budget devotes millions in lottery revenues for student financial aid. The lottery brought in record revenues in 2019 and with that additional revenue, we're going to be able to provide scholarship dollars for nearly 60,000 students, including 7,300 more need-based students than in the last biennium.

That is going to break cycles of poverty.

Additionally, this budget helps Kentucky State meet its land grant obligations, it increases the number of students at Morehead State's Craft Academy and it restores funding to the University Press at UK.

With these investments in public education, both K-12 and post-secondary, we are showing that, in Kentucky, education comes first.

But I will admit, the budget falls short in that it does not fund all-day kindergarten or universal pre-kindergarten.

We must do so in the future, so we are going to start in this proposed budget.

First, we invest \$10 million in pre-k funding in disadvantaged communities.

What we can afford to do now is invest these funds in the Kentucky communities that need it the most.

Second, this budget sets up a fund for extra dollars that come in and dedicates them to funding full-day kindergarten and pre-k in the future.

This budget also makes historic investments into our most vulnerable – our children and our struggling families.

That starts with addressing the rampant abuse and neglect of our children in the Commonwealth. And I want to address it now.

Our social workers have too many cases and that has dire consequences. Abuse is not caught, kids fall through the cracks, dedicated public servants burn out.

Isaiah, Chapter 1 verse 17 says "Promote justice, give the oppressed a reason to celebrate. Take up the cause of the orphans. Defend the rights of the widow."

So this budget provides funding to Child Protective Services to hire 350 additional social workers and other support positions.

With this investment, Kentucky will significantly reduce caseloads per social worker, which means we're going to better protect our children.

Let's act right here and right now to stop child abuse and neglect in Kentucky.

I am further committed to ensuring every child in Kentucky has health care coverage. That every child can see a doctor when they are sick.

Unfortunately, in recent years we are seeing a trend where more and more children that qualify for KCHIP coverage are not getting signed up. That means those children have no health care.

This budget specifically dedicates \$2 million to the KCHIP enrollment program.

These extra dollars will be matched by federal dollars to ensure we sign up every Kentucky child for health coverage, and that no child is left out.

Supporting our children also means collecting child support payments, so that our children have the necessary resources to grow and thrive.

Because of chronic underfunding over the past several years, child support collection is on the brink of losing federal funds and our county attorneys are on life support in their collection efforts.

This budget provides the necessary \$13 million over the biennium to save our child support collection system.

This budget also invests in those that help our victimized or struggling families including the Kentucky Coalition Against Domestic Violence.

It also provides significant pension relief to our Child Advocacy Centers and Rape Crisis Centers, along with community mental health and public health departments.

Now, let's talk about our struggling communities.

Our coal counties in Kentucky have been hit hard. They need help. So do parts of our larger cities, where particularly our African American neighborhoods haven't seen the level of investment and development that is happening in other parts of our cities.

In this budget, we do something about both problems.

First, for our coal counties, after paying the required debt service on water and sewer infrastructure, and the state's administrative costs, this budget returns every remaining coal severance dollar back to our coal counties.

Over the biennium, this should provide nearly \$18 million where it is needed most.

Our recommendation provides this money to our counties in a way that can be directly used in their budgets. At a time when basic services are at risk, we should help these counties provide for their people.

For our struggling urban communities, we are putting \$4 million in an Economic Development Venture Fund to help give small businesses in those communities an opportunity to get their ideas off the ground. For far too long, businesses in these areas have been hampered by a lack of credit, harmful insurance practices, and a basic lack of investment.

Finally, we're setting aside \$2 million to help local governments do what I'm committed to doing at the state level -- ensuring equal pay for equal work. If we in government are going to demand women make the same amount as men in the private sector, we have to make it a reality in the public sector.

Now let's move on to another group that has suffered through years of cuts and tough budgets -- our state employees.

These are the folks that work every day building our roads and bridges, that make sure our children have the support and protection they need, and that helped craft this very budget.

These people work hard on behalf of our Kentucky families, and with this budget, they're finally going to get some recognition for their hard work.

This proposal provides state employees a raise. That raise is one percent in the first year, and another one percent on top of that in year two.

This is long overdue and with the costs of everything from groceries to pharmaceuticals going up, it is necessary.

Here's some more good news for public employees, but it's news that should be expected: this budget fully funds the pension plans.

My promise to you is simple: I will always contribute the required contribution amount to our pension plans.

By doing this year after year, we'll protect your pensions and guarantee each of you a solid retirement.

Next is another area where we can't afford to cut -- health care. That's because our people have some of the worst health outcomes in the country -- we're in the top 10 in lung cancer, diabetes and heart disease.

Access to health care is a basic human right and we can't turn our backs on the progress that we've made. That's why we're fully funding expanded Medicaid in this budget and we'll work to sign up every single person who qualifies.

We're also setting aside money for important programs, including 100 more slots in the Supports for Community Living program, and 500 more slots in the Michelle P. waiver program. A good

friend of mine had to wait years for his son to get a Michelle P. slot. I saw that family's pain. More slots are simply the right thing to do.

We're also going to continue to fund pediatric cancer research at U of L and UK. Last week at Children's Advocacy Day, I met David Turner Jr., a young man fighting cancer. Before the event, we invited him and his family into the governor's office to sit behind the governor's desk.

He grabbed a signing pen, and declared that it was ice cream day in Kentucky.

It was a really special moment. David and other Kentucky kids that are battling cancer are worth fighting for and we must push forward with this research.

Finally, the budget provides the \$35 million requested by the University of Louisville to help support its hospital acquisition, and it does not take that money out of the rainy day fund.

Let's now turn to transportation.

Transportation is critical for the safety of our families and the future of our businesses.

And the right projects provide opportunities to transform regional economies, to provide a better future.

So in the road plan, I will be prioritizing two major projects: accelerating the Mountain Parkway in the east and building the I-69 bridge in the west.

These projects will open up commerce in rural Kentucky in a major way and will improve the quality of life for our people that live in these regions.

We're also investing a record amount of money into the safety of our rural roads. Our rural roads are the seventh most dangerous in the country. We've lost nearly 7,500 of our brothers and sisters, our parents and children, on these roads over the past 10 years.

Using a combination of state and federal funds, my administration will put \$100 million to improving our rural road conditions.

We're also investing in law enforcement and public safety.

State and local law enforcement are seeing fewer applications and smaller training classes.

To help address this concern, we're increasing the annual training stipend for our police and firefighters. We need these extra dollars to recruit and retain the very best.

We're also investing in the Kentucky State Police, both in our troopers and in their radio system.

Everyone in this room knows how hard it can be to communicate in some parts of Kentucky. Recently, KSP dispatch couldn't reach a trooper who was on a traffic stop on I-71 near the Kentucky Speedway.

Dispatch was conducting a routine check-in with the trooper and couldn't make contact. They had to call a nearby truck stop to verify the trooper was OK.

This is a much-needed upgrade to our infrastructure that most of our surrounding states have already implemented. It will make our troopers safer and more effective on the job.

This budget further provides more funding to our Commonwealth Attorneys so they can continue to protect our families. It provides dollars for new PTSD services for our firefighters, and it sets aside money for the state crime lab to retain analysts and speed up investigations using new technology called Rapid DNA.

We're also taking some small but important steps in reestablishing the Kentucky Commission on Women, the Office of Minority Empowerment, and we're increasing the funding for the Kentucky Human Rights Commission.

I am convinced that these investments, in education, health care, child safety, and public protection will move this state forward.

But this budget also lays bare the challenges we face.

The biggest challenge is corrections.

While the rest of state government has been experiencing cuts year after year, budget after budget, corrections has been exploding, taking dollars that could go toward education and pensions.

We have one of the highest incarceration rates in the country and in the world.

Our people aren't more violent, we don't have more criminals.

We just put more people in our prisons and jails.

Since 2004, the state's incarcerated population has increased more than 40 percent.

That is not sustainable.

At the same time, in the last 4 years, the state has lost 1,269 beds, mostly at medium security facilities, due to crumbling infrastructure.

In the last biennium, we spent \$1.2 billion on corrections.

The estimated cost increase in this budget is \$109 million above and beyond that \$1.2 billion.

Folks, we must address this problem.

From a moral standpoint, criminal justice and prison reform is the right thing to do. My faith teaches me that.

But we must also change based on our current reality and on our budget. We cannot afford to continue this incarceration rate and continue to educate our children.

Like I said earlier, this is a responsible budget. The debt ratio speaks for itself – it's the lowest that we can find in any budget documentation.

But there are things we weren't able to do because we can't spend money we don't have.

So I urge this legislature to find ways to generate more revenue without raising taxes on working families.

In this proposal, we include four revenue measures: sports betting, a small cigarette tax hike, a new tax on vaping, and an increase in the minimum of the limited liability entity tax to adjust it for inflation based on its passage in 2007.

My hope, moving into the future, is that we can embrace full expanded gaming to compete with Indiana, Ohio, and the rest of our neighbors – Republican-led states that are taking Kentucky dollars.

You've heard me talk about my administration focusing on the WHERE – Wages, Health care, Education, Retirements, and Example.

These are our priorities. This is what we work for every day on Team Kentucky.

That's reflected in this budget.

I promised in my inaugural address to focus on our shared values, the values that tie us together as Kentuckians and as Americans.

And I said two weeks ago in my State of the Commonwealth address that we have an opportunity. An opportunity to stop the yelling and the name-calling. Kentuckians deserve better than the bitterness that defines our politics.

And they deserve a budget that stops cutting and starts rebuilding.

I know we can do that. Let's get it done.

Thank you, God Bless you and God Bless the Commonwealth of Kentucky.