

Labor

	Labor	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,774,000	11,354,000
Special Appropriation	100,859,700	
Current Year Appropriation	1,054,800	
Reorganization Adjustment	289,700	
Total General Fund	<u>103,978,200</u>	<u>11,354,000</u>
Restricted Funds		
Balance Forward	16,843,800	1,295,400
Current Receipts	111,102,900	126,965,600
Non-Revenue Receipts	70,832,500	80,660,000
Total Restricted Funds	<u>198,779,200</u>	<u>208,921,000</u>
Federal Fund		
Current Receipts	1,096,628,000	542,466,900
CRF Receipts	344,974,600	
Total Federal Fund	<u>1,441,602,600</u>	<u>542,466,900</u>
TOTAL SOURCE OF FUNDS	<u>1,744,360,000</u>	<u>762,741,900</u>
EXPENDITURES BY CLASS		
Personnel Costs	182,880,600	184,481,900
Operating Expenses	19,998,800	20,382,600
Grants Loans Benefits	1,439,225,500	556,520,100
Debt Service	100,859,700	272,000
Capital Outlay	100,000	100,000
TOTAL EXPENDITURES	<u>1,743,064,600</u>	<u>761,756,600</u>
EXPENDITURES BY FUND SOURCE		
General Fund	103,978,200	11,354,000
Restricted Funds	197,483,800	207,935,700
Federal Fund	1,441,602,600	542,466,900
TOTAL EXPENDITURES	<u>1,743,064,600</u>	<u>761,756,600</u>
EXPENDITURES BY UNIT		
Secretary	30,034,000	15,466,000
Workplace Standards	11,815,300	14,458,000
Workers' Claims	71,231,900	71,124,700
Occupational Safety and Health Review Commission	715,700	710,000
Workers' Compensation Funding Commission	97,020,700	103,635,000
Workers' Compensation Nominating Committee	1,100	1,100
Employment Services	1,532,245,900	556,361,800
TOTAL EXPENDITURES	<u>1,743,064,600</u>	<u>761,756,600</u>

The Labor Cabinet is created pursuant to KRS 336. The Cabinet consists of the Office of the Secretary, the Department of Workers' Claims, the Department of Workplace Standards, and Employment Services. The Office of the Secretary manages and administers the Cabinet. The Department of Workers' Claims administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance and rehabilitation provisions in KRS Chapter 342. The Department of Workplace Standards regulates state and federal laws regarding prevailing wage, employment standards, occupational safety and health and child labor law. Workers' Claims also administers the payment of workers' compensation injury claims by the Special Fund. Employment Services contains the Office of Unemployment Insurance and the Career Development Office. During the 2017 General Assembly, HB 377 directed the transfer of assets and liabilities of the Coal Workers Pneumoconiosis Fund to the Kentucky Employers' Mutual Insurance (KEMI) and the program was closed to new claims after July 1, 2017. The assessments received by the Workers Compensation Funding Commission and are transferred annually to KEMI. The emergence of the novel coronavirus (COVID-19) and the

measures taken to mitigate its spread exacerbated deficiencies in the Commonwealth's unemployment insurance system. In order to better serve the citizens of Kentucky, the Office of Unemployment Insurance and the Career Development Office were reorganized on August 14, 2020, by Executive Order 2020-686. These offices were moved from the Education and Workforce Development Cabinet to the Labor Cabinet. Attached to the Labor Cabinet for administrative purposes are the State Labor Relations Board, the Workers' Compensation Funding Commission, the Kentucky Occupational Safety and Health Review Commission, the Occupational Safety and Health Standards Board, the Workers' Compensation Nominating Committee, the Workers' Compensation Board, and the Unemployment Insurance Commission.

	Labor Secretary	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		464,700
Reorganization Adjustment	289,700	
Total General Fund	<u>289,700</u>	<u>464,700</u>
Restricted Funds		
Balance Forward	682,400	
Current Receipts	100,000	100,000
Non-Revenue Receipts	11,700,700	14,761,500
Total Restricted Funds	<u>12,483,100</u>	<u>14,861,500</u>
Federal Fund		
Current Receipts	7,471,400	139,800
CRF Receipts	9,789,800	
Total Federal Fund	<u>17,261,200</u>	<u>139,800</u>
TOTAL SOURCE OF FUNDS	<u>30,034,000</u>	<u>15,466,000</u>
EXPENDITURES BY CLASS		
Personnel Costs	27,917,400	13,264,400
Operating Expenses	2,116,600	2,201,600
TOTAL EXPENDITURES	<u>30,034,000</u>	<u>15,466,000</u>
EXPENDITURES BY FUND SOURCE		
General Fund	289,700	464,700
Restricted Funds	12,483,100	14,861,500
Federal Fund	17,261,200	139,800
TOTAL EXPENDITURES	<u>30,034,000</u>	<u>15,466,000</u>
EXPENDITURES BY UNIT		
Office of Administrative Services	26,523,400	11,499,600
Secretary	3,510,600	3,966,400
TOTAL EXPENDITURES	<u>30,034,000</u>	<u>15,466,000</u>

The Secretary of Labor manages and administers the duties of the Cabinet. The primary responsibility of the Office of the Secretary is to advance the employee/employer relationship by protecting the worker, fostering employer success, compensating the injured, compensating the unemployed, and career development.

Funding for the Office of the Secretary is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and group self-insurers, as well as an indirect rate charged to Federal Grants in the Employment Services areas. General Fund in this area is to support the Office of Unemployment Insurance and the Career Development Office.

Policy

The enacted budget for fiscal year 2021 reduced the base budget of the Labor Cabinet's Office of the Secretary by approximately \$2.4 million.

In accordance with Executive Order 2020-686, the Unemployment Insurance and Career Development Offices were reorganized from Education and Workforce to the Labor Cabinet to include \$289,700 in fiscal year 2021. General Fund is provided in the Secretary's Office to support those programs.

	Labor	
	Workplace Standards	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,774,000	2,175,800
Total General Fund	1,774,000	2,175,800
Restricted Funds		
Balance Forward	522,000	
Non-Revenue Receipts	6,002,100	8,073,200
Total Restricted Funds	6,524,100	8,073,200
Federal Fund		
Current Receipts	3,517,200	4,209,000
Total Federal Fund	3,517,200	4,209,000
TOTAL SOURCE OF FUNDS	11,815,300	14,458,000
EXPENDITURES BY CLASS		
Personnel Costs	10,007,600	12,658,000
Operating Expenses	1,557,700	1,550,000
Grants Loans Benefits	250,000	250,000
TOTAL EXPENDITURES	11,815,300	14,458,000
EXPENDITURES BY FUND SOURCE		
General Fund	1,774,000	2,175,800
Restricted Funds	6,524,100	8,073,200
Federal Fund	3,517,200	4,209,000
TOTAL EXPENDITURES	11,815,300	14,458,000
EXPENDITURES BY UNIT		
Wages & Hours	1,774,000	2,175,800
Occupational Safety and Health	9,157,100	11,394,100
Commissioner's Office	884,200	888,100
TOTAL EXPENDITURES	11,815,300	14,458,000

The Department of Workplace Standards operates under the authority of KRS Chapters 336, 337, 338, 339, 342, and 388.

The Department is comprised of the Commissioner's Office, Division of Wages and Hours, Division of Occupational Safety and Health Compliance, and the Division of Occupational Safety and Health Education and Training.

The Commissioner's Office serves as the oversight unit for all programs and functions assigned to the DWS.

The Division of Occupational Safety and Health Compliance ensures that employers are preventing hazards to the safety and health of all employees arising from exposure to harmful conditions and practices in the work environment. Penalties collected by the Division are directed to the General Fund.

The Division of Occupational Safety and Health Education and Training promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, technical data, and technical and informational materials. The Division also gathers and monitors statistical data concerning job injuries and illnesses, and acts as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

The Division of Wages and Hours is responsible for enforcing areas of Kentucky labor laws including Kentucky Right-to-Work Act, minimum wage, overtime, prevailing wage, child labor, wage discrimination based on sex.

The Department of Workplace Standards is funded with restricted agency receipts garnered through the Workers' Compensation Funding Commission under the authority of KRS 342; federal funding received from the U.S. Department of Labor, Occupational Safety and Health Administration; and General Fund dollars that support only the Division of Wages and Hours.

Policy

The enacted budget for fiscal year 2021 reduced the base General Fund budget for the wage and hour enforcement program by \$385,100. It also reduced the base budgets funded with restricted and federal funds by approximately \$2.4 million.

The Governor's budget includes additional General Fund in the amount of \$5,900 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

	Labor	
	Workers' Claims	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	4,345,000	
Current Receipts	455,600	455,600
Non-Revenue Receipts	66,431,300	70,669,100
Total Restricted Funds	<u>71,231,900</u>	<u>71,124,700</u>
TOTAL SOURCE OF FUNDS	<u>71,231,900</u>	<u>71,124,700</u>
EXPENDITURES BY CLASS		
Personnel Costs	15,003,400	14,896,200
Operating Expenses	2,020,500	2,020,500
Grants Loans Benefits	54,108,000	54,108,000
Capital Outlay	100,000	100,000
TOTAL EXPENDITURES	<u>71,231,900</u>	<u>71,124,700</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	<u>71,231,900</u>	<u>71,124,700</u>
TOTAL EXPENDITURES	<u>71,231,900</u>	<u>71,124,700</u>
EXPENDITURES BY UNIT		
Workers' Claims	<u>71,231,900</u>	<u>71,124,700</u>
TOTAL EXPENDITURES	<u>71,231,900</u>	<u>71,124,700</u>

The Department of Workers' Claims operates under the authority of KRS Chapters 12, 336, and 342. The Department enforces statutes with regard to workers' compensation coverage for Kentucky's 2.1 million employees, administers workers' compensation claims and ensures that employers comply with the insurance, self-insurance, and rehabilitation provisions in KRS Chapter 342.

The Department of Workers' Claims is managed by the Commissioner's office. The Department is comprised of four divisions: Division of Specialist and Medical Services, Division of Claims Processing, Division of Security and Compliance, and the Division of Workers' Compensation Funds. Office of Administrative Law Judges and the Workers' Compensation Board are attached to the Department.

Division of Security and Compliance regulates individual entities that are approved to self-insure and ensure that sufficient coverage or assets are maintained to pay claims. The Division of Specialists and Medical Services focuses on constituent services to provide services to employees, employers, insurance carriers, and medical provider to assist in claim filing. Division of Claims Processing handles review and docket assignment for filed claims.

Division of Workers' Compensation Funds is responsible for the administration and legal representation for the Special Fund and the maintenance of records regarding the payment of workers' compensation injury claims.

The Workers' Compensation Board is attached to the Department for administrative purposes. The Board rules on appeals of decisions rendered by administrative law judges in the Kentucky Workers Claims' and Compensation system pursuant to KRS 342.213 and KRS 342.285. The board consists of three members appointed by the Governor to four-year terms.

The Office of Administrative Law Judges conducts hearings; supervises the presentation of evidence and renders final decisions, orders or awards regarding workers' compensation claims.

Funding for the Department of Workers' Claims is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor
Occupational Safety and Health Review Commission

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	45,000	
Non-Revenue Receipts	670,700	710,000
Total Restricted Funds	<u>715,700</u>	<u>710,000</u>
TOTAL SOURCE OF FUNDS	<u>715,700</u>	<u>710,000</u>
EXPENDITURES BY CLASS		
Personnel Costs	668,800	663,100
Operating Expenses	46,900	46,900
TOTAL EXPENDITURES	<u>715,700</u>	<u>710,000</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	715,700	710,000
TOTAL EXPENDITURES	<u>715,700</u>	<u>710,000</u>
EXPENDITURES BY UNIT		
Occupational Safety and Health Review Commission	715,700	710,000
TOTAL EXPENDITURES	<u>715,700</u>	<u>710,000</u>

The Kentucky Occupational Safety and Health Review Commission is an independent quasi judicial administrative agency which hears and rules on appeals of citations, pursuant to KRS 338.071 and KRS 338.081, issued by the Labor Cabinet's Division of Occupational Safety and Health Compliance.

The Commission receives and processes over 200 cases per year and holds hearings throughout the state. Written findings of fact, conclusions of law, and the recommended decisions issued by the hearing officers may be appealed to the Commission and then to Franklin Circuit Court.

Funding for the Commission is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and self-insureds.

Labor

Workers' Compensation Funding Commission

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	9,666,900	
Current Receipts	85,327,200	101,189,900
Non-Revenue Receipts	2,026,600	2,445,100
Total Restricted Funds	97,020,700	103,635,000
TOTAL SOURCE OF FUNDS	97,020,700	103,635,000
EXPENDITURES BY CLASS		
Personnel Costs	95,159,800	103,374,100
Operating Expenses	1,860,900	260,900
TOTAL EXPENDITURES	97,020,700	103,635,000
EXPENDITURES BY FUND SOURCE		
Restricted Funds	97,020,700	103,635,000
TOTAL EXPENDITURES	97,020,700	103,635,000
EXPENDITURES BY UNIT		
Workers' Compensation Funding Commission	2,500,400	2,477,800
Benefit Reserve	92,920,300	101,157,200
KCWP Fund	1,600,000	
TOTAL EXPENDITURES	97,020,700	103,635,000

The Workers' Compensation Funding Commission was created through the passage of House Bill 1 by the 1987 Extraordinary Session of the General Assembly. House Bill 928, passed by the 1994 General Assembly, transferred the Commission to the Labor Cabinet for administrative purposes. The agency has the public purpose of controlling, investing, and managing the funds collected pursuant to KRS Chapter 342.

The Commission is governed by a seven-member Board of Directors. Board members include the Secretaries of Labor, Economic Development, and Finance and Administration Cabinets. In addition, the Governor appoints four members who represent labor, insurance companies writing workers' compensation insurance, employers, and self-insured employers and groups.

The Commission collects two separate assessments as required by KRS Chapter 342. One assessment is imposed on Kentucky Workers' Compensation premiums received by all insurance carriers and group self-insurers and on a calculation-based premium equivalent for employers carrying their own risk. A second assessment is imposed on such premiums received from employers engaged in the severance or processing of coal. Assessments received are to fund and pre-fund the liabilities of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Special Fund and the Coal Workers' Pneumoconiosis Fund; finance the administration and operations of the Funding Commission; finance all programs in the Labor Cabinet except the Division of Wages and Hours; and pay the liabilities and fund the operating budget for the Uninsured Employers' Fund in the Office of the Attorney General.

These assessments are credited to the Commission's Benefit Reserve Fund, and the excess of collections over Special Fund liabilities, the Coal Workers' Pneumoconiosis Fund liabilities, and budgeted expenditures are invested according to the Commission's policies and in compliance with KRS Chapter 386. The agency may perform or contract for audits of those entities subject to assessments, and may coordinate with other governmental agencies to ensure compliance with the statutes relating to Workers' Compensation funding. During the 2017 General Assembly, HB 377 directed the transfer of assets and liabilities of the Coal Workers' Pneumoconiosis Fund. The assets and liabilities of the Coal Workers' Pneumoconiosis Fund were transferred to the Kentucky Employers' Mutual Insurance (KEMI) and the program was closed to new claims after July 1, 2017. The assessments are received by the Workers' Compensation Funding Commission and are to be transferred annually to KEMI.

The Board is required to engage a certified public accountant to conduct an annual examination of the Commission's affairs and report the findings to the Governor and the Auditor of Public Accounts.

Included in the operating expenses are the fund transfers that represent the amounts the Commission will transfer to the Labor Cabinet and the Uninsured Employers' Fund for those programs statutorily supported by assessments.

The Commission maintains a diverse financial long-term investment portfolio and has an agreement with the Office of Financial Management, within the Finance and Administration Cabinet, for short-term overnight investment advantages.

Policy

The Budget of the Commonwealth reduced the restricted fund appropriation in fiscal year 2021 by \$3,976,300.

Labor

Workers' Compensation Nominating Committee

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Non-Revenue Receipts	1,100	1,100
Total Restricted Funds	1,100	1,100
TOTAL SOURCE OF FUNDS	1,100	1,100
EXPENDITURES BY CLASS		
Personnel Costs	400	400
Operating Expenses	700	700
TOTAL EXPENDITURES	1,100	1,100
EXPENDITURES BY FUND SOURCE		
Restricted Funds	1,100	1,100
TOTAL EXPENDITURES	1,100	1,100
EXPENDITURES BY UNIT		
Workers' Compensation Nominating Committee	1,100	1,100
TOTAL EXPENDITURES	1,100	1,100

HB 299 of the 2017 Regular Session of the General Assembly established the Workers' Compensation Nominating Committee (WCNC) in KRS 342.213. The Workers' Compensation Nominating Committee is an agency of the Commonwealth and comprised of five members appointed by the Governor. The WCNC shall make recommendations to the Governor of three qualified individuals nominated to fill the Administrative Law Judge vacant seat and Workers' Compensation Board members 30 days prior to the end of their term or sixty days if the vacancy occurs for any reason except term expiration.

**Labor
Employment Services**

SOURCE OF FUNDS	Revised FY 2021	Recommended FY 2022
General Fund		
Regular Appropriation		8,713,500
Special Appropriation	100,859,700	
Current Year Appropriation	1,054,800	
Total General Fund	101,914,500	8,713,500
Restricted Funds		
Balance Forward	1,582,500	1,295,400
Current Receipts	25,220,100	25,220,100
Non-Revenue Receipts	-16,000,000	-16,000,000
Total Restricted Funds	10,802,600	10,515,500
Federal Fund		
Current Receipts	1,092,890,800	538,118,100
CRF Receipts	327,933,400	
Total Federal Fund	1,420,824,200	538,118,100
TOTAL SOURCE OF FUNDS	1,533,541,300	557,347,100
EXPENDITURES BY CLASS		
Personnel Costs	34,123,200	39,625,700
Operating Expenses	12,395,500	14,302,000
Grants Loans Benefits	1,384,867,500	502,162,100
Debt Service	100,859,700	272,000
TOTAL EXPENDITURES	1,532,245,900	556,361,800
EXPENDITURES BY FUND SOURCE		
General Fund	101,914,500	8,713,500
Restricted Funds	9,507,200	9,530,200
Federal Fund	1,420,824,200	538,118,100
TOTAL EXPENDITURES	1,532,245,900	556,361,800
EXPENDITURES BY UNIT		
Career Development	32,214,400	32,223,700
Unemployment Insurance	1,500,031,500	524,138,100
TOTAL EXPENDITURES	1,532,245,900	556,361,800

In order to better serve the people and businesses of Kentucky, Executive Order 2020-686 reorganized the Unemployment Insurance program as well as the Office of Career Development from the Education and Workforce Development Cabinet, to the Labor Cabinet. Both areas are included in the Employment Services appropriation unit.

The Career Development Office receives funds to administer several programs that are related to Employment and Job Placement Services, including: Veterans' Employment and Training Services, Labor Market Information, Alien Labor Certification, Agricultural Wage Surveys, and Alien Farmworker Housing Inspections. The Office administers training programs under the Trade Adjustment Assistance program and Title I of the Workforce Innovation and Opportunity Act. These programs are designed to assist the unemployed, underemployed, and persons who wish to change occupations in finding suitable employment.

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

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

In addition to regular UI benefits, the program also administers payment of federal benefits to unemployed federal employees and discharged military personnel, those affected by changes in international trade, those affected financially in federal disaster areas, and those covered under extended unemployment compensation programs. With the exception of partial payment from state UI funds in the case of some extended benefits, these programs are financed by employer federal unemployment tax collected by the Internal Revenue Service.

The administrative component of the UI program provides benefit payments based on earnings in a specific transaction period. Revenues for this program are derived from a federal unemployment tax on employers' payrolls.

KRS Chapter 341 provides the statutory authority and structure for the operation of the UI program in Kentucky. With regard to most particulars involving worker coverage, benefit entitlement, and employer liability, KRS Chapter 341 conforms to federal unemployment law derived from the Social Security Act of 1935. This state and federal statutory conformity is required in order for Kentucky employers to receive a credit against federal unemployment tax based on state tax payments, and in order for the agency to receive federal administrative funding.

Policy

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

The Governor's budget includes \$100,859,700 from the General Fund in fiscal year 2020-2021 for payment of interest and principal, in that order, for advances under Title XII of the Social Security Act during calendar year 2021. As a result contributing employers will not have to pay the statutory surcharge that would be used to pay interest on advances under Title XII of the Social Security Act for calendar year 2021. To ensure that this can take place for calendar year 2021 these funds shall not lapse at the end of fiscal year 2021 and shall carry forward into fiscal year 2022.

The budget includes General Fund \$1,054,800 in fiscal year 2021 and \$8,441,500 in fiscal year 2022. The General Fund appropriation will allow the Office of Unemployment Insurance Program to restore funding for 90 employees that were reduced in previous years, to provide in-person services to unemployed persons with their UI claims at the twelve career centers across the Commonwealth of Kentucky. The UI employees will be cross-trained to also provide employment-related services to employers and job seekers. These services include employment counseling and job search assistance.

Included in the above General Fund is an additional \$272,000 in fiscal year 2022 for debt service on new bonds for the replacement of the Unemployment Insurance Information Technology System.

Personnel

	Personnel	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		16,000,000
Total General Fund		16,000,000
Restricted Funds		
Balance Forward	27,994,900	23,809,000
Current Receipts	50,832,300	48,098,500
Non-Revenue Receipts	10,172,700	10,255,700
Fund Transfers	-2,690,700	
Total Restricted Funds	86,309,200	82,163,200
Federal Fund		
CRF Receipts	650,000	
Total Federal Fund	650,000	
Road Fund		
Regular Appropriation		4,200,000
Total Road Fund		4,200,000
TOTAL SOURCE OF FUNDS	86,959,200	102,363,200
EXPENDITURES BY CLASS		
Personnel Costs	55,633,000	83,888,300
Operating Expenses	7,517,200	6,891,900
TOTAL EXPENDITURES	63,150,200	90,780,200
EXPENDITURES BY FUND SOURCE		
General Fund		16,000,000
Restricted Funds	62,500,200	70,580,200
Federal Fund	650,000	
Road Fund		4,200,000
TOTAL EXPENDITURES	63,150,200	90,780,200
EXPENDITURES BY UNIT		
General Operations	30,771,500	31,262,300
Public Employees Deferred Compensation Authority	8,284,500	8,248,400
Workers' Compensation Benefits and Reserve	24,094,200	24,269,500
State Fixed Allocation Pension Pool		27,000,000
TOTAL EXPENDITURES	63,150,200	90,780,200

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

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

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

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

Personnel
General Operations

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	2,691,600	3,119,200
Current Receipts	22,897,100	20,198,500
Non-Revenue Receipts	10,342,700	10,430,700
Fund Transfers	-2,690,700	
Total Restricted Funds	33,240,700	33,748,400
Federal Fund		
CRF Receipts	650,000	
Total Federal Fund	650,000	
TOTAL SOURCE OF FUNDS	33,890,700	33,748,400
EXPENDITURES BY CLASS		
Personnel Costs	23,810,200	24,918,200
Operating Expenses	6,961,300	6,344,100
TOTAL EXPENDITURES	30,771,500	31,262,300
EXPENDITURES BY FUND SOURCE		
Restricted Funds	30,121,500	31,262,300
Federal Fund	650,000	
TOTAL EXPENDITURES	30,771,500	31,262,300
EXPENDITURES BY UNIT		
General Administration	13,965,600	13,618,300
Governmental Service Center	1,330,600	1,400,000
Employee Relations	799,700	787,300
Employee Insurance	9,789,300	10,199,900
Personnel Administration	4,886,300	5,256,800
TOTAL EXPENDITURES	30,771,500	31,262,300

The General Operations unit includes the Office of the Secretary, the Department of Human Resources Administration and the Department of Employee Insurance.

The Secretary of the Personnel Cabinet is the executive and administrative head of the cabinet and supervises all activities of the cabinet. The Office of the Secretary includes: the Office of Administrative Services, the Office of Legal Services, the Office for Employee Relations, the Office of Diversity and Equality, and Training, and the Office of Public Affairs.

The Office of Administrative Services' responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, coordinating information technology for the Cabinet and procurement functions.

The Office of Legal Services provides legal services relating to the enforcement and application of state and federal laws and regulations governing employment with both the Cabinet and other Executive Branch agencies.

The Office of Employee Relations administers the Kentucky Employee Assistance Program which provides assistance to troubled employees; the employee suggestion system; a mediation program to help resolve employment problems; the state safety program; and the self-insured Workers' Compensation program. The Workers' Compensation program provides benefits to workers injured on the job and manages a return-to-work program. The program provides coverage for state employees, the Kentucky Community Technical College System, volunteer firefighters, volunteer ambulance personnel, and various local government entities.

The Office of Diversity and Equality and Training is responsible for administering the Equal Employment Opportunity and Diversity Programs, the Minority Management Trainee Program, and the Commonwealth's affirmative action plan established in 18A.138. The Office is also responsible for government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning, performance measurement processes and is responsible for maintaining the employee performance management system.

The Office of Public Affairs is responsible for setting the strategic direction for the Cabinet, improving processes, developing services, and planning future service offerings.

The Department of Human Resources Administration consists of two divisions: the Division of Employee Management and the Division of Career Opportunities. The responsibilities of this department include recruiting, counseling, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll records;. In addition, the development and implementation of the replacement personnel and payroll system is coordinated through the Department of Human Resources Administration.

The Department of Employee Insurance manages state government's self-insured health insurance program, the Kentucky Employees' Health Plan and the life insurance benefits for state employees. The Health Plan provides health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. The Department also provides administrative support to the Group Health Insurance Board under KRS 18A.226 and 18A.227.

Policy

Included in the above Restricted Fund appropriation is \$2,690,700 in fiscal year 2021 for debt service on bonds previously issued for the Kentucky Human Resources Information System (KHRIS). The Cabinet is authorized to collect a pro rata assessment from all state agencies and other organizations that will use the new personnel and payroll system. The Cabinet shall retain the funds in a Special Project Account, the balance of which will be transferred to the General Fund to cover the debt service payment.

Personnel
Public Employees Deferred Compensation Authority

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	11,205,600	10,436,100
Current Receipts	7,600,000	7,600,000
Non-Revenue Receipts	-85,000	-87,500
Total Restricted Funds	18,720,600	17,948,600
TOTAL SOURCE OF FUNDS	18,720,600	17,948,600
EXPENDITURES BY CLASS		
Personnel Costs	7,819,800	7,783,700
Operating Expenses	464,700	464,700
TOTAL EXPENDITURES	8,284,500	8,248,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	8,284,500	8,248,400
TOTAL EXPENDITURES	8,284,500	8,248,400
EXPENDITURES BY UNIT		
Public Employees Deferred Compensation Authority	8,284,500	8,248,400
TOTAL EXPENDITURES	8,284,500	8,248,400

The Kentucky Public Employees Deferred Compensation Authority administers tax sheltered, supplemental retirement savings programs as established in the U.S. Internal Revenue Code Sections 457, 401(k), Roth 401(k), and 403(b) and in accordance with KRS 18A.230-18A.350. These programs are an optional benefit for Kentucky's public employees.

Personnel

Workers' Compensation Benefits and Reserve

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	14,097,700	10,253,700
Current Receipts	20,335,200	20,300,000
Non-Revenue Receipts	-85,000	-87,500
Total Restricted Funds	<u>34,347,900</u>	<u>30,466,200</u>
TOTAL SOURCE OF FUNDS	<u>34,347,900</u>	<u>30,466,200</u>
EXPENDITURES BY CLASS		
Personnel Costs	24,003,000	24,186,400
Operating Expenses	91,200	83,100
TOTAL EXPENDITURES	<u>24,094,200</u>	<u>24,269,500</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	24,094,200	24,269,500
TOTAL EXPENDITURES	<u>24,094,200</u>	<u>24,269,500</u>
EXPENDITURES BY UNIT		
Workers' Compensation Benefits and Reserve	24,094,200	24,269,500
TOTAL EXPENDITURES	<u>24,094,200</u>	<u>24,269,500</u>

Created in 1990, the Workers' Compensation Benefits and Reserve is state government's self-insured Workers' Compensation program. The program provides coverage to the executive, legislative, and judicial branches of government, but excludes the Transportation Cabinet and all state universities. The program also covers the Kentucky Community and Technical College System, volunteer firefighters, volunteer ambulance personnel, and employees of some county clerk's or sheriff's offices when the county's population is 70,000 or more. Workers' Compensation includes a return-to-work program for injured employees, managed care, and a statewide safety program.

The revenue accruing to the program is derived from participating agencies based upon the claims history of the agency and the number of covered employees. Claims history is calculated based upon a three year running average.

Personnel
State Fixed Allocation Pension Pool

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		16,000,000
Total General Fund		16,000,000
Road Fund		
Regular Appropriation		4,200,000
Total Road Fund		4,200,000
TOTAL SOURCE OF FUNDS		20,200,000
EXPENDITURES BY CLASS		
Personnel Costs		27,000,000
TOTAL EXPENDITURES		27,000,000
EXPENDITURES BY FUND SOURCE		
General Fund		16,000,000
Restricted Funds		6,800,000
Road Fund		4,200,000
TOTAL EXPENDITURES		27,000,000
EXPENDITURES BY UNIT		
State Fixed Allocation Pension Pool		27,000,000
TOTAL EXPENDITURES		27,000,000

The State Fixed Allocation Pension Fund is a statewide pool to provide the additional funds necessary for state agencies to finance the increased costs of the fixed allocation non-hazardous retirement plan's employer contributions.

Policy

Fiscal year 2022 includes General Fund of \$16,000,000, Road Fund of \$4,200,000, and Restricted Funds of \$6,800,000 to support the increased costs of the fixed allocation non-hazardous retirement plan's employer contributions.

Postsecondary Education

	Postsecondary Education	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,153,052,400	1,211,934,300
Current Year Appropriation	10,284,600	
Continuing Approp-General Fund	37,929,900	9,104,500
Other	-20,000,000	
Total General Fund	1,181,266,900	1,221,038,800
Tobacco Fund		
Tobacco Settlement - Phase I	7,526,100	5,981,200
Continuing Approp-Tob Settlement	154,400	
Total Tobacco Fund	7,680,500	5,981,200
Restricted Funds		
Balance Forward	8,143,100	5,408,400
Current Receipts	6,451,577,300	6,802,180,200
Non-Revenue Receipts	15,433,000	15,433,000
Fund Transfers		-1,300,000
Total Restricted Funds	6,475,153,400	6,821,721,600
Federal Fund		
Balance Forward	2,200	2,200
Current Receipts	892,769,400	903,151,800
CRF Receipts	20,000,000	
Total Federal Fund	912,771,600	903,154,000
TOTAL SOURCE OF FUNDS	8,576,872,400	8,951,895,600
EXPENDITURES BY CLASS		
Personnel Costs	4,069,518,900	4,270,111,200
Operating Expenses	2,667,782,400	2,844,433,100
Grants Loans Benefits	1,440,007,300	1,433,554,700
Debt Service	173,081,400	172,972,600
Capital Outlay	211,967,300	226,931,600
TOTAL EXPENDITURES	8,562,357,300	8,948,003,200
EXPENDITURES BY FUND SOURCE		
General Fund	1,172,162,400	1,221,038,800
Tobacco Fund	7,680,500	5,981,200
Restricted Funds	6,469,745,000	6,817,831,400
Federal Fund	912,769,400	903,151,800
TOTAL EXPENDITURES	8,562,357,300	8,948,003,200
EXPENDITURES BY UNIT		
Council on Postsecondary Education	39,843,900	28,642,400
Kentucky Higher Education Assistance Authority	350,159,900	336,719,600
Postsecondary Education Institutions	8,172,353,500	8,582,641,200
TOTAL EXPENDITURES	8,562,357,300	8,948,003,200

**Postsecondary Education
Council on Postsecondary Education**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	8,086,400	13,735,000
Total General Fund	8,086,400	13,735,000
Tobacco Fund		
Tobacco Settlement - Phase I	7,526,100	5,981,200
Total Tobacco Fund	7,526,100	5,981,200
Restricted Funds		
Balance Forward	2,348,100	647,900
Current Receipts	635,000	635,000
Non-Revenue Receipts	4,100,000	4,100,000
Total Restricted Funds	7,083,100	5,382,900
Federal Fund		
Current Receipts	17,796,200	4,000,000
Total Federal Fund	17,796,200	4,000,000
TOTAL SOURCE OF FUNDS	40,491,800	29,099,100
EXPENDITURES BY CLASS		
Personnel Costs	7,929,000	7,953,300
Operating Expenses	1,998,000	1,987,200
Grants Loans Benefits	29,916,900	16,893,900
Debt Service		1,808,000
TOTAL EXPENDITURES	39,843,900	28,642,400
EXPENDITURES BY FUND SOURCE		
General Fund	8,086,400	13,735,000
Tobacco Fund	7,526,100	5,981,200
Restricted Funds	6,435,200	4,926,200
Federal Fund	17,796,200	4,000,000
TOTAL EXPENDITURES	39,843,900	28,642,400
EXPENDITURES BY UNIT		
Agency Operations	6,341,100	6,378,500
Licensure	325,200	316,200
Pass Through Programs	5,021,600	4,374,800
Federal Programs	17,796,200	4,000,000
Strategic Investment and Incentive Funding Program	2,983,700	6,791,700
Ovarian Cancer Screening	500,000	800,000
Cancer Research and Screening	6,876,100	5,981,200
TOTAL EXPENDITURES	39,843,900	28,642,400

The Council on Postsecondary Education coordinates public postsecondary education, bringing a statewide perspective to budget and policy issues and planning. The Council both guides the system and serves as an advocate for the postsecondary education sector of the state's education enterprise. The Council also licenses private non-profit and proprietary bachelor's degree-granting institutions.

The Council's statutory responsibilities include:

- development of a strategic plan for an efficient and effective system of postsecondary education that provides statewide access without unnecessary competition and duplication, recognizing both public and independent institutions;

- implementation of the strategic plan through public accountability, including reporting and evaluation of institutional performance;
- approval of the creation, modification, and elimination of programs and degrees and transferability of credits earned;
- approval of tuition rates and admission requirements;
- approval of capital projects and real property acquisitions by institutions;
- training and orientation of new members of institutional governing boards;
- liaison between postsecondary education institutions and the Kentucky Department of Education, the Education Professional Standards Board, the Education and Workforce Development Cabinet, and the Cabinet for Economic Development;
- operation of the Kentucky Virtual High School and the Kentucky Virtual Library;
- coordination and acquisition of technology resources for broadest access and cost efficiency;
- collection of data and research and analysis concerning the overall needs of postsecondary education;
- assistance in the development of the postsecondary institutions' biennial budget requests and recommendations concerning operating and capital appropriations to the Governor and the General Assembly; and
- implementation of the Postsecondary Education Performance Funding Model.

Policy

The Governor's budget includes \$22,500 from the General Fund to fund the cost increases associated with providing a 1% salary increment in fiscal year 2022.

**Postsecondary Education
Council on Postsecondary Education
Agency Operations**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	4,341,100	5,878,500
Total General Fund	4,341,100	5,878,500
Restricted Funds		
Balance Forward	813,800	563,800
Current Receipts	350,000	350,000
Non-Revenue Receipts	1,400,000	
Total Restricted Funds	2,563,800	913,800
TOTAL SOURCE OF FUNDS	6,904,900	6,792,300
EXPENDITURES BY CLASS		
Personnel Costs	5,346,400	5,386,900
Operating Expenses	994,700	991,600
TOTAL EXPENDITURES	6,341,100	6,378,500
EXPENDITURES BY FUND SOURCE		
General Fund	4,341,100	5,878,500
Restricted Funds	2,000,000	500,000
TOTAL EXPENDITURES	6,341,100	6,378,500

The Agency Operations program includes all of the staff and operating expenses necessary to manage the agency and programs of the Council except those funded with Federal grants. Activities of the professional staff include review of academic programs, admission standards, tuition rates, credit transfer procedures, minority outreach; research and data analysis; and licensing of private postsecondary educational institutions. Also included in this budget are the business functions of the agency such as human resources, communications, budget, accounting, and purchasing, as well as board relations.

Postsecondary Education
Council on Postsecondary Education
Licensure

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	1,530,500	80,300
Current Receipts	275,000	275,000
Non-Revenue Receipts	-1,400,000	
Total Restricted Funds	405,500	355,300
TOTAL SOURCE OF FUNDS	405,500	355,300
EXPENDITURES BY CLASS		
Personnel Costs	312,400	303,400
Operating Expenses	12,800	12,800
TOTAL EXPENDITURES	325,200	316,200
EXPENDITURES BY FUND SOURCE		
Restricted Funds	325,200	316,200
TOTAL EXPENDITURES	325,200	316,200

This unit manages the licensure of both independent non-profit and for-profit postsecondary institutions that grant baccalaureate degrees and higher in the Commonwealth of Kentucky. It also approves new degree programs offered by these institutions. Initial licensing and renewal fees are based on the total number of students and the years licensed in the state.

**Postsecondary Education
Council on Postsecondary Education
Pass Through Programs**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS		
General Fund		
Regular Appropriation	261,600	264,800
Total General Fund	261,600	264,800
Tobacco Fund		
Tobacco Settlement - Phase I	650,000	
Total Tobacco Fund	650,000	
Restricted Funds		
Balance Forward	3,800	3,800
Current Receipts	10,000	10,000
Non-Revenue Receipts	4,100,000	4,100,000
Total Restricted Funds	4,113,800	4,113,800
TOTAL SOURCE OF FUNDS	5,025,400	4,378,600
EXPENDITURES BY CLASS		
Grants Loans Benefits	5,021,600	4,374,800
TOTAL EXPENDITURES	5,021,600	4,374,800
EXPENDITURES BY FUND SOURCE		
General Fund	261,600	264,800
Tobacco Fund	650,000	
Restricted Funds	4,110,000	4,110,000
TOTAL EXPENDITURES	5,021,600	4,374,800
EXPENDITURES BY UNIT		
Contract Spaces	211,600	214,800
SREB Doctoral Scholars Program	50,000	50,000
Cancer Research Insts Mtchg Fd	4,110,000	4,110,000
Spinal Cord and Head Injury Research	650,000	
TOTAL EXPENDITURES	5,021,600	4,374,800

Funds are appropriated to the Council on Postsecondary Education and subsequently "passed through" to other agencies or entities. The Council monitors the implementation of the programs but is not responsible for actual day to day operations.

The **Contract Spaces Program** provides Kentucky students with access to professional programs in veterinary medicine and optometry through contracts administered by the Southern Regional Education Board and Indiana University. In veterinary medicine, Kentucky contracts for spaces at Auburn University and Tuskegee Institute. For optometry students spaces are available at the Southern College of Optometry, University of Alabama, Indiana University, and the Kentucky College of Optometry. Contract fees guarantee a fixed number of spaces in the out-of-state academic programs for qualified Kentucky residents. Enrolled students are required to pay only the equivalent of the in-state tuition at the host institution. Students are supported for four years. To reserve these spaces and to help defray cost, the Commonwealth pays a contract fee per space to each participating institution.

The **Cancer Research Institutions Matching Fund** is administered by the Council on Postsecondary Education to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program is funded by a one cent per pack cigarette surtax, and the two research institutions – UK and U of L - provide a dollar for dollar match from external sources.

The **Southern Regional Education Board (SREB) Doctoral Scholars Program** supports and encourages minority students to pursue doctoral degrees. The program seeks to increase the number of minority faculty members employed as college faculty and executives by increasing the available pool of minority candidates. Students are provided scholarships and other financial support to attend institutions throughout the southern region and in some Midwest states.

Policy

The budget includes \$50,000 from the General Fund in each fiscal year to support two additional SREB Doctoral Scholars.

The Contract Spaces program has been transferred to the Kentucky Higher Education Assistance Authority pursuant to the appropriations act, House Bill 214, and Senate Bill 134 (2020 Regular Session). General Fund in the amount of \$211,600 in fiscal year 2021 and \$214,800 in fiscal year 2022 remains appropriated to the Council on Postsecondary Education for Southern Regional Education Board dues.

New funding from Tobacco Settlement Funds in the amount of \$650,000 is included in fiscal year 2021 for the Spinal Cord and Head Injury Research program, codified in KRS 211.500 through 211.504.

**Postsecondary Education
Council on Postsecondary Education
Federal Programs**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Federal Fund		
Current Receipts	17,796,200	4,000,000
Total Federal Fund	<u>17,796,200</u>	<u>4,000,000</u>
TOTAL SOURCE OF FUNDS	<u>17,796,200</u>	<u>4,000,000</u>
EXPENDITURES BY CLASS		
Personnel Costs	1,710,300	1,703,000
Operating Expenses	970,500	962,800
Grants Loans Benefits	<u>15,115,400</u>	<u>1,334,200</u>
TOTAL EXPENDITURES	<u>17,796,200</u>	<u>4,000,000</u>
EXPENDITURES BY FUND SOURCE		
Federal Fund	<u>17,796,200</u>	<u>4,000,000</u>
TOTAL EXPENDITURES	<u>17,796,200</u>	<u>4,000,000</u>

The Council on Postsecondary Education administers two federal programs: Improving Educator Quality State Grant Program and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Kentucky.

The Improving Educator Quality State Grant program focuses on preparing, training, and recruiting high-quality teachers. The Council on Postsecondary Education provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need local school districts.

The Gaining Early Awareness and Readiness program is a federal initiative that encourages young people to stay in school, study hard and take courses that prepare them to succeed in college. The program provides a range of services to low-income students by supporting new or expanded activities that strengthen schools. GEAR UP grants are awarded to states as well as partnerships comprising schools, postsecondary institutions and non-school partners. GEAR UP state grants stress early intervention and provide scholarships. Each grant dollar must be matched through a combination of state, local, and private funds.

Policy

In fiscal year 2021, federal funding from the Governor's Emergency Education Relief Fund is also included. This funding was distributed to institutions of higher education in response to the COVID-19 pandemic.

**Postsecondary Education
Council on Postsecondary Education
Strategic Investment and Incentive Funding Program**

	<u>Revised FY 2021</u>	<u>Recommended FY 2022</u>
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,983,700	6,791,700
Total General Fund	<u>2,983,700</u>	<u>6,791,700</u>
TOTAL SOURCE OF FUNDS	<u>2,983,700</u>	<u>6,791,700</u>
EXPENDITURES BY CLASS		
Personnel Costs	559,900	560,000
Operating Expenses	20,000	20,000
Grants Loans Benefits	2,403,800	4,403,700
Debt Service	<u>1,808,000</u>	<u>1,808,000</u>
TOTAL EXPENDITURES	<u>2,983,700</u>	<u>6,791,700</u>
EXPENDITURES BY FUND SOURCE		
General Fund	<u>2,983,700</u>	<u>6,791,700</u>
TOTAL EXPENDITURES	<u>2,983,700</u>	<u>6,791,700</u>

The Strategic Investment and Incentive Funding Program was created in the Kentucky Postsecondary Education Improvement Act of 1997, codified as KRS 164.7911. This program consists of appropriations for the Physical Facilities Trust Fund and the Technology Initiative Trust Fund, as well as the Special Initiatives Funding Program. These appropriations are made to the Council, which is responsible for establishing criteria and distributing these funds to postsecondary institutions in a manner that will allow the Commonwealth to accomplish the goals established in KRS 164.003(2).

Special Initiatives Funding Program

The Council on Postsecondary Education allocates funds to institutions for activities that support the goals of Senate Bill 1 from the 2009 session of the General Assembly. These include professional development of faculty and revision of the pedagogic curriculum and assessment standards of colleges of education.

Technology Initiative Trust Fund

This program includes funding for the Kentucky Postsecondary Education Network (KPEN), the Kentucky Virtual Campus and Virtual Library, the College Level Learning Assessment, the College Access Initiative, and faculty development activities that improve teaching and develop best practices, particularly for distance learning situations.

Physical Facilities Trust Fund

The Physical Facilities Trust Fund includes funding to support the physical plants at public postsecondary education institutions. The Council is charged with distributing the funds in this program to the institutions as enacted in the biennial appropriations act.

Policy

In fiscal year 2019, the Adult Education and Literacy program was reorganized to the Education and Workforce Development Cabinet pursuant to Executive Order 2019-026.

The Governor's budget includes General Fund in the amount of \$1,808,000 in fiscal year 2022 for debt service on new bonds for projects at postsecondary education institutions included in the capital budget.

**Postsecondary Education
Council on Postsecondary Education
Ovarian Cancer Screening**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	500,000	800,000
Total General Fund	500,000	800,000
TOTAL SOURCE OF FUNDS	500,000	800,000
EXPENDITURES BY CLASS		
Grants Loans Benefits	500,000	800,000
TOTAL EXPENDITURES	500,000	800,000
EXPENDITURES BY FUND SOURCE		
General Fund	500,000	800,000
TOTAL EXPENDITURES	500,000	800,000

This program provides funding to support the Markey Cancer Center’s Ovarian Cancer Screening Program at the University of Kentucky. The program provides free screenings to women across the Commonwealth with the goal of detecting cancer early. Begun in 1987, the program has served over 47,000 Kentuckians.

Policy

The Governor’s budget includes an additional \$300,000 from the General Fund for the Ovarian Cancer Screening Program in fiscal year 2022.

Postsecondary Education
Council on Postsecondary Education
Cancer Research and Screening

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Tobacco Fund		
Tobacco Settlement - Phase I	6,876,100	5,981,200
Total Tobacco Fund	6,876,100	5,981,200
TOTAL SOURCE OF FUNDS	6,876,100	5,981,200
EXPENDITURES BY CLASS		
Grants Loans Benefits	6,876,100	5,981,200
TOTAL EXPENDITURES	6,876,100	5,981,200
EXPENDITURES BY FUND SOURCE		
Tobacco Fund	6,876,100	5,981,200
TOTAL EXPENDITURES	6,876,100	5,981,200

Tobacco Settlement funds support the Cancer Research and Screening programs at the University of Kentucky and the University of Louisville. The 2018-2020 biennial budget bill created the program and directed that the funding be divided equally between the Commonwealth's two research institutions.

Policy

The budget includes Phase I Tobacco Settlement Funds in the amount of \$6,876,100 in fiscal year 2021 and \$5,981,200 in fiscal year 2022 for cancer research and screening, to be shared equally between the University of Kentucky and the University of Louisville.

Postsecondary Education
Kentucky Higher Education Assistance Authority

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	279,293,600	294,806,400
Current Year Appropriation	9,104,500	
Continuing Approp-General Fund	37,929,900	9,104,500
Total General Fund	326,328,000	303,910,900
Tobacco Fund		
Continuing Approp-Tob Settlement	154,400	
Total Tobacco Fund	154,400	
Restricted Funds		
Balance Forward	5,795,000	4,760,500
Current Receipts	20,335,800	21,414,900
Non-Revenue Receipts	11,333,000	11,333,000
Fund Transfers		-1,300,000
Total Restricted Funds	37,463,800	36,208,400
Federal Fund		
Balance Forward	2,200	2,200
Current Receipts	78,700	33,800
Total Federal Fund	80,900	36,000
TOTAL SOURCE OF FUNDS	364,027,100	340,155,300
EXPENDITURES BY CLASS		
Personnel Costs	18,388,300	18,425,900
Operating Expenses	1,965,000	2,199,000
Grants Loans Benefits	329,581,600	315,869,700
Capital Outlay	225,000	225,000
TOTAL EXPENDITURES	350,159,900	336,719,600
EXPENDITURES BY FUND SOURCE		
General Fund	317,223,500	303,910,900
Tobacco Fund	154,400	
Restricted Funds	32,703,300	32,774,900
Federal Fund	78,700	33,800
TOTAL EXPENDITURES	350,159,900	336,719,600
EXPENDITURES BY UNIT		
General Administration and Support	20,178,300	20,449,900
College Access Program	117,229,200	92,339,500
Kentucky Tuition Grant	48,389,800	46,644,300
Teacher Scholarships	50,000	3,150,000
Ky National Guard Tuition	8,394,100	7,448,100
Ky Educational Excellence Scholarships	123,773,400	126,126,600
Early Childhood Development Scholarships	454,400	300,000
Kentucky's Affordable Prepaid Tuition (KAPT)	400,000	400,000
Early Graduation Scholarship Certificate	575,000	575,000
Work Ready Scholarship	7,628,000	
Dual Credit Scholarship	16,965,400	16,800,000
Other Programs	78,700	33,800
Optometry Scholarship Program	795,600	808,400
Veterinary Contract Spaces Program	5,248,000	5,248,000
Better Kentucky Promise Scholarship		16,396,000
TOTAL EXPENDITURES	350,159,900	336,719,600

The mission of the Kentucky Higher Education Assistance Authority (KHEAA) is to increase educational attainment by providing student financial aid and other assistance to Kentuckians preparing for and attending college. KHEAA administers state grants, scholarships, work study and college savings programs for postsecondary students. The agency is the designated guarantor of insured student loans and disseminates college planning and financial aid information.

The Kentucky Higher Education Assistance Authority administers the following student aid programs:

The College Access Program awards grants to Kentucky's financially needy undergraduate students enrolled in a public or private non-profit college, public technical college, or proprietary school.

The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 25 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

The Kentucky Educational Excellence Scholarships (KEES) program provides merit-based scholarships to eligible high school students based on their yearly grade point average and supplemental awards based on their highest ACT (or equivalent SAT) score and Advanced Placement, International Baccalaureate, or Cambridge Advanced International test scores. The scholarships can be used to pay the expenses of each year of college or technical training.

The Teacher Scholarship program is designed to assist financially needy Kentucky students with the costs incurred while seeking initial or additional teacher certification. Recipients must agree to render qualified teaching service in the Commonwealth.

The Kentucky National Guard Tuition Award program provides tuition assistance to active members of the Kentucky National Guard to attend Kentucky's state-supported postsecondary educational institutions. The Department of Military Affairs selects the recipients and KHEAA forwards funds to the schools to be disbursed to the students.

The Osteopathic Medicine Scholarship program provides tuition equalization awards to eligible students who attend the University of Pikeville College of Osteopathic Medicine. Recipients must agree to provide medical services in Kentucky one year for each year they receive a scholarship, or repay their tuition grants.

The Coal County Pharmacy Scholarship Program provides tuition awards to eligible students at Kentucky colleges who agree to provide pharmacy services in a coal-producing county of Kentucky for one year for each year they receive the scholarship, or repay their tuition grants.

The Early Childhood Development Scholarship program provides tuition assistance to Kentucky residents pursuing a credential, certificate, or degree in early childhood education. It was established to upgrade the professional development of child-care workers and trainers who do not have access to state or federal professional development funds.

The Go Higher Grant program provides a financial incentive for non-traditional students who are enrolled on a less than full time basis and are therefore ineligible for most aid programs.

The John R. Justice program, supported by a Federal grant, provides student loan repayment assistance for public defenders and prosecutors who commit to continued employment for at least three years after graduation from law school.

The Kentucky Coal County College Completion Scholarship is awarded to coal county residents who have earned at least 60 credit hours toward a bachelor's degree and are enrolled at least half-time at a postsecondary institution located in a coal-producing county.

The Early Graduation Scholarship is awarded to students who graduate high school in three years. It can be used at any public or non-profit, independent institution the academic year immediately following graduation and is equal to one-half of the state portion of the average statewide per pupil guaranteed base funding level (SEEK allowance).

The Dual Credit Scholarship is awarded to Kentucky high school juniors and seniors who enroll in an approved dual credit course at a participating institution.

The Work Ready Scholarship is awarded to Kentuckians with a high school credential but who have not yet earned an associate's degree and are enrolled in an industry-recognized certificate or diploma program in a high-demand workforce sector. High School students pursuing dual credit coursework in a high-demand sector are also eligible.

Policy

The Budget of the Commonwealth dedicated an additional \$34,150,000 in Lottery revenue to KHEAA's student financial aid programs in fiscal year 2021 when compared to the fiscal year 2020 enacted budget. The Governor's budget dedicates an additional \$9,104,500 in Lottery Revenue in fiscal year 2021. Lottery revenue in the amount of \$500,000 is appropriated to the University of Kentucky for the Support Higher Education Project in fiscal year 2021 and \$250,000 is appropriated to the Kentucky Department of Education for the Jobs for America's Graduates program in each fiscal year.

The Budget of the Commonwealth fully funds the Kentucky Educational Excellence Scholarship (KEES program with General Fund in the amount of \$113,768,600 in fiscal year 2021 and \$116,126,600 in fiscal year 2022. Restricted Funds in the amount of \$10,000,000 are also included in each fiscal year.

The Budget of the Commonwealth provided additional General Fund Lottery receipts in fiscal year 2021 to support an additional 7,300 CAP recipients and 1,500 KTG recipients compared to the previous biennial budget. The Governor's budget includes even more funding for need-based aid, providing \$6,458,500 in additional General Fund in fiscal year 2022 to support an additional 2,400 CAP and 600 KTG recipients. CAP and KTG recipients are the most economically disadvantaged college students in Kentucky's higher education system. General Fund in the amount of \$87,555,200 in fiscal year 2021 and \$91,939,500 in fiscal year 2022 is included for the College Access Program. General Fund in the amount of \$44,078,100 in fiscal year 2021 and \$46,144,300 in fiscal year 2022 is included for the Kentucky Tuition Grant Program.

The Dual Credit Scholarship program includes additional General Fund in the amount of \$8,150,000 in fiscal year 2021 and \$11,750,000 in fiscal year 2022. Of those additional amounts, \$4,500,000 in fiscal year 2021 and \$5,000,000 in fiscal year 2022 is to support the dual credit component of the Work Ready Scholarship program, which is consolidated with the Dual Credit Scholarship program to reduce confusion and for ease of administration. Also included in the additional General Fund is \$2,200,000 in fiscal year 2021 and \$2,800,000 in fiscal year 2022 to increase the tuition rate ceiling from 33.3% to 40% of the KCTCS credit hour rate.

The Budget of the Commonwealth includes General Fund in the amount of \$7,398,100 in each fiscal year for the Kentucky National Guard Tuition Award program.

The Contract Spaces program, previously administered by the Council on Postsecondary Education, will be administered by KHEAA in accordance with House Bill 214 and Senate Bill 134 from the 2020 Regular Session of the General Assembly. General Fund in the amount of \$5,248,000 is included in each fiscal year for the Veterinary Contract Spaces program and \$795,600 in fiscal year 2021 and \$808,400 in fiscal year 2022 is included for the Optometry Contract Spaces program for a total of \$6,043,600 in fiscal year 2021 and 6,056,400 in fiscal year 2022. That represents additional General Fund support of \$273,200 in fiscal year 2021 and \$286,000 in fiscal year 2022 for increased programmatic costs.

The Governor's budget includes \$3,100,000 from the General Fund in fiscal year 2022 for the Teacher Scholarship program, which includes \$1,000,000 for teacher scholarships and \$2,100,000 for student loan forgiveness for teachers.

The Work Ready Scholarship program includes additional General Fund in the amount of \$4,800,000 in fiscal year 2021 for a total of \$7,300,000.

In fiscal year 2022, the Governor's budget combines the Work Ready Scholarship with a new program – the Better Kentucky Promise Scholarship, which fills the gap between tuition and federal and other state aid for all new Associate degree and certificate-seeking students. The scholarship is available to new Associate degree and certificate seeking students at public universities and private, non-profit Kentucky institutions, but is capped at the KCTCS tuition rate. The new program will provide aid for approximately 6,300 recipients, providing valuable

training for Kentuckians, especially those who may have experienced disruption due to the COVID-19 pandemic. A better-educated and better-trained workforce is key to Kentucky's growth and prosperity.

The Governor's budget directs any Lottery revenue above the Consensus Forecasting Group's estimate to need-based financial aid in the 2020-2022 biennium.

Postsecondary Education
Postsecondary Education Institutions

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	865,672,400	903,392,900
Current Year Appropriation	1,180,100	
Other	-20,000,000	
Total General Fund	846,852,500	903,392,900
Restricted Funds		
Current Receipts	6,430,606,500	6,780,130,300
Total Restricted Funds	6,430,606,500	6,780,130,300
Federal Fund		
Current Receipts	874,894,500	899,118,000
CRF Receipts	20,000,000	
Total Federal Fund	894,894,500	899,118,000
TOTAL SOURCE OF FUNDS	8,172,353,500	8,582,641,200
EXPENDITURES BY CLASS		
Personnel Costs	4,043,201,600	4,243,732,000
Operating Expenses	2,663,819,400	2,840,246,900
Grants Loans Benefits	1,080,508,800	1,100,791,100
Debt Service	173,081,400	171,164,600
Capital Outlay	211,742,300	226,706,600
TOTAL EXPENDITURES	8,172,353,500	8,582,641,200
EXPENDITURES BY FUND SOURCE		
General Fund	846,852,500	903,392,900
Restricted Funds	6,430,606,500	6,780,130,300
Federal Fund	894,894,500	899,118,000
TOTAL EXPENDITURES	8,172,353,500	8,582,641,200
EXPENDITURES BY UNIT		
Eastern Kentucky University	411,842,600	420,198,400
Kentucky State University	70,061,800	71,653,000
Morehead State University	186,127,200	193,940,300
Murray State University	186,615,200	189,996,600
Northern Kentucky University	264,501,400	265,023,900
University of Kentucky	4,517,893,400	4,871,688,500
University of Louisville	1,299,913,900	1,320,095,300
Western Kentucky University	386,462,300	390,429,100
Kentucky Community and Technical College System	848,935,700	850,962,500
Postsecondary Education Performance Fund		8,653,600
TOTAL EXPENDITURES	8,172,353,500	8,582,641,200

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

General Fund debt service in the amount of \$1,808,000 in fiscal year 2022 is included in the Council on Postsecondary Education's budget to support \$50,000,000 in new bond funds for the Resurgence Fund, a pool of funds to be distributed among the postsecondary institutions to fund badly needed deferred maintenance projects on the Commonwealth's aging campuses. Institutions must match each \$1 of bond funds with \$0.50 of institutional funds. The most recent facility study indicated a backlog of over \$7,000,000,000 in deferred maintenance needs at Kentucky's postsecondary education campuses.

Additional General Fund in the amount of \$19,889,400 is included in fiscal year 2022 to assist participating postsecondary education institutions with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost.

**Postsecondary Education
Eastern Kentucky University**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	65,337,000	74,087,000
Postsecondary Ed Performance	394,200	
Other	-1,511,900	
Total General Fund	64,219,300	74,087,000

Restricted Funds

Current Receipts	210,611,400	210,611,400
Total Restricted Funds	210,611,400	210,611,400

Federal Fund

Current Receipts	135,500,000	135,500,000
CRF Receipts	1,511,900	
Total Federal Fund	137,011,900	135,500,000

TOTAL SOURCE OF FUNDS

	411,842,600	420,198,400
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EXPENDITURES BY CLASS

Personnel Costs	171,801,000	179,819,700
Operating Expenses	38,996,900	39,947,300
Grants Loans Benefits	182,014,600	183,279,900
Debt Service	19,030,100	17,151,500
TOTAL EXPENDITURES	411,842,600	420,198,400

EXPENDITURES BY FUND SOURCE

General Fund	64,219,300	74,087,000
Restricted Funds	210,611,400	210,611,400
Federal Fund	137,011,900	135,500,000
TOTAL EXPENDITURES	411,842,600	420,198,400

EXPENDITURES BY UNIT

Instruction	68,975,000	68,975,000
Research	800,000	800,000
Public Service	44,000,000	44,000,000
Libraries	3,100,000	3,100,000
Academic Support	16,742,000	16,742,000
Student Services	15,470,000	15,470,000
Institutional Support	22,292,300	30,965,100
Operation and Maintenance of Plant	40,000,000	40,000,000
Scholarships and Fellowships	169,746,300	169,746,300
Mandatory Transfers	317,000	
Auxilliary Enterprises	30,400,000	30,400,000
TOTAL EXPENDITURES	411,842,600	420,198,400

Eastern Kentucky University, originally founded as a training school for teachers, has grown into a comprehensive postsecondary institution with approximately 17,000 students. In addition to the main campus in Richmond, ECU operates regional campuses at Corbin, Danville, Manchester and Somerset.

Baccalaureate degree programs are offered in liberal arts and sciences, business and technology, education, health sciences, and the university's program of distinction, justice and public safety. Each academic program requires students to demonstrate effective communication, creativity and critical thinking skills.

Advanced degrees are offered in education, psychology and technology, and doctoral programs in educational leadership, nursing practice and occupational therapy.

Policy

The budget includes additional General Fund in the amount of \$2,500,000 in each fiscal year for a total of \$4,571,900 for ECU's Mandated Program, the Model Laboratory School.

The Governor's budget includes an additional \$654,100 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$8,018,700 from the General Fund to assist ECU with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$1,511,900 and replaces it with federal funds from the Coronavirus Relief Fund.

Postsecondary Education**Kentucky State University**

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

Regular Appropriation	25,384,300	27,502,600
Current Year Appropriation	1,180,100	
Other	-586,700	
Total General Fund	25,977,700	27,502,600

Restricted Funds

Current Receipts	23,000,000	23,500,000
Total Restricted Funds	23,000,000	23,500,000

Federal Fund

Current Receipts	20,497,400	20,650,400
CRF Receipts	586,700	
Total Federal Fund	21,084,100	20,650,400

TOTAL SOURCE OF FUNDS

	70,061,800	71,653,000
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EXPENDITURES BY CLASS

Personnel Costs	42,575,300	43,139,900
Operating Expenses	18,096,100	19,457,400
Grants Loans Benefits	6,890,400	6,925,000
Debt Service	750,000	907,000
Capital Outlay	1,750,000	1,223,700
TOTAL EXPENDITURES	70,061,800	71,653,000

EXPENDITURES BY FUND SOURCE

General Fund	25,977,700	27,502,600
Restricted Funds	23,000,000	23,500,000
Federal Fund	21,084,100	20,650,400
TOTAL EXPENDITURES	70,061,800	71,653,000

EXPENDITURES BY UNIT

Instruction	9,673,800	10,596,700
Research	9,223,900	7,274,400
Public Service	10,530,900	9,521,300
Academic Support	1,435,900	1,983,000
Student Services	6,888,600	6,939,000
Institutional Support	13,624,600	14,008,700
Operation and Maintenance of Plant	7,551,100	9,525,100
Scholarships and Fellowships	5,874,000	5,949,000
Mandatory Transfers		182,000
Auxilliary Enterprises	5,259,000	5,673,800
TOTAL EXPENDITURES	70,061,800	71,653,000

Like other comprehensive universities, Kentucky State University was founded as a training school for teachers. An historically black university, it is also a land grant institution charged with educating and improving the lives of Kentucky's rural residents. The Cooperative Extension Program complements the research activities of the divisions of agriculture and natural resources, aquaculture, environmental studies and sustainable systems, food and animal science and family and consumer science and provides an avenue for technology transfer of research findings that are relevant to Kentuckians, especially those with limited resources living in rural areas.

In addition to its teaching and agriculture departments, KSU offers traditional liberal arts courses, business, computer science, public administration, nursing and pre-professional education for medicine, dentistry, law, engineering and other fields. Kentucky State provides an opportunity for students, including non-traditional students, who otherwise would not have access to college education.

Policy

The budget includes additional General Fund in the amount of \$1,180,100 in fiscal year 2021 and \$1,677,500 in fiscal year 2022 for a total of \$8,328,900 for Kentucky State University's Mandated Program, the federal land grant program. These additional General Fund dollars will be used to match additional federal funds.

The Governor's budget includes an additional \$253,800 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$502,400 from the General Fund to assist Kentucky State University with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$586,700 and replaces it with federal funds from the Coronavirus Relief Fund.

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

Postsecondary Education**Morehead State University**

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

Regular Appropriation	38,332,900	43,216,900
Other	-885,900	
Total General Fund	37,447,000	43,216,900

Restricted Funds

Current Receipts	117,811,000	120,145,300
Total Restricted Funds	117,811,000	120,145,300

Federal Fund

Current Receipts	29,983,300	30,578,100
CRF Receipts	885,900	
Total Federal Fund	30,869,200	30,578,100

TOTAL SOURCE OF FUNDS

	186,127,200	193,940,300
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EXPENDITURES BY CLASS

Personnel Costs	84,124,000	89,588,900
Operating Expenses	37,389,600	38,699,000
Grants Loans Benefits	51,497,800	52,786,600
Debt Service	8,589,600	8,589,600
Capital Outlay	4,526,200	4,276,200
TOTAL EXPENDITURES	186,127,200	193,940,300

EXPENDITURES BY FUND SOURCE

General Fund	37,447,000	43,216,900
Restricted Funds	117,811,000	120,145,300
Federal Fund	30,869,200	30,578,100
TOTAL EXPENDITURES	186,127,200	193,940,300

EXPENDITURES BY UNIT

Instruction	42,789,300	43,242,300
Research	3,462,700	3,716,500
Public Service	8,588,600	8,634,900
Libraries	2,695,200	2,728,100
Academic Support	5,630,000	5,689,500
Student Services	20,861,300	21,072,100
Institutional Support	13,120,200	18,042,400
Operation and Maintenance of Plant	9,875,500	10,224,600
Scholarships and Fellowships	46,774,100	48,063,100
Mandatory Transfers	4,075,200	4,154,200
Non-Mandatory Transfers	9,601,400	9,601,400
Auxilliary Enterprises	18,653,700	18,771,200
TOTAL EXPENDITURES	186,127,200	193,940,300

Morehead State University has an enrollment of nearly 11,000 students, including its enrollment of high school juniors and seniors at the Craft Academy for Excellence in Science and Mathematics.

Morehead's in-state undergraduate tuition is low compared to state peer institutions, and it enrolls the largest percentage of Pell-eligible students. The University strives to provide high quality education while increasing efficiency and productivity. Morehead was the first Kentucky institution to offer a complete degree program on-line.

Morehead's program of distinction is space science. Morehead faculty and undergraduate students have collaborated with students and scientists from around the world to build and launch satellites to explore and carry on important investigations in space. A 21-meter tracking antenna is located on the campus.

Policy

Included in the above General Fund is \$3,401,400 in fiscal year 2021 for Morehead State University's Mandated Programs, including \$3,151,400 for the Craft Academy for Excellence in Science and Mathematics and \$250,000 for installation of the Jet Propulsion Laboratory antenna. Included in the above General Fund is \$3,480,400 in fiscal year 2022 for Morehead State University's Mandated Program, the Craft Academy for Excellence in Science and Mathematics. Of the General Fund support for the Craft Academy, \$329,000 in fiscal year 2021 and \$658,000 in fiscal year 2022 is new funding. The Craft Academy is a dual-credit residential high school for academically talented juniors and seniors on the campus of Morehead State University. This investment of additional state dollars will allow the Academy to leverage additional private funds.

The Governor's budget includes an additional \$383,300 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$4,421,700 from the General Fund to assist Morehead State University with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$885,900 and replaces it with federal funds from the Coronavirus Relief Fund.

Postsecondary Education

Murray State University

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	43,753,800	47,135,200
Other	-1,011,200	
Total General Fund	42,742,600	47,135,200

Restricted Funds

Current Receipts	120,152,400	120,152,400
Total Restricted Funds	120,152,400	120,152,400

Federal Fund

Current Receipts	22,709,000	22,709,000
CRF Receipts	1,011,200	
Total Federal Fund	23,720,200	22,709,000

TOTAL SOURCE OF FUNDS

	186,615,200	189,996,600
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EXPENDITURES BY CLASS

Personnel Costs	105,379,400	108,323,300
Operating Expenses	46,596,300	47,033,800
Grants Loans Benefits	26,644,000	26,644,000
Debt Service	6,399,400	6,399,400
Capital Outlay	1,596,100	1,596,100
TOTAL EXPENDITURES	186,615,200	189,996,600

EXPENDITURES BY FUND SOURCE

General Fund	42,742,600	47,135,200
Restricted Funds	120,152,400	120,152,400
Federal Fund	23,720,200	22,709,000
TOTAL EXPENDITURES	186,615,200	189,996,600

EXPENDITURES BY UNIT

Instruction	58,833,900	58,833,900
Research	3,267,500	3,267,500
Public Service	5,137,800	5,137,800
Libraries	3,469,000	3,469,000
Academic Support	6,484,900	6,484,900
Student Services	15,928,200	15,928,200
Institutional Support	19,967,400	23,348,800
Operation and Maintenance of Plant	22,890,600	22,890,600
Scholarships and Fellowships	17,139,800	17,139,800
Mandatory Transfers	6,439,400	6,439,400
Non-Mandatory Transfers	2,911,600	2,911,600
Auxilliary Enterprises	24,145,100	24,145,100
TOTAL EXPENDITURES	186,615,200	189,996,600

Murray State University's total enrollment is approximately 10,000 students. In addition to the main campus in Calloway County, Murray operates regional campuses at Paducah, Madisonville, Hopkinsville, Henderson and Fort Campbell. Cooperation agreements with local community and technical colleges make it possible for students in those locations to earn a four-year degree in education, business, social work or nursing. MSU faculty also provide instructional support for the University of Kentucky's engineering program in Paducah.

In addition to teacher education programs, Murray State University also offers baccalaureate and masters degrees in business, health sciences, agriculture, liberal arts, sciences, engineering and technology. The program of distinction is telecommunications systems management (TSM) and is available at the main campus as well as on-line. About 60% of the students in the TSM Masters degree program are studying on-line. MSU also has an acclaimed on-line MBA program, the largest in the Commonwealth.

Policy

Included in the above General Fund is \$3,200,000 in fiscal year 2021 for Murray State's Mandated Program, the Breathitt Veterinary Center.

The Governor's budget includes an additional \$437,500 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$2,943,900 from the General Fund to assist Murray State University with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$1,011,200 and replaces it with federal funds from the Coronavirus Relief Fund.

**Postsecondary Education
Northern Kentucky University**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	51,280,500	52,770,000
Postsecondary Ed Performance	967,000	
Other	-1,207,500	
Total General Fund	51,040,000	52,770,000

Restricted Funds

Current Receipts	199,178,300	199,178,300
Total Restricted Funds	199,178,300	199,178,300

Federal Fund

Current Receipts	13,075,600	13,075,600
CRF Receipts	1,207,500	
Total Federal Fund	14,283,100	13,075,600

TOTAL SOURCE OF FUNDS

	264,501,400	265,023,900
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EXPENDITURES BY CLASS

Personnel Costs	159,625,100	160,644,600
Operating Expenses	45,152,200	44,655,200
Grants Loans Benefits	38,042,800	38,042,800
Debt Service	11,139,900	11,139,900
Capital Outlay	10,541,400	10,541,400
TOTAL EXPENDITURES	264,501,400	265,023,900

EXPENDITURES BY FUND SOURCE

General Fund	51,040,000	52,770,000
Restricted Funds	199,178,300	199,178,300
Federal Fund	14,283,100	13,075,600
TOTAL EXPENDITURES	264,501,400	265,023,900

EXPENDITURES BY UNIT

Instruction	78,002,800	78,002,800
Research	1,457,600	1,457,600
Public Service	10,076,100	10,076,100
Libraries	5,794,500	5,794,500
Academic Support	26,535,200	26,535,200
Student Services	24,137,200	24,137,200
Institutional Support	31,377,100	31,899,600
Operation and Maintenance of Plant	20,529,800	20,529,800
Scholarships and Fellowships	44,194,000	44,194,000
Mandatory Transfers	5,772,600	5,772,600
Non-Mandatory Transfers	-492,600	-492,600
Auxilliary Enterprises	17,117,100	17,117,100
TOTAL EXPENDITURES	264,501,400	265,023,900

Northern Kentucky University is the only one of Kentucky's comprehensive universities that did not start as an institution for training teachers. NKU began as a community college under the University of Kentucky and became an autonomous institution by an act of the General Assembly in 1968. Upper division courses were offered beginning in 1971, the same year that Salmon P. Chase College of Law merged with what was then known as Northern Kentucky State College. Today there are over 14,000 students enrolled. Although about one-third are non-residents, the Kentuckians among them come from 106 of the state's 120 counties. Boone, Kenton and Campbell counties in northern Kentucky account for 7,227 students. Due to limited dormitory space, 80% of undergraduates commute.

Between 45% and 50% of NKU's first time, full-time students are first generation college-goers. The university seeks to provide support services that make it possible for all members of its diverse student body to succeed. Academic advisors use a web-based system to proactively identify students who are "off path" for timely degree completion and suggest

changes to guide students to a degree. Another particular focus is on transfer students, reflecting NKU's continuing connection with Gateway Community and Technical College. Gateway2NKU maintains 39 program pathways for seamless transfer between the institutions. Social work pathway participants, for example, graduate in three semesters after transfer to NKU.

Policy

Included in the above General Fund is \$1,323,900 in fiscal year 2021 for NKU's Mandated Program, the Kentucky Center for Mathematics.

The Governor's budget includes an additional \$522,500 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$1,207,500 and replaces it with federal funds from the Coronavirus Relief Fund.

**Postsecondary Education
University of Kentucky**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	258,609,200	267,283,100
Postsecondary Ed Performance	6,621,600	
Other	-6,130,000	
Total General Fund	259,100,800	267,283,100

Restricted Funds

Current Receipts	3,972,440,600	4,304,310,200
Total Restricted Funds	3,972,440,600	4,304,310,200

Federal Fund

Current Receipts	280,222,000	300,095,200
CRF Receipts	6,130,000	
Total Federal Fund	286,352,000	300,095,200

TOTAL SOURCE OF FUNDS

	4,517,893,400	4,871,688,500
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EXPENDITURES BY CLASS

Personnel Costs	2,199,363,000	2,366,484,200
Operating Expenses	1,806,389,500	1,966,223,600
Grants Loans Benefits	247,582,800	258,877,200
Debt Service	86,787,400	86,592,200
Capital Outlay	177,770,700	193,511,300

TOTAL EXPENDITURES

	4,517,893,400	4,871,688,500
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EXPENDITURES BY FUND SOURCE

General Fund	259,100,800	267,283,100
Restricted Funds	3,972,440,600	4,304,310,200
Federal Fund	286,352,000	300,095,200

TOTAL EXPENDITURES

	4,517,893,400	4,871,688,500
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EXPENDITURES BY UNIT

Instruction	457,058,200	575,767,800
Research	400,664,900	418,230,300
Public Service	667,563,500	698,149,500
Libraries	27,800,600	22,932,200
Academic Support	111,280,200	101,185,900
Student Services	55,187,000	47,529,100
Institutional Support	196,503,100	177,941,000
Operation and Maintenance of Plant	101,322,200	85,856,700
Scholarships and Fellowships	247,582,800	223,181,100
Mandatory Transfers	22,981,900	20,686,700
Non-Mandatory Transfers	6,700,000	6,700,000
Auxilliary Enterprises	266,534,300	286,438,000
Hospitals	1,956,714,700	2,207,090,200
TOTAL EXPENDITURES	4,517,893,400	4,871,688,500

The University of Kentucky is Commonwealth's flagship institution of higher education. It is one of the nation's top research universities and also has an important land grant mission for a state where agriculture is a major economic sector. UK is one of only eight universities in the United States with schools of agriculture, engineering, law, medicine and pharmacy on a single campus. It also maintains professional programs in dentistry, architecture, business, economics, education and social professions.

The University campus is undergoing dramatic physical change. In the past eight years, UK has completed, initiated, or approved more than \$2.5 billion in capital investment focused on living, learning, health care, research, and dining spaces.

University researchers employ over 8,000 Kentuckians who generate over \$21 million in state and local taxes annually. Currently on-going investigations include problems of aging, cancer, cardiovascular and neuro-generative diseases; renewable fuels and plant-based alternatives for industrial manufacturing; drug development and delivery system design; plant bio-tech; equine health; and materials for medical devices and implants.

Policy

Included in the above General Fund is \$80,568,800 in fiscal year 2021 and \$79,968,800 in fiscal year 2022 for UK's Mandated Programs, including:

- \$31,275,300 in each year for the College of Agriculture Cooperative Extension Service;
- \$29,479,600 in each year for the Kentucky Agricultural Experiment Station;
- \$5,176,200 in each year for the Center for Applied Energy Research;
- \$4,076,300 in each year for the Kentucky Geological Survey;
- \$4,034,200 in each year for the Veterinary Diagnostic Laboratory;
- \$2,040,500 in each year for the Sanders-Brown Center on Aging;
- \$1,800,000 in each year for the College of Agriculture Division of Regulatory Services;
- \$600,000 in each year for the College of Agriculture Kentucky Small Business Development Center;
- \$586,300 in each year for the University Press of Kentucky;
- \$500,000 in fiscal year 2021 for the Human Development Institute Supported Higher Education Project;
- \$450,200 in each year for the Center for Excellence in Rural Health;
- \$450,200 in each year for the Kentucky Cancer Registry; and
- \$100,000 in fiscal year 2021 for the Sports Medicine Research Institute.

Of the funding outlined above, \$586,300 for the University Press is new funding in each year; and \$500,000 for the Supported Higher Education Project; and \$100,000 for the Sports Medicine Research Institute is new funding in fiscal year 2021. The \$500,000 for the Supported Higher Education Project in fiscal year 2021 comes from Lottery funds.

Included in the above Restricted Fund appropriation is \$1,500,000 in each fiscal year from the Horse Racing Commission's Equine Drug Research Council to support UK's Equine Analytical Chemistry Lab.

The Governor's budget includes an additional \$2,652,300 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$6,130,000 and replaces it with federal funds from the Coronavirus Relief Fund.

**Postsecondary Education
University of Louisville**

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	124,117,900	128,327,400
Postsecondary Ed Performance	2,938,900	
Other	-2,936,500	
Total General Fund	124,120,300	128,327,400

Restricted Funds

Current Receipts	1,052,772,700	1,068,081,000
Total Restricted Funds	1,052,772,700	1,068,081,000

Federal Fund

Current Receipts	120,084,400	123,686,900
CRF Receipts	2,936,500	
Total Federal Fund	123,020,900	123,686,900

TOTAL SOURCE OF FUNDS

	1,299,913,900	1,320,095,300
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EXPENDITURES BY CLASS

Personnel Costs	694,886,900	706,770,200
Operating Expenses	415,700,900	417,599,800
Grants Loans Benefits	157,324,200	163,723,400
Debt Service	23,149,600	23,149,600
Capital Outlay	8,852,300	8,852,300

TOTAL EXPENDITURES

	1,299,913,900	1,320,095,300
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EXPENDITURES BY FUND SOURCE

General Fund	124,120,300	128,327,400
Restricted Funds	1,052,772,700	1,068,081,000
Federal Fund	123,020,900	123,686,900

TOTAL EXPENDITURES

	1,299,913,900	1,320,095,300
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EXPENDITURES BY UNIT

Instruction	220,791,500	223,995,300
Research	102,908,000	104,404,100
Public Service	94,093,100	95,461,100
Libraries	14,022,800	14,226,700
Academic Support	104,555,200	106,075,200
Student Services	20,938,500	21,261,300
Institutional Support	58,265,400	60,383,100
Operation and Maintenance of Plant	37,768,600	38,317,600
Scholarships and Fellowships	25,080,300	25,445,000
Mandatory Transfers	11,550,900	11,718,800
Auxilliary Enterprises	10,935,900	11,094,900
Hospitals	599,003,700	607,712,200

TOTAL EXPENDITURES

	1,299,913,900	1,320,095,300
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The University of Louisville is Kentucky's metropolitan research university, with missions of teaching, research and service. Located in the state's largest city, U of L operates on three campuses: the historic Belknap Campus, the Health Sciences Campus in downtown Louisville's medical complex, and the Shelby Campus in suburban Jefferson County. U of L enrolled 22,471 students in the fall of 2018, with 80.3 percent of the previous fall's freshman class returning. The six-year graduation rate is now 56.6 percent.

U of L researchers received almost \$138 million in grant funding in 2018. The University focuses on translational research, new knowledge and discoveries that can improve people's lives now. The Nucleus facility downtown was

developed with innovative tax-increment financing to incubate and accelerate business entities that provide the bridges from the academy into the larger world. The FirstBuild micro-factory on the Belknap campus designs and builds the next generation of home appliances in collaboration with GE Appliances and Local Motors. Medical research focuses on treatment of pediatric spinal cord injuries, biodefense and emerging infectious diseases, and cancer. Development continues at the Shelby Campus where a conference center and hotel are planned.

Policy

Included in the above General Fund is \$845,200 in fiscal year 2021 for U of L's Mandated Programs, including \$695,200 for the Rural Health Education Program and \$150,000 for the Kentucky Autism Training Center.

The Governor's budget includes an additional \$1,270,600 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$2,936,500 and replaces it with federal funds from the Coronavirus Relief Fund.

**Postsecondary Education
Western Kentucky University**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	72,596,200	77,320,900
Postsecondary Ed Performance	757,900	
Other	-1,695,400	
Total General Fund	71,658,700	77,320,900
Restricted Funds		
Current Receipts	280,768,200	280,768,200
Total Restricted Funds	280,768,200	280,768,200
Federal Fund		
Current Receipts	32,340,000	32,340,000
CRF Receipts	1,695,400	
Total Federal Fund	34,035,400	32,340,000
TOTAL SOURCE OF FUNDS	386,462,300	390,429,100
EXPENDITURES BY CLASS		
Personnel Costs	192,127,200	195,360,500
Operating Expenses	79,581,800	80,315,300
Grants Loans Benefits	94,260,900	94,260,900
Debt Service	17,235,400	17,235,400
Capital Outlay	3,257,000	3,257,000
TOTAL EXPENDITURES	386,462,300	390,429,100
EXPENDITURES BY FUND SOURCE		
General Fund	71,658,700	77,320,900
Restricted Funds	280,768,200	280,768,200
Federal Fund	34,035,400	32,340,000
TOTAL EXPENDITURES	386,462,300	390,429,100
EXPENDITURES BY UNIT		
Instruction	121,377,200	121,377,200
Research	4,323,000	4,323,000
Public Service	9,617,300	9,617,300
Libraries	8,513,800	8,513,800
Academic Support	26,771,900	26,771,900
Student Services	36,195,400	36,195,400
Institutional Support	29,353,700	33,320,500
Operation and Maintenance of Plant	33,642,400	33,642,400
Scholarships and Fellowships	81,538,400	81,538,400
Mandatory Transfers	11,720,200	11,720,200
Auxilliary Enterprises	23,409,000	23,409,000
TOTAL EXPENDITURES	386,462,300	390,429,100

Founded in 1906, Western Kentucky University is the largest of Kentucky's six comprehensive postsecondary institutions with nearly 20,000 students on the main campus in Bowling Green and at regional campuses in Glasgow, Owensboro and Elizabethtown. In addition to its traditional mission to train teachers and education leaders for the schools in its service area, WKU provides academic programs in liberal arts and sciences, business, engineering, health sciences and agriculture.

WKU is the home of the Gatton Academy of Mathematics and Science for exceptional Kentucky high school juniors and seniors. The Academy was named the number one high school in the United States in 2012 and 2013 by Newsweek.

In 2018, 646 WKU students participated in study abroad in 28 countries. WKU students also enjoy a global experience through the presence of faculty and fellow students recruited from around the world. The Confucius Institute expands

knowledge and strengthens ties with China through language education and arts and cultural programming.

Policy

Included in the above General Fund is \$5,735,100 in each fiscal year for WKU's Mandated Programs, including \$4,985,100 for the Gatton Academy of Mathematics and Science and \$750,000 for the Kentucky Mesonet. Of the \$4,985,100 of General Fund support for the Gatton Academy, \$237,400 is new funding in each year. The Gatton Academy is a dual-credit residential high school for academically talented juniors and seniors on the campus of Western Kentucky University.

The Governor's budget includes an additional \$733,500 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$3,233,300 from the General Fund to assist WKU with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$1,695,400 and replaces it with federal funds from the Coronavirus Relief Fund.

Postsecondary Education
Kentucky Community and Technical College System

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	171,265,800	177,096,200
Postsecondary Ed Performance	3,315,200	
Other	-4,034,900	
Total General Fund	170,546,100	177,096,200
Restricted Funds		
Current Receipts	453,871,900	453,383,500
Total Restricted Funds	453,871,900	453,383,500
Federal Fund		
Current Receipts	220,482,800	220,482,800
CRF Receipts	4,034,900	
Total Federal Fund	224,517,700	220,482,800
TOTAL SOURCE OF FUNDS	848,935,700	850,962,500
EXPENDITURES BY CLASS		
Personnel Costs	393,319,700	393,600,700
Operating Expenses	175,916,100	177,661,900
Grants Loans Benefits	276,251,300	276,251,300
Capital Outlay	3,448,600	3,448,600
TOTAL EXPENDITURES	848,935,700	850,962,500
EXPENDITURES BY FUND SOURCE		
General Fund	170,546,100	177,096,200
Restricted Funds	453,871,900	453,383,500
Federal Fund	224,517,700	220,482,800
TOTAL EXPENDITURES	848,935,700	850,962,500
EXPENDITURES BY UNIT		
Instruction	240,711,800	240,711,800
Public Service	59,380,100	58,891,700
Libraries	9,509,800	9,509,800
Academic Support	36,226,400	36,226,400
Student Services	75,802,200	75,802,200
Institutional Support	36,103,000	38,618,200
Operation and Maintenance of Plant	116,565,200	116,565,200
Scholarships and Fellowships	274,637,200	274,637,200
TOTAL EXPENDITURES	848,935,700	850,962,500

The Kentucky Community and Technical College System (KCTCS) was created in 1997 by the merger of the technical college system in the Cabinet for Workforce Development and the community college system then under the direction of the University of Kentucky. There are 16 community and technical colleges operating at more than 70 locations across the state, with more than 107,000 students enrolled.

The mission of KCTCS is to be a gateway to affordable, high quality postsecondary education. The system maintains an open admissions policy and a robust menu of developmental courses. In addition to industry-specific training leading to portable credentials, the colleges offer a two year academic curriculum designed to transfer to all of Kentucky's four-year institutions.

KCTCS operates more than 140 on-line programs leading to associate degrees and certificates. The system is Kentucky's largest provider of workforce training, reaching nearly 42,000 employees annually.

KCTCS administers the Kentucky Board of Emergency Medical Services and the Kentucky Fire Commission.

Policy

Included in the above General Fund is \$8,819,400 in each fiscal year for KCTCS' Mandated Programs, including:

- \$4,149,800 for the KCTCS-TRAINS program;
- \$1,869,900 for the State Fire Rescue Training;
- \$1,799,700 for the Kentucky Board of Emergency Medical Services; and
- \$1,000,000 for the Adult Agriculture Education program.

Included in KCTCS' Restricted Fund appropriation is \$50,560,000 in fiscal year 2021 and \$52,495,200 in fiscal year 2022 for the Firefighters Foundation Program Fund, which includes \$1,250,000 for a new program to treat firefighters affected by Post-Traumatic Stress Injury and Post-Traumatic Stress Disorder.

The Governor's budget includes an additional \$1,745,800 from the General Fund in fiscal year 2022, which represents a 1% increase in General Fund support for university operations.

The Governor's budget includes an additional \$769,400 from the General Fund to assist KCTCS with the increased cost of the fixed allocation non-hazardous retirement plan's employer contribution. The additional funding will cover 90% of the increased cost. This additional amount is excluded from the Performance Funding Formula calculation.

The Governor's budget reduces the originally enacted fiscal year 2021 General Fund appropriation by \$4,034,900 and replaces it with federal funds from the Coronavirus Relief Fund.

Postsecondary Education
Postsecondary Education Performance Fund

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	14,994,800	8,653,600
Postsecondary Ed Performance	-14,994,800	
Total General Fund		8,653,600
TOTAL SOURCE OF FUNDS		8,653,600
EXPENDITURES BY CLASS		
Operating Expenses		8,653,600
TOTAL EXPENDITURES		8,653,600
EXPENDITURES BY FUND SOURCE		
General Fund		8,653,600
TOTAL EXPENDITURES		8,653,600
EXPENDITURES BY UNIT		
Postsecondary Education Performance Fund		8,653,600
TOTAL EXPENDITURES		8,653,600

The 2017 General Assembly enacted Senate Bill 153, now codified in KRS 164.092, which established a comprehensive funding model for Kentucky's public postsecondary education system to distribute resources based on rational criteria, including student success, course completion, and operational support components. The first allocation from the Postsecondary Education Performance Fund was made in fiscal year 2018.

Policy

In fiscal year 2021, the Budget of the Commonwealth redistributed 2% of each postsecondary institution's and KCTCS' General Fund base appropriation (less debt service and Mandated Programs) to the Postsecondary Education Performance Fund. These funds will be distributed in accordance with the comprehensive performance funding model.

The Governor's budget for fiscal year 2022 provides \$8,653,600 from the General Fund to the Postsecondary Education Performance Fund, to be distributed through the Performance Funding Model, with some adjustments that include suspending the provisions of KRS 164.092 and makes the following recommendation:

The fiscal year 2022 General Fund base budget for postsecondary institutions is defined as:

- the fiscal year 2021 enacted General Fund appropriation as contained in 2020 Acts, Chapter 92;
- plus the fiscal year 2021 allocation from the Postsecondary Education Performance Fund;
- plus a 1% base increase which totals \$8,653,400;
- plus the additional amount included for the fixed allocation non-hazardous retirement plan's employer contribution which totals \$19,889,400;
- less Mandated Programs;
- less any fiscal year 2021 General Fund debt service that was included in the enacted budget;

General Fund amounts included for Mandated Programs, debt service, and additional fiscal year 2022 pension funding shall be excluded when applying the Performance Funding model. The General Fund base budget shall remain fixed in future biennia when applying the Performance Funding model, except that nothing shall exclude the Governor or the General Assembly from enacting budget reductions as necessary. Beginning in fiscal year 2022, Performance Fund allocations will be non-recurring to the General Fund base budget, so that the funds will be recurring to the Performance Fund instead.

Public Protection

	Public Protection	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	5,312,900	7,529,200
Total General Fund	5,312,900	7,529,200
Restricted Funds		
Balance Forward	133,034,800	114,003,300
Current Receipts	100,118,100	100,397,700
Non-Revenue Receipts	36,531,100	34,906,000
Fund Transfers	-35,600,000	-35,600,000
Total Restricted Funds	234,084,000	213,707,000
Federal Fund		
Current Receipts	1,737,500	1,197,200
CRF Receipts	40,183,400	
Total Federal Fund	41,920,900	1,197,200
TOTAL SOURCE OF FUNDS	281,317,800	222,433,400
EXPENDITURES BY CLASS		
Personnel Costs	76,395,500	73,941,000
Operating Expenses	12,879,400	12,766,000
Grants Loans Benefits	78,039,600	39,039,600
TOTAL EXPENDITURES	167,314,500	125,746,600
EXPENDITURES BY FUND SOURCE		
General Fund	5,312,900	7,529,200
Restricted Funds	120,080,700	117,044,100
Federal Fund	41,920,900	1,173,300
TOTAL EXPENDITURES	167,314,500	125,746,600
EXPENDITURES BY UNIT		
Secretary	48,883,300	9,330,200
Professional Licensing	5,664,400	5,057,900
Boxing and Wrestling Commission	183,000	181,100
Alcoholic Beverage Control	7,107,600	6,847,400
Charitable Gaming	3,795,200	3,820,200
Financial Institutions	13,114,000	12,819,800
Horse Racing Commission	44,246,900	45,268,700
Housing, Buildings and Construction	24,985,500	24,102,300
Insurance	17,260,800	16,233,700
Claims and Appeals	2,073,800	2,085,300
TOTAL EXPENDITURES	167,314,500	125,746,600

The Public Protection Cabinet's mission is to provide for public safety, consumer protection and financial integrity through the enforcement and administration of laws and regulations throughout the Commonwealth. The Cabinet has six departments:

- Department of Alcoholic Beverage Control
- Department of Charitable Gaming
- Department of Financial Institutions
- Department of Housing, Buildings and Construction
- Department of Insurance
- Department of Professional Licensing

Attached to the Cabinet for administrative purposes only:

- Kentucky Horse Racing Commission
- Kentucky Boxing & Wrestling Commission
- Office of Claims and Appeals

The Office of the Secretary also includes the Office of Administrative Services, the Office of Communications and Public Outreach, Office of Administrative Hearings, and the Office of Legal Services.

Public Protection

Secretary

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation		660,400
Total General Fund		660,400
Restricted Funds		
Balance Forward	192,800	69,400
Current Receipts	18,700	23,700
Non-Revenue Receipts	8,741,200	8,600,400
Total Restricted Funds	8,952,700	8,693,500
Federal Fund		
CRF Receipts	40,000,000	
Total Federal Fund	40,000,000	
TOTAL SOURCE OF FUNDS	48,952,700	9,353,900
EXPENDITURES BY CLASS		
Personnel Costs	8,512,700	8,959,600
Operating Expenses	370,600	370,600
Grants Loans Benefits	40,000,000	
TOTAL EXPENDITURES	48,883,300	9,330,200
EXPENDITURES BY FUND SOURCE		
General Fund		660,400
Restricted Funds	8,883,300	8,669,800
Federal Fund	40,000,000	
TOTAL EXPENDITURES	48,883,300	9,330,200
EXPENDITURES BY UNIT		
Office of the Secretary - Comm - Legal	48,883,300	9,330,200
TOTAL EXPENDITURES	48,883,300	9,330,200

The Office of the Secretary (OOS) provides leadership, management, and direction to the Public Protection Cabinet's (PPC) agencies to ensure the delivery of services is conducted in a consistent, ethical, and coordinated manner. Executive Order 2009-535, codified in KRS 12.252, established the PPC and OOS. In accordance with Executive Order 2020-821, the Office of Information Technology was created in the Office of the Secretary and transferred functions from the Department of Insurance and Alcoholic Beverage Control.

The Secretary, appointed by the Governor, is responsible for ensuring the enforcement of statutes and administrative regulations for programmatic areas within the cabinet, and establishes the focus for policy development as well as program priorities. The Secretary serves as the Chief Executive Officer of the cabinet and advises the Governor on policy matters relating to public protection issues.

The Office coordinates activities among the agencies organized under the Cabinet to provide the most efficient delivery of services to the citizens of the Commonwealth.

Policy

The Governor's budget recommendation includes additional General Fund in the amount of \$2,500 in fiscal year 2022 to fund cost increases associated with providing a 1% increment,

**Public Protection
Professional Licensing**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	10,082,800	9,845,900
Current Receipts	5,186,200	4,960,000
Non-Revenue Receipts	-300,000	-300,000
Total Restricted Funds	14,969,000	14,505,900
Federal Fund		
Current Receipts	541,300	
Total Federal Fund	541,300	
TOTAL SOURCE OF FUNDS	15,510,300	14,505,900
EXPENDITURES BY CLASS		
Personnel Costs	4,646,800	4,040,300
Operating Expenses	912,600	912,600
Grants Loans Benefits	105,000	105,000
TOTAL EXPENDITURES	5,664,400	5,057,900
EXPENDITURES BY FUND SOURCE		
Restricted Funds	5,123,100	5,057,900
Federal Fund	541,300	
TOTAL EXPENDITURES	5,664,400	5,057,900
EXPENDITURES BY UNIT		
Occupations, Professions, and Licensing	2,232,800	1,786,800
Kentucky Real Estate Authority	3,431,600	3,271,100
TOTAL EXPENDITURES	5,664,400	5,057,900

KRS 224.10-052 initially established the Office of Occupations and Professions (O & P) with the responsibility of providing general administrative services to state regulatory boards/entities at the option of the board/commission. In April 2017, Executive Order 2017-325 was codified in KRS 324B.020 to restructure the Office, thus creating the Department of Professional Licensing (DPL). Through utilization of DPL services, these boards license and/or track licensure status for approximately 46,000 individuals/businesses throughout the Commonwealth each year.

The boards/entities served by DPL include:

- Kentucky Board of Certification of Alcohol and Drug Counselors
- Kentucky Board of Licensure and Certification for Dietitians and Nutritionists
- Kentucky Board of Certification of Fee-Based Pastoral Counselors
- Kentucky Board of Ophthalmic Dispensers
- Kentucky Board of Licensure for Nursing Home Administrators
- Kentucky Directory of Registered Athlete Agents
- Kentucky Board of Licensure for Massage Therapy
- Kentucky Board of Podiatry
- Kentucky Board of Registration for Professional Geologists
- Kentucky Board of Interpreters for the Deaf and Hard of Hearing
- Kentucky Board of Licensed Professional Counselors
- Kentucky Board of Licensure of Marriage and Family Therapists
- Kentucky Licensing Board for Specialists in Hearing Instruments
- Kentucky Board of Speech-Language Pathology & Audiology
- Kentucky Board of Licensure for Private Investigators
- Kentucky Applied Behavior Analysis Licensing Board

- Kentucky Board of Licensure for Professional Art Therapists
- Kentucky Board of Chiropractic Examiners
- Kentucky Board of Examiners of Psychology
- Kentucky Board of Licensure for Occupational Therapy
- Kentucky Board of Prosthetics, Orthotics, and Pedorthics
- Kentucky Board of Licensed Diabetes Educators
- Kentucky Registry of Secondary Metals Recyclers
- Kentucky Board of Durable Medical Equipment Suppliers

Executive Order 2016-859 was codified in KRS 324B.050 to establish the Kentucky Real Estate Authority within the Department in order to provide oversight of the four professional licensing boards that serve functions in the real estate industry. The four boards were abolished and the Board of Real Estate Professionals, Kentucky Board of Real Estate Appraisers, Board of Home Inspectors and Kentucky Board of Auctioneers were recreated under the Authority. Each board under the Authority has five voting members and an Executive Director. The Real Estate Authority utilizes the administrative support services provided by the Department of Professional Licensing.

**Public Protection
Boxing and Wrestling Commission**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	242,500	232,600
Current Receipts	173,100	173,100
Total Restricted Funds	415,600	405,700
TOTAL SOURCE OF FUNDS	415,600	405,700
EXPENDITURES BY CLASS		
Personnel Costs	158,400	156,500
Operating Expenses	24,600	24,600
TOTAL EXPENDITURES	183,000	181,100
EXPENDITURES BY FUND SOURCE		
Restricted Funds	183,000	181,100
TOTAL EXPENDITURES	183,000	181,100
EXPENDITURES BY UNIT		
Boxing and Wrestling Commission	183,000	181,100
TOTAL EXPENDITURES	183,000	181,100

The Boxing and Wrestling Commission, pursuant to KRS Chapter 229, is the sole authority over professional boxing, wrestling, and amateur and professional mixed martial arts (MMA) shows or exhibitions in Kentucky. The five Commission members are appointed by the Governor and recommend statutory and regulatory changes, review applications for licensure and review recommendations from the Kentucky Boxing and Wrestling Commission Medical Advisory Panel. The Commission is responsible for enforcement of KRS Chapter 229 and 201 KAR Chapter 27 including investigation of complaints and issuance of violations, processing licenses for all parties involved including: professional and amateur MMA contestants, professional boxers, professional wrestlers, managers, trainers, referees, judges, timekeepers, physicians, promoters, and event staff. Requested show dates and participants are subject to the Commission review and approval. All wrestling events undergo inspection on a random basis and a Commission Inspector supervises all boxing and MMA events.

Public Protection
Alcoholic Beverage Control

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	5,658,000	3,439,900
Current Receipts	5,435,000	4,785,000
Non-Revenue Receipts	-1,167,900	-1,321,600
Total Restricted Funds	9,925,100	6,903,300
Federal Fund		
Current Receipts	439,000	440,000
CRF Receipts	183,400	
Total Federal Fund	622,400	440,000
TOTAL SOURCE OF FUNDS	10,547,500	7,343,300
EXPENDITURES BY CLASS		
Personnel Costs	6,189,600	5,929,400
Operating Expenses	918,000	918,000
TOTAL EXPENDITURES	7,107,600	6,847,400
EXPENDITURES BY FUND SOURCE		
Restricted Funds	6,485,200	6,407,400
Federal Fund	622,400	440,000
TOTAL EXPENDITURES	7,107,600	6,847,400
EXPENDITURES BY UNIT		
Administration, Enforcement and License	6,390,800	6,132,500
Tobacco Enforcement	716,800	714,900
TOTAL EXPENDITURES	7,107,600	6,847,400

The Department of Alcoholic Beverage Control (ABC) administers and enforces the laws and regulations relating to the manufacturing, sales, transportation, storage, advertising and trafficking of alcoholic beverages, except for the collection of taxes, as set out in the Kentucky Revised Statutes (KRS) Chapters 241 to 244 and title 804 of the Kentucky Administrative Regulations (KAR). The Commissioner is the Department's chief executive officer and serves as chairman of the separate three-member, quasi-judicial administrative body--Alcoholic Beverage Control Board (Board). The Ddstilled spirits and the malt beverage administrators review applications, sign licenses for issuance, and serve as two members of the Board. The Department's primary responsibility is to regulate the alcoholic beverage industry by licensing the production and sale of alcoholic beverages in the state of Kentucky, while enforcing the alcoholic beverage control laws.

The Department also implements laws, pursuant to KRS 438.300 – 438.350, relating to the use, display, sell or distribution of tobacco products with an emphasis on persons under the age of eighteen.

**Public Protection
Charitable Gaming**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	6,882,500	7,461,800
Current Receipts	4,306,200	4,306,200
Non-Revenue Receipts	68,300	68,300
Total Restricted Funds	<u>11,257,000</u>	<u>11,836,300</u>
TOTAL SOURCE OF FUNDS	<u>11,257,000</u>	<u>11,836,300</u>
EXPENDITURES BY CLASS		
Personnel Costs	3,321,400	3,346,400
Operating Expenses	473,800	473,800
TOTAL EXPENDITURES	<u>3,795,200</u>	<u>3,820,200</u>
EXPENDITURES BY FUND SOURCE		
Restricted Funds	3,795,200	3,820,200
TOTAL EXPENDITURES	<u>3,795,200</u>	<u>3,820,200</u>
EXPENDITURES BY UNIT		
Charitable Gaming	3,795,200	3,820,200
TOTAL EXPENDITURES	<u>3,795,200</u>	<u>3,820,200</u>

The Department of Charitable Gaming (DCG) is responsible for the regulation and licensing of charitable gaming and associated activities within the Commonwealth as well as the enforcement of KRS 238 and Title 820 KAR, Chapter 1. The DCG continues to emphasize the importance of charitable gaming to the citizens and communities across the Commonwealth of Kentucky and ensures the integrity and accountability of an all cash industry through its regulatory activities. The mission of the Department is to establish an effective and efficient mechanism for the regulation of charitable gaming in order to ensure that proceeds from lawful gaming activities are used to further a charitable purpose and to provide services in order to maximize the revenues generated by charitable gaming.

	Public Protection Financial Institutions	
	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	8,093,200	5,515,800
Current Receipts	16,536,600	16,843,200
Non-Revenue Receipts	-2,000,000	-2,051,200
Fund Transfers	-4,000,000	-4,000,000
Total Restricted Funds	18,629,800	16,307,800
TOTAL SOURCE OF FUNDS	18,629,800	16,307,800
EXPENDITURES BY CLASS		
Personnel Costs	11,178,900	10,884,700
Operating Expenses	1,935,100	1,935,100
TOTAL EXPENDITURES	13,114,000	12,819,800
EXPENDITURES BY FUND SOURCE		
Restricted Funds	13,114,000	12,819,800
TOTAL EXPENDITURES	13,114,000	12,819,800
EXPENDITURES BY UNIT		
Administrative Services	1,723,900	1,683,500
Securities	2,108,400	2,060,100
Depository Institutions	5,822,800	5,696,600
Non-Depository Institutions	3,458,900	3,379,600
TOTAL EXPENDITURES	13,114,000	12,819,800

The Department of Financial Institutions, pursuant to KRS Chapters 286 and 292, licenses and regulates banks, bank holding companies, trust companies, credit unions, savings and loan associations, consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, sale of check licensees, securities issuers, broker-dealers, agents, and investment advisors. A Commissioner appointed by the Governor heads the Department.

The Commissioner's Office is responsible for the overall management of the agency. The Public Information Officer is part of the Commissioner's Office and is responsible for all communications with the media and handling the department's public relations efforts through coordination of educational seminars, brochures, and newsletters.

The Division of Securities carries out the registration of securities issuances in the state. The Division registers broker-dealers, their agents, investment advisers, and investment adviser representatives, and conducts on-site examinations of these regulated entities. The Division investigates allegations of securities fraud or other illegal conduct entities involved in the securities industry that is operating within Kentucky.

The Division of Depository Institutions licenses/charters, examines and regulates depository financial institutions within the Bank Branch and Credit Union Branch. The Bank Branch is responsible for the examination and supervision of commercial banks, bank holding companies, and independent trust companies. The Credit Union Branch is responsible for examination and supervision of all state chartered credit unions.

The Division of Non-Depository Institutions includes both the Compliance Branch and Consumer Protection Branch. The Compliance Branch is responsible for the examination and supervision of consumer loan companies, industrial loan companies, mortgage loan companies, mortgage loan brokers, check cashing licensees, and money transmitters. The Consumer Protection Branch is responsible for the investigation of complaints and provides outreach and education to protect consumers from financial frauds.

Public Protection
Horse Racing Commission

	Revised FY 2021	Recommended FY 2022
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SOURCE OF FUNDS

General Fund

Regular Appropriation	1,677,700	3,209,200
Total General Fund	1,677,700	3,209,200

Restricted Funds

Balance Forward	44,353,600	43,578,800
Current Receipts	5,679,400	5,679,400
Non-Revenue Receipts	36,115,000	36,115,000
Total Restricted Funds	86,148,000	85,373,200

TOTAL SOURCE OF FUNDS

	87,825,700	88,582,400
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EXPENDITURES BY CLASS

Personnel Costs	5,258,600	5,280,400
Operating Expenses	1,328,700	1,328,700
Grants Loans Benefits	37,659,600	38,659,600
TOTAL EXPENDITURES	44,246,900	45,268,700

EXPENDITURES BY FUND SOURCE

General Fund	1,677,700	3,209,200
Restricted Funds	42,569,200	42,059,500
TOTAL EXPENDITURES	44,246,900	45,268,700

EXPENDITURES BY UNIT

Administration and Regulation of Racing	5,235,400	5,254,500
Equine Drug Research Fund	500,000	500,000
Thoroughbred Development Fund	16,727,500	17,727,500
Standardbred Development Fund	2,525,000	2,525,000
Standardbred Horsemen Fees	695,000	695,000
Ky Quarter Horse, Appaloosa & Arabian Development Fund	15,000	15,000
County Fair Purse Fund	50,000	50,000
Backside Improvement Commission	600,400	600,400
Ky Thoroughbred Breeder Incentive Fund	14,733,600	14,736,300
Ky Standardbred Breeder Incentive Fund	2,115,000	2,115,000
Ky Horse Breeders Incentive Fund	1,050,000	1,050,000
TOTAL EXPENDITURES	44,246,900	45,268,700

The Kentucky Horse Racing Commission is an independent regulatory agency attached to the Public Protection Cabinet for administrative purposes. The Commission regulates all horses racing and pari-mutuel wagering thereon in the Commonwealth consistent with KRS Chapter 230 and Titles 810 and 811 of the Kentucky Administrative Regulations. The Commission is responsible for developing programs and procedures for race day medications, recommending tax incentives, and promoting the horse industry.

The Executive Director's Office is responsible for overseeing the day-to-day operations and carrying out policy and program directives of the Commission. The Division of Veterinary Services oversees the state veterinarians and support staff. The Division of Racing & Security supervises drug testing and interdiction at racetracks. The Division of Licensing is responsible for licensing all individuals who participate in horse racing. The Division of Incentives and Development including the Kentucky Thoroughbred, Standardbred, and Horse Breeders' Incentive Funds provide rewards to breeders of horses bred and foaled in Kentucky. Incentive funds are derived from sales taxes paid on stud fees.

The Equine Drug Research Council, advises the Commission on research and on the regulation of therapeutic medications and prohibited substances (KRS 230.265) One tenth of one percent of the thoroughbred pari mutuel handle supports the Council and supports drug research and testing, equine medical research, equine health research or any regulatory or administrative activity of the Commission related to such research.

The Thoroughbred Development Fund created in 1978 to encourage breeders from other states to send their breeding stock to Kentucky to improve the caliber of breeding and racing stock in the Commonwealth (KRS 230.400) The program receives three fourth of one percent of the total pari mutuel handle and the funds disbursed as purse supplements to the owner of the horse.

The Standardbred Development Fund supports efforts to encourage breeders from other states to send their breeding stock to Kentucky, to increase the number of owners in Kentucky, and to increase the number of horses bred in Kentucky (KRS 230.770). It receives one percent of the pari mutuel handle and allocates funds as purses for the Kentucky Sire Stakes.

The Kentucky Quarter Horse, Appaloosa and Arabian Development Fund was established during the 2010 General Assembly to promote races and provide purses for races for horses bred and foaled in the Commonwealth (KRS 230.445). The Kentucky Horse Racing Commission is responsible for distributing the funds to persons, corporations or associations operating licensed tracks within Kentucky conducting Quarter Horse, Appaloosa or Arabian horse racing.

The County Fair Purse Fund, receives funding from pari mutuel Standardbred racing tickets not redeemed and four percent of the commissions on wagers at simulcast facilities and redistributes the funds in the form of purse supplements for Standardbred racing events to county fairs (KRS 230.398).

The Backside Improvement Fund is responsible for promoting, enhancing, and improving the backsides of eligible thoroughbred racing associations with an average pari-mutuel handle of \$1,200,000 or less per racing day(KRS 230.218) Associations conducting thoroughbred racing, with an average pari-mutuel handle of \$1,200,000 or less per live racing day, are required to pay one half of one percent of on-track wagers to the Backside Improvement Fund.

The Thoroughbred Owners and Breeders Fund receives six percent of the commissions on wagers at simulcast facilities to fund capital improvements and promote off-track betting (KRS 230.380). The fund also supports marketing and promotion of the Kentucky thoroughbred industry.

Policy

The Governor's budget recommendation includes General Fund in the amount of \$19,600 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Public Protection
Housing, Buildings and Construction

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	2,629,800	2,642,700
Total General Fund	2,629,800	2,642,700
Restricted Funds		
Balance Forward	11,878,500	8,704,400
Current Receipts	19,940,900	19,935,400
Non-Revenue Receipts	-159,300	-159,300
Fund Transfers	-600,000	-600,000
Total Restricted Funds	31,060,100	27,880,500
TOTAL SOURCE OF FUNDS	33,689,900	30,523,200
EXPENDITURES BY CLASS		
Personnel Costs	20,837,500	20,058,200
Operating Expenses	4,148,000	4,044,100
TOTAL EXPENDITURES	24,985,500	24,102,300
EXPENDITURES BY FUND SOURCE		
General Fund	2,629,800	2,642,700
Restricted Funds	22,355,700	21,459,600
TOTAL EXPENDITURES	24,985,500	24,102,300
EXPENDITURES BY UNIT		
General Administration and Management	2,923,900	2,824,400
Fire Prevention	894,000	758,200
Boiler Inspections	1,091,600	1,061,600
Hazardous Materials Inspections	786,300	737,100
Manufactured Housing Inspections	839,900	814,900
General Inspections	1,752,100	1,712,500
Sprinkler/Alarm Inspections	23,500	23,500
Elevator Inspections	1,505,300	1,457,100
Plumbing	7,274,000	7,039,400
Safe Cigarette Program	6,000	6,000
HVAC	3,240,100	3,141,400
Building Codes Enforcement	3,431,000	3,337,100
Electrical	1,217,800	1,189,100
TOTAL EXPENDITURES	24,985,500	24,102,300

The mission of the Department of Housing, Buildings and Construction is to protect the life and property of the citizens of the Commonwealth through educational, licensing, plan review, permitting, inspection, and compliance programs in the administration of codes and standards relating to the construction and maintenance of buildings and structures consistent with KRS 198B, 318, 227A, and KAR Title 815. The Department accomplishes this by providing oversight of building construction through enforcement of building and fire codes to include: Plumbing, Boiler, HVAC, Electrical, Elevator, Manufactured Housing, and Hazardous Materials installations. The Department also ensures fire and life safety in existing buildings; licenses/certifies plumbers, boiler contractors, HVAC installers, electricians, elevator mechanics and contractors, manufactured housing installers, underground storage tank installers, sprinkler/fire alarm inspectors, and building inspectors; and serves as headquarters for the State Fire Marshal.

The Division of Fire Prevention enforces the Kentucky Standards of Safety (815 KAR 10:060) in addition to state and federal laws and regulations by performing property inspections, reviewing plans and issuing permits for the underground storage tanks, and educating the public about fire safety.

The Division of Plumbing, a fee-supported program, enforces the Kentucky State Plumbing code (KRS 318.130; 815 KAR Chapter 20). Duties of the Division include: installation inspections of all plumbing systems throughout the state; approval of plumbing plans for all public buildings; testing of applicants for licensure; issuing renewal licenses to master and journeyman plumbers, and assisting the State Plumbing Code Committee in its review of plumbing code administrative regulations.

The Division of Heating, Ventilation, and Air Conditioning (HVAC) is responsible for annual licensing and oversight of the heating, ventilation, and air conditioning contractors, journeymen, and apprentices

The Division of Building Codes Enforcement (BCE) provides overall coordination and enforcement of the Kentucky Building Code (815 KAR 7:120) and the Kentucky Residential Code (815 KAR 7:125). Among the duties of this division are inspection, plan review, licensing, investigation, and technical consulting services to the construction industry supported primarily from plan review fees.

The Division of Electrical is composed of the Electrical Licensing and Electrical Inspection Sections. The Electrical Division enforces the mandates contained within KRS Chapter 227A and 815 KAR 35:020 to protect the public through regulation, licensure and inspection of the electrical industry.

Policy

The Governor's budget recommendation includes additional General Fund in the amount of \$6,400 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

Public Protection

Insurance

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
Restricted Funds		
Balance Forward	44,609,700	34,203,600
Current Receipts	42,020,900	42,879,700
Non-Revenue Receipts	-4,766,200	-6,045,600
Fund Transfers	-31,000,000	-31,000,000
Total Restricted Funds	50,864,400	40,037,700
Federal Fund		
Current Receipts	600,000	600,000
Total Federal Fund	600,000	600,000
TOTAL SOURCE OF FUNDS	51,464,400	40,637,700
EXPENDITURES BY CLASS		
Personnel Costs	15,339,100	14,321,200
Operating Expenses	1,921,700	1,912,500
TOTAL EXPENDITURES	17,260,800	16,233,700
EXPENDITURES BY FUND SOURCE		
Restricted Funds	16,660,800	15,657,600
Federal Fund	600,000	576,100
TOTAL EXPENDITURES	17,260,800	16,233,700
EXPENDITURES BY UNIT		
Executive Director and Administration	1,591,200	1,552,800
Administrative Services	875,000	96,500
Financial Standards and Examination	3,594,900	3,573,500
Agent Licensing	1,747,000	1,716,800
Consumer Protection	3,143,200	3,085,700
Insurance Fraud Investigation	1,808,100	1,772,400
Mine Subsidence Program	200,000	200,000
Insurance Product Regulation	4,301,400	4,236,000
TOTAL EXPENDITURES	17,260,800	16,233,700

The Department of Insurance, pursuant to KRS Chapter 304, has the authority to license, supervise, and regulate entities and individuals doing insurance business in Kentucky.

The Commissioner is responsible for the overall policy, planning, direction, and management of all divisions within the Department. It is the responsibility of the Commissioner to oversee the manner in which the business of insurance is conducted in Kentucky. The Commissioner is charged with protecting the public interest, promoting viable markets, and assuring fair treatment of insurance consumers. An ombudsman provides additional assistance to consumers.

The Division of Insurance Product Regulation was created by combining the previous Health and Life Division and Property and Casualty Divisions. The Health and Life Branch regulates insurance companies selling health, life and disability products. The Health and Life Branch approves policies, certificates, provider networks, quality improvement programs, and rate filings. The branch reviews promotional literature and activities for the protection of the public while assisting with inquiries about Medicare and long-term care insurance. The Property and Casualty Branch regulates coverage and marketing practices of property and casualty insurers. Through its annual review of property and casualty insurance rate and form filings, the Property and Casualty Branch ensures that companies comply with the standards set forth in the Kentucky Insurance Code and regulation of surplus lines insurance. The branch is responsible for reporting medical malpractice claims, recording of no-fault rejections (tort liability), and verifying such rejection.

The Financial Standards and Examination Division protects consumers by ensuring the financial solvency of insurers authorized to do business in Kentucky. The Division is responsible for conducting financial examinations, financial analyses, and providing administrative oversight of the insurance industry.

The Insurance Fraud Investigation Division is the Department's law enforcement unit empowered to conduct criminal investigations of suspected fraudulent insurance acts.

The Agent Licensing Division makes certain that only knowledgeable and qualified insurance representatives sell insurance products to Kentucky consumers. The Division administers examinations, monitors continuing education courses, and licenses agents, administrators, adjusters, and consultants.

The Consumer Protection Division is the main link between the Department and the citizens of the Commonwealth. The Division also administers the emergency response program, which provides on-site assistance to citizens or communities affected by insured disasters within the Commonwealth. The Market Conduct Unit of Consumer Protection analyzes and examines the business practices of insurers.

The Division of Administrative Services provides administrative and technological support to the Department through accounting, budgeting, purchasing, human resource, telecommunications, property management and mail center operations.

**Public Protection
Claims and Appeals**

	Revised FY 2021	Recommended FY 2022
SOURCE OF FUNDS		
General Fund		
Regular Appropriation	1,005,400	1,016,900
Total General Fund	1,005,400	1,016,900
Restricted Funds		
Balance Forward	1,041,200	951,100
Current Receipts	821,100	812,000
Total Restricted Funds	1,862,300	1,763,100
Federal Fund		
Current Receipts	157,200	157,200
Total Federal Fund	157,200	157,200
TOTAL SOURCE OF FUNDS	3,024,900	2,937,200
EXPENDITURES BY CLASS		
Personnel Costs	952,500	964,300
Operating Expenses	846,300	846,000
Grants Loans Benefits	275,000	275,000
TOTAL EXPENDITURES	2,073,800	2,085,300
EXPENDITURES BY FUND SOURCE		
General Fund	1,005,400	1,016,900
Restricted Funds	911,200	911,200
Federal Fund	157,200	157,200
TOTAL EXPENDITURES	2,073,800	2,085,300
EXPENDITURES BY UNIT		
Office of Claims and Appeals Administration	680,800	361,300
Office of Claims and Appeals Reparations	1,393,000	1,724,000
TOTAL EXPENDITURES	2,073,800	2,085,300

The Office of Claims and Appeals was created by Executive Order 2020-708. The Office consists of three separate and distinct administrative boards attached to the Office within the meaning of KRS 12:020: the Board of Tax Appeals, the Board of Claims and the Crime Victims Compensation Board.

The Board of Tax Appeals has exclusive jurisdiction to hear and resolve appeals arising from final rulings, orders, and determinations of any agency of state or county government relating to revenue and taxation.

The Board of Claims is the only forum through which a citizen may sue the state for alleged negligence. Payments to claimants of less than \$5,000 are from funds of the state agency determined to be at fault, awards over \$5,000 disbursed from appropriations from the General Fund (ANOC), and awards against the Transportation Cabinet distributed from the Road Fund. The maximum award on a single claim is \$250,000 and there is a cap of \$400,000 on multiple claims arising from the same incident.

The Crime Victims Compensation Board as a payer of last resort is able to reimburse innocent crime victims up to \$25,000 for their medical expenses, lost wages that are not paid by any other source, and include funeral expenses up to \$5,000. The amount of time that a claimant has to submit a claim is five years. The Commission receives an allocation of 3.4 percent of the state court cost fees and pursuant to KRS 186.574 receives 5.7% of the \$30 fee from county attorney's traffic safety programs.

Pursuant to KRS 216B.400 and KRS 49, the Crime Victims Compensation Board is responsible for paying health care providers and facilities for sexual assault examinations. The Commission receives federal funding from the Victims of Crime Act (VOCA) matching grant at 60% based on prior year claims from General and Restricted Funds.

Policy

The Governor's budget recommendation includes additional General Fund in the amount of \$2,300 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.