

# TEAM KENTUCKY



## 2021-2022 Governor's Budget

**Andy Beshear**

GOVERNOR

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STATE BUDGET DIRECTOR



# Volume I

# Table of Contents

|               | <u>PAGE</u> |
|---------------|-------------|
| Preface ..... | viii        |

## **BUDGET IN BRIEF – BUDGET SUMMARY DATA**

|   |    |
|---|----|
| Executive Summary – A Better Kentucky Budget .....                                    | 1  |
| General Fund Summary .....  | 13 |
| Road Fund Summary .....   | 14 |
| Distribution of General Fund Appropriations – Fiscal Year 2021-2022 – Pie Chart ..... | 15 |
| Distribution of All Funds Appropriations – Fiscal Year 2021-2022 – Pie Chart .....    | 16 |
| Revenue Estimates (General Fund, Road Fund) .....                                     | 17 |
| Executive Branch Summary .....  | 20 |
| Capital Projects Summary .....  | 22 |
| Acknowledgements .....  | 23 |

## **OPERATING BUDGET – STATE AGENCY PROGRAM BUDGET DETAIL**

|  |    |
|--|----|
| <b>GENERAL GOVERNMENT</b> .....                                    | 25 |
| Office of the Governor .....                                       | 27 |
| Office of State Budget Director .....                              | 29 |
| Homeland Security .....  | 31 |
| Veterans' Affairs .....  | 32 |
| Governor's Office of Agricultural Policy .....                     | 34 |
| Kentucky Infrastructure Authority .....                            | 36 |
| Military Affairs .....   | 38 |
| Commission on Human Rights .....                                   | 40 |
| Commission on Women .....  | 42 |
| Department for Local Government .....                              | 43 |
| Local Government Economic Assistance Fund .....                    | 45 |
| Local Government Economic Development Fund .....                   | 47 |
| Local Government Regional Development Agency Assistance Fund ..... | 49 |
| Executive Branch Ethics Commission .....                           | 50 |
| Secretary of State .....   | 51 |
| Board of Elections .....   | 52 |
| Registry of Election Finance .....                                 | 54 |
| Attorney General .....   | 55 |
| Commonwealth's Attorneys .....                                     | 57 |
| County Attorneys .....   | 58 |

|  | <u>PAGE</u> |
|--|-------------|
| Treasury.....  | 59          |
| Agriculture.....   | 61          |
| Auditor of Public Accounts.....                            | 63          |
| Personnel Board.....                                       | 64          |
| Kentucky Retirement Systems.....                           | 65          |
| Occupational and Professional Boards and Commissions.....  | 66          |
| Kentucky River Authority.....                              | 68          |
| School Facilities Construction Commission.....             | 70          |
| Teachers' Retirement System.....                           | 71          |
| Judgments.....   | 73          |
| Appropriations Not Otherwise Classified.....               | 74          |
| KY Communications Network Authority.....                   | 76          |
| <br>   |             |
| <b>ECONOMIC DEVELOPMENT.....</b>                           | <b>77</b>   |
| Economic Development.....                                  | 77          |
| <br>   |             |
| <b>DEPARTMENT OF EDUCATION.....</b>                        | <b>79</b>   |
| Support Education Excellence in Kentucky (SEEK).....       | 80          |
| Operations and Support Services.....                       | 82          |
| Commissioner's Office/Board of Education.....              | 83          |
| Finance and Operations.....                                | 84          |
| Legal Services.....  | 86          |
| Education Technology.....                                  | 87          |
| Learning and Results Services.....                         | 88          |
| Continuous Improvement and Support.....                    | 89          |
| Special Education & Early Learning.....                    | 90          |
| Educator Licensure and Effectiveness.....                  | 91          |
| Standards, Assessment and Accountability.....              | 92          |
| State Schools.....   | 94          |
| Career and Technical Education and Student Transition..... | 95          |
| Local District Health and Life Insurance.....              | 96          |
| <br>   |             |
| <b>EDUCATION AND WORKFORCE DEVELOPMENT.....</b>            | <b>97</b>   |
| General Administration and Program Support.....            | 99          |
| Proprietary Education.....                                 | 102         |
| Deaf and Hard of Hearing.....                              | 103         |
| Kentucky Educational Television.....                       | 104         |
| Environmental Education Council.....                       | 106         |

|   | <u>PAGE</u> |
|---|-------------|
| Libraries and Archives .....                              | 107         |
| Libraries and Archives .....                              | 108         |
| Direct Local Aid .....                                    | 111         |
| Workforce Investment .....                                | 112         |
| Vocational Rehabilitation .....                           | 113         |
| Employer and Apprenticeship Services .....                | 116         |
| Adult Education .....                                     | 117         |
| Workforce Innovation and Opportunity Act .....            | 118         |
| <b>ENERGY AND ENVIRONMENT .....</b>                       | <b>119</b>  |
| Secretary .....   | 121         |
| Administrative Services .....                             | 122         |
| Environmental Protection .....                            | 123         |
| Commissioner .....  | 124         |
| Water .....   | 125         |
| Waste Management .....                                    | 126         |
| Air Quality .....   | 127         |
| Environmental Program Support .....                       | 128         |
| Enforcement .....   | 129         |
| Compliance Assistance .....                               | 130         |
| Petroleum Storage Tank Environmental Assurance Fund ..... | 131         |
| Natural Resources .....                                   | 132         |
| Commissioner .....  | 134         |
| Forestry .....  | 135         |
| Conservation .....  | 136         |
| Oil and Gas .....   | 137         |
| Mine Permits .....  | 138         |
| Mine Reclamation and Enforcement .....                    | 139         |
| Abandoned Mine Lands .....                                | 140         |
| Mine Safety .....   | 141         |
| Reclamation Guaranty Fund .....                           | 142         |
| Abandoned Mine Land Reclamation Projects .....            | 143         |
| Mine Safety Review Commission .....                       | 144         |
| Energy Policy .....                                       | 145         |
| Kentucky Nature Preserves .....                           | 146         |
| Public Service Commission .....                           | 147         |

|  | <u>PAGE</u> |
|--|-------------|
| <b>FINANCE AND ADMINISTRATION</b> .....                              | 148         |
| General Administration .....   | 150         |
| Controller.....  | 152         |
| Office of Inspector General.....                                     | 154         |
| Debt Service .....   | 155         |
| Facilities and Support Services .....                                | 156         |
| County Costs.....  | 159         |
| Commonwealth Office of Technology.....                               | 161         |
| Revenue.....   | 163         |
| Property Valuation Administrators.....                               | 165         |
| <br><b>HEALTH AND FAMILY SERVICES</b> .....                          | <br>166     |
| General Administration and Program Support.....                      | 168         |
| Administrative Support.....  | 170         |
| Inspector General .....  | 172         |
| Office for Children with Special Health Care Needs .....             | 173         |
| Medicaid Services.....   | 175         |
| Medicaid Administration .....  | 176         |
| Medicaid Benefits .....  | 177         |
| Behavioral Health, Developmental and Intellectual Disabilities ..... | 180         |
| Community Behavioral Health.....                                     | 181         |
| Community Developmental and Intellectual Disabilities .....          | 183         |
| General Support .....  | 184         |
| Residential .....  | 185         |
| Public Health.....   | 187         |
| General Health Support.....  | 189         |
| Women's Health .....   | 191         |
| Prevention and Quality Improvement.....                              | 193         |
| Epidemiology and Health Planning.....                                | 195         |
| Maternal and Child Health .....                                      | 197         |
| Laboratory Services.....   | 199         |
| Public Health Protection and Safety.....                             | 201         |
| Family Resource Centers and Volunteer Services .....                 | 203         |
| Family Resource and Youth Services Center .....                      | 204         |
| Serve Kentucky.....  | 205         |
| Income Support .....   | 206         |
| Disability Determinations .....                                      | 207         |
| Child Support .....  | 208         |
| Community Based Services .....                                       | 210         |

|   | <u>PAGE</u> |
|---|-------------|
| Family Support.....                                   | 211         |
| Energy.....   | 214         |
| Child Care.....                                       | 215         |
| Family and Community Services.....                    | 218         |
| Aging and Independent Living.....                     | 222         |
| Aging and Independent Living.....                     | 223         |
| Guardianship.....                                     | 226         |
| Health Data and Analytics.....                        | 227         |
| Health Benefit Exchange.....                          | 228         |
| Health Information.....                               | 229         |
| Analytics.....  | 230         |
| <br>  |             |
| <b>JUSTICE AND PUBLIC SAFETY.....</b>                 | <b>231</b>  |
| Justice Administration.....                           | 233         |
| Criminal Justice Training.....                        | 237         |
| Juvenile Justice.....                                 | 239         |
| State Police.....                                     | 242         |
| Corrections.....                                      | 244         |
| Corrections Management.....                           | 246         |
| Adult Correctional Institutions.....                  | 248         |
| Community Services and Local Facilities.....          | 251         |
| Local Jail Support.....                               | 253         |
| Public Advocacy.....                                  | 255         |
| <br>  |             |
| <b>LABOR.....</b>                                     | <b>257</b>  |
| Secretary.....  | 259         |
| Workplace Standards.....                              | 260         |
| Workers' Claims.....                                  | 262         |
| Occupational Safety and Health Review Commission..... | 263         |
| Workers' Compensation Funding Commission.....         | 264         |
| Workers' Compensation Nominating Committee.....       | 266         |
| Employment Services.....                              | 267         |
| <br>  |             |
| <b>PERSONNEL.....</b>                                 | <b>269</b>  |
| General Operations.....                               | 270         |
| Public Employees Deferred Compensation Authority..... | 272         |
| Workers' Compensation Benefits and Reserve.....       | 273         |
| State Fixed Allocation Pension Pool.....              | 274         |

|   | <u>PAGE</u> |
|---|-------------|
| <b>POSTSECONDARY EDUCATION</b> .....                    | 275         |
| Council on Postsecondary Education.....                 | 276         |
| Agency Operations .....                                 | 278         |
| Licensure .....   | 279         |
| Pass Through Programs .....                             | 280         |
| Federal Programs .....                                  | 282         |
| Strategic Investment and Incentive Funding Program..... | 283         |
| Ovarian Cancer Screening .....                          | 284         |
| Cancer Research and Screening .....                     | 285         |
| Kentucky Higher Education Assistance Authority .....    | 286         |
| Postsecondary Education Institutions .....              | 290         |
| Eastern Kentucky University.....                        | 291         |
| Kentucky State University.....                          | 293         |
| Morehead State University .....                         | 295         |
| Murray State University.....                            | 297         |
| Northern Kentucky University .....                      | 299         |
| University of Kentucky .....                            | 301         |
| University of Louisville .....                          | 303         |
| Western Kentucky University .....                       | 305         |
| Kentucky Community and Technical College System .....   | 307         |
| Postsecondary Education Performance Fund .....          | 309         |
| <br><b>PUBLIC PROTECTION</b> .....                      | <br>310     |
| Secretary .....   | 311         |
| Professional Licensing.....                             | 312         |
| Boxing and Wrestling Commission .....                   | 314         |
| Alcoholic Beverage Control .....                        | 315         |
| Charitable Gaming.....                                  | 316         |
| Financial Institutions .....                            | 317         |
| Horse Racing Commission.....                            | 318         |
| Housing, Buildings and Construction .....               | 320         |
| Insurance .....   | 322         |
| Claims and Appeals.....                                 | 324         |
| <br><b>TOURISM, ARTS AND HERITAGE</b> .....             | <br>325     |
| Secretary.....  | 327         |
| Artisans Center .....                                   | 328         |
| Kentucky Department of Tourism.....                     | 329         |
| Parks .....   | 331         |

|  | <u>PAGE</u> |
|--|-------------|
| Horse Park Commission .....              | 334         |
| State Fair Board.....                    | 336         |
| Fish and Wildlife Resources.....         | 338         |
| Historical Society.....                  | 340         |
| Arts Council.....                        | 342         |
| Heritage Council .....                   | 343         |
| Kentucky Center for the Arts .....       | 344         |
| <br>                                     |             |
| <b>TRANSPORTATION .....</b>              | <b>345</b>  |
| General Administration and Support ..... | 347         |
| Aviation.....                            | 349         |
| Debt Service.....                        | 351         |
| Highways.....                            | 353         |
| Research.....                            | 354         |
| Construction.....                        | 355         |
| Maintenance .....                        | 357         |
| Engineering Administration.....          | 358         |
| Planning .....                           | 359         |
| Highway Operations .....                 | 360         |
| Equipment Services.....                  | 361         |
| Highway Safety .....                     | 362         |
| Public Transportation.....               | 363         |
| Revenue Sharing .....                    | 365         |
| Vehicle Regulation .....                 | 366         |
| <br>                                     |             |
| <b>STATEWIDE</b>                         |             |
| Budget Reserve Trust Fund .....          | 368         |



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

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

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

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

# **A Better Kentucky Budget**

## **GOVERNOR BESHEAR'S 2021-2022 BUDGET RECOMMENDATION EXECUTIVE SUMMARY**

### **Relief for Our People, Bold Investment In Our Future**

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

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

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

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

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

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

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

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

### **A Responsible Budget**

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

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

### **No Spending Cuts**

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

## **PRIORITIZING PUBLIC EDUCATION**

### **K-12 EDUCATION**

#### **\$1,000 Teacher Salary Increase**

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

#### **\$1,000 Classified Employee Salary Increase**

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

#### **Increases the SEEK base per pupil amount by 1%**

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

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

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

#### **Textbooks**

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

#### **Preschool and Early Learning Funding for Disadvantaged Areas**

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

#### **Teacher Loan Forgiveness/Teacher Scholarships**

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

### **School-Based Mental Health Services**

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

### **School Facilities**

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

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

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

## **POSTSECONDARY EDUCATION**

### **Better Kentucky Promise Scholarship**

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

### **Increases Funding for Postsecondary Education Institutions & Performance Funding**

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

### **Higher Education Resurgence Fund**

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

### **Other Student Financial Aid**

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

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

### **University Mandated Programs**

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

### **University Agency Bonds**

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

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

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

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

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

## **PROTECTING AND EXPANDING HEALTH CARE**

### **Fully Funds Medicaid and Medicaid Expansion**

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

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

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

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

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

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

**Local Health Departments and Community Mental Health Centers-Pension Relief**

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

**PROTECTING CHILDREN AND FAMILIES**

**New Social Workers to Fight Abuse and Neglect**

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

**Preserving Child Support Enforcement**

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

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

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

## **INVESTING IN OUR PUBLIC EMPLOYEES**

### **Salary Increase for State Employees**

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

### **Pensions for Public Employees and Quasi-Governmental Agencies**

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

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

## **ENHANCING PUBLIC SAFETY AND VICTIM SERVICES**

### **Improved Compensation for Law Enforcement and Firefighters**

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

### **Kentucky State Police – Salary Increase and Recruitment**

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

### **Kentucky State Police – Rapid DNA and State Police Laboratory**

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



### **Supporting State Prosecutors**

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

### **Corrections**

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

### **Planning Funds for the Replacement of the Kentucky State Reformatory**

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

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

## **PARTNERING WITH LOCAL GOVERNMENTS**

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

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

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

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

### **Equal Pay Audits**

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

## **CREATING AND ATTRACTING JOBS**

### **Economic Development Capacity**

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

### **Emerging Industries Fund**

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

### **Bluegrass Station Project**

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

### **Urban Venture Fund**

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

### **Louisville Waterfront**

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

## **INVESTING IN INFRASTRUCTURE**

### **Broadband Expansion**

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

### **Water and Sewer Infrastructure**

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

### **Flood Control**

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

### **Roads and Bridges**

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

## **MODERNIZING AND IMPROVING UNEMPLOYMENT INSURANCE SYSTEM**

### **Unemployment Insurance – Restore Staffing and Public Services Capacity**

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

### **Unemployment Insurance System Replacement**

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

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

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

## **INVESTING IN VETERANS**

### **Fully Excluding Military Pensions from State Income Tax**

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

### **Bowling Green Veterans Center**

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

## **MAXIMIZING EXISTING RESOURCES**

### **Revenue Collection Enhancement**

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

## **HELPING KENTUCKY'S TOURISM RECOVER**

### **Parks, State Fair Board and Kentucky Horse Park – Recovery**

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

## **DOING WHAT IS RIGHT**

### **Commission on Women**

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

### **Commission on Human Rights**

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

### **Office of Minority Empowerment**

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

## **ENHANCING FISCAL RESPONSIBILITY**

### **Budget Reserve Trust Fund**

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

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

### **Planning for Liabilities**

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

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

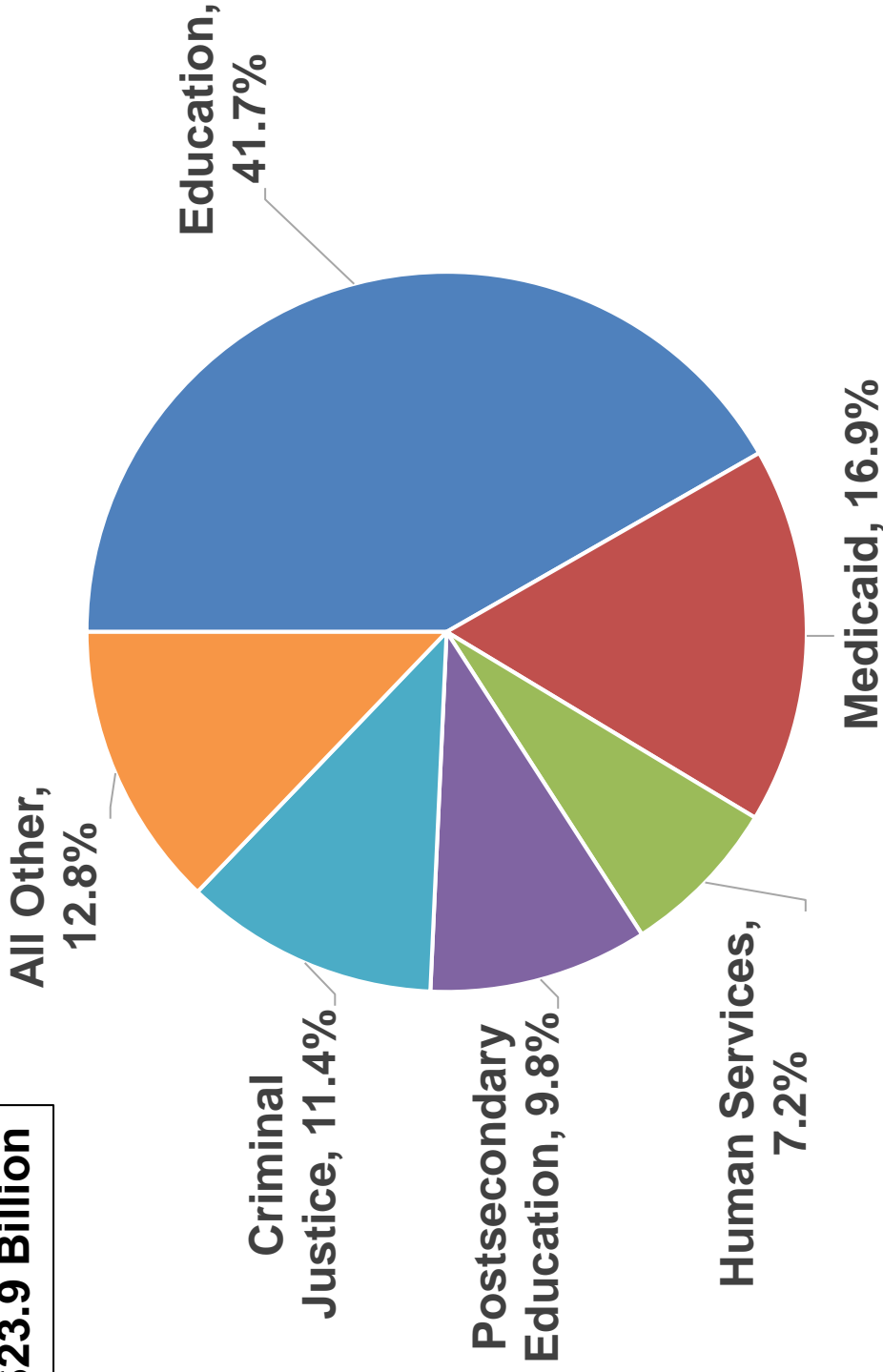
|   | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|---|----------------------------|--------------------------------|
| <b>RESOURCES</b>                            |                            |                                |
| Beginning Balance                           | 62,490,900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

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

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

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

**Total = \$23.9 Billion**



**Excludes Tobacco Settlement - Phase I Funds**

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

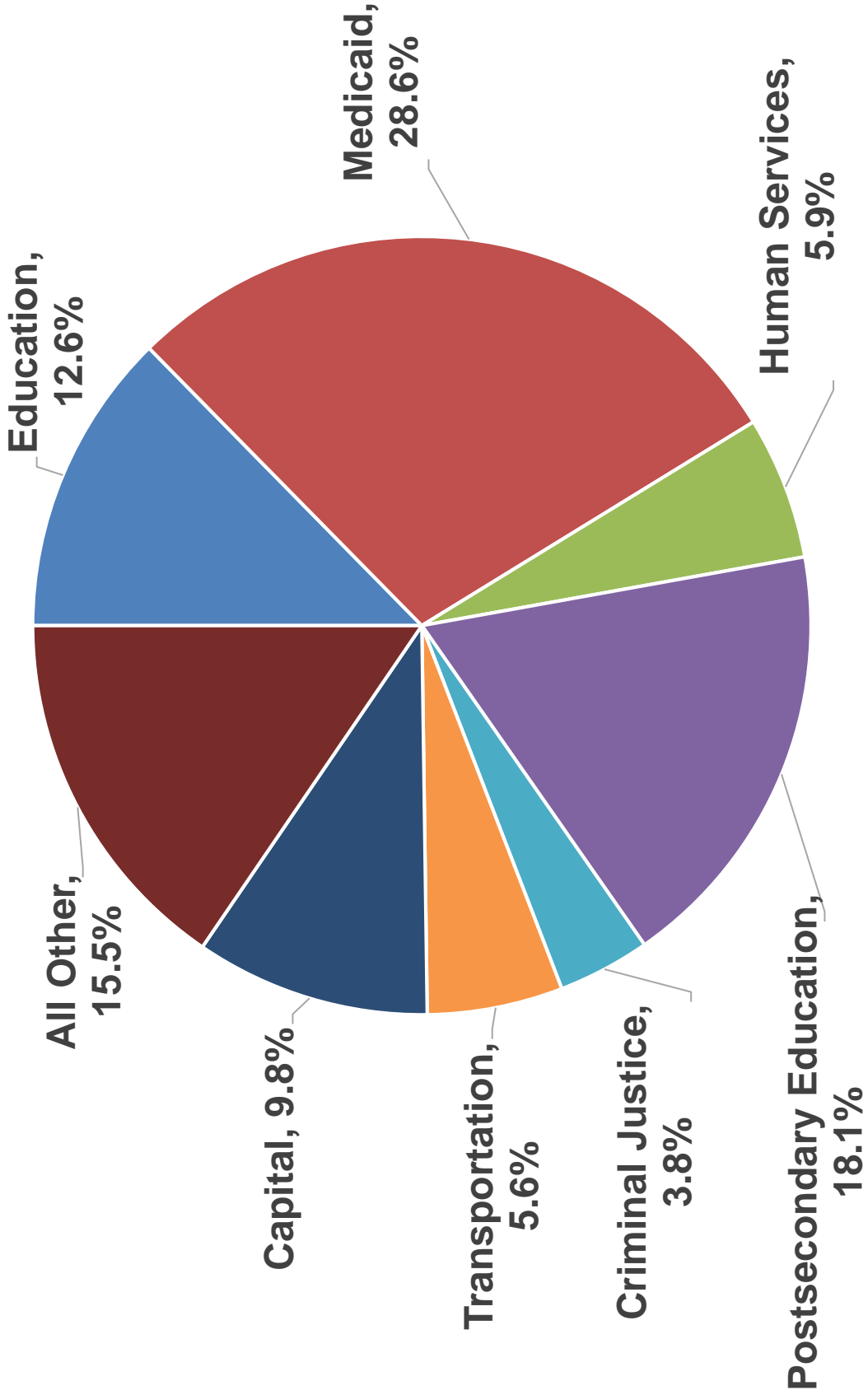
\*\*Human Services include the Health and Family Services Cabinet (net of Medicaid)

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



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

**Total = \$96.3 Billion**



**Excludes Tobacco Settlement - Phase I Funds**

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

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

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

## General Fund Detailed Consensus Revenue Estimate

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

## General Fund Detailed Consensus Revenue Estimate

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

## Road Fund Revenue Estimate

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

**Executive Branch**

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

**EXPENDITURES BY UNIT**

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

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

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

## ACKNOWLEDGMENTS

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



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# General Government

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**General Government**

|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|--|----------------------------|--------------------------------|
|--|----------------------------|--------------------------------|

**SOURCE OF FUNDS****General Fund**

|                                |                      |                      |
|--------------------------------|----------------------|----------------------|
| Regular Appropriation          | 1,238,634,200        | 1,257,254,300        |
| Current Year Appropriation     | 5,049,500            |                      |
| Continuing Approp-General Fund | 7,700                |                      |
| Other                          | -4,553,300           |                      |
| <b>Total General Fund</b>      | <b>1,239,138,100</b> | <b>1,257,254,300</b> |

**Tobacco Fund**

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Tobacco Settlement - Phase I     | 35,244,800        | 35,618,800        |
| Continuing Approp-Tob Settlement | 31,044,700        |                   |
| <b>Total Tobacco Fund</b>        | <b>66,289,500</b> | <b>35,618,800</b> |

**Restricted Funds**

|                               |                    |                    |
|-------------------------------|--------------------|--------------------|
| Balance Forward               | 147,293,900        | 104,919,700        |
| Current Receipts              | 200,085,700        | 191,432,600        |
| Non-Revenue Receipts          | 100,443,100        | 110,601,000        |
| Fund Transfers                | -6,400,000         | -8,775,600         |
| <b>Total Restricted Funds</b> | <b>441,422,700</b> | <b>398,177,700</b> |

**Federal Fund**

|                           |                    |                    |
|---------------------------|--------------------|--------------------|
| Balance Forward           | 19,353,100         | 13,338,800         |
| Current Receipts          | 191,487,500        | 185,840,600        |
| CRF Receipts              | 423,207,600        |                    |
| <b>Total Federal Fund</b> | <b>634,048,200</b> | <b>199,179,400</b> |

**Road Fund**

|                        |                |                |
|------------------------|----------------|----------------|
| Regular Appropriation  | 571,600        | 565,500        |
| <b>Total Road Fund</b> | <b>571,600</b> | <b>565,500</b> |

**TOTAL SOURCE OF FUNDS**

|  |                      |                      |
|--|----------------------|----------------------|
|  | <b>2,381,470,100</b> | <b>1,890,795,700</b> |
|--|----------------------|----------------------|

**EXPENDITURES BY CLASS**

|                       |               |             |
|-----------------------|---------------|-------------|
| Personnel Costs       | 441,968,604   | 442,633,624 |
| Operating Expenses    | 167,648,696   | 157,848,576 |
| Grants Loans Benefits | 1,425,448,800 | 987,078,500 |
| Debt Service          | 209,246,200   | 195,054,300 |
| Capital Outlay        | 18,899,300    | 16,536,900  |

**TOTAL EXPENDITURES**

|  |                      |                      |
|--|----------------------|----------------------|
|  | <b>2,263,211,600</b> | <b>1,799,151,900</b> |
|--|----------------------|----------------------|

**EXPENDITURES BY FUND SOURCE**

|                  |               |               |
|------------------|---------------|---------------|
| General Fund     | 1,239,138,100 | 1,257,254,300 |
| Tobacco Fund     | 66,289,500    | 35,618,800    |
| Restricted Funds | 336,503,000   | 318,083,000   |
| Federal Fund     | 620,709,400   | 187,630,300   |
| Road Fund        | 571,600       | 565,500       |

**TOTAL EXPENDITURES**

|  |                      |                      |
|--|----------------------|----------------------|
|  | <b>2,263,211,600</b> | <b>1,799,151,900</b> |
|--|----------------------|----------------------|

**EXPENDITURES BY UNIT**

|  |             |             |
|--|-------------|-------------|
| Office of the Governor                   | 7,293,700   | 7,594,700   |
| Office of State Budget Director          | 16,768,600  | 3,887,700   |
| Homeland Security                        | 6,198,800   | 8,804,900   |
| Department of Veterans' Affairs          | 101,133,200 | 95,415,000  |
| Governor's Office of Agricultural Policy | 67,739,500  | 35,068,800  |
| Kentucky Infrastructure Authority        | 63,593,000  | 63,544,900  |
| Military Affairs                         | 223,406,300 | 140,996,700 |
| Commission on Human Rights               | 2,181,600   | 2,499,100   |
| Commission on Women                      |             | 357,500     |

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

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

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

The Lieutenant Governor is a constitutional officer elected jointly with the Governor. The Lieutenant Governor is to assume the duties and responsibilities of the Office of the Governor should the Governor be impeached or removed from Office, die, fail to qualify, resign, or be unable to discharge the duties of that office. Additional duties of the Lieutenant Governor include serving on various boards and commissions, serving on Kentucky delegations to several interstate compact commissions, and appointing members to various boards.

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

The Military Affairs Commission (KRS 154.12-203) has been a part of the Office of the Governor since 1996. The Commission serves in an advisory capacity to the Governor, the General Assembly, the Kentucky Congressional Delegation, and other appropriate government officials. This commission is designed to support the U.S. military's

widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

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

## **Policy**

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

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

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

**General Government**  
**Office of State Budget Director**

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

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

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

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

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

The Governor's Office for Economic Analysis (GOEA) assists the State Budget Director and the Consensus Forecasting Group in providing timely and accurate estimates of General Fund and Road Fund receipts used to build and implement the Budget of the Commonwealth. On October 15th of each odd-numbered year, a preliminary detailed estimate of revenues for the next two fiscal years is presented to the head of the budgeting agency for each branch of state government. To inform the Governor and the General Assembly for the biennial budget process, an official estimate is made in December and presented along with the Governor's Executive Budget recommendation to the General Assembly. In accordance with KRS 48.400, GOEA prepares a Quarterly Economic and Revenue report which provides a forecast of state tax revenues for the next three quarters as well as a forecast of the Commonwealth's economic conditions. The Commonwealth's Tax Expenditure analysis is prepared by GOEA on a biennial basis, incorporating the entirety of all statutory tax expenditures with specific computations of the amount of tax revenues foregone.

### **Policy**

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



|                                    | <b>General Government</b>  |                                |
|------------------------------------|----------------------------|--------------------------------|
|                                    | <b>Homeland Security</b>   |                                |
|                                    | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
| <b>SOURCE OF FUNDS</b>             |                            |                                |
| <b>General Fund</b>                |                            |                                |
| Regular Appropriation              | 257,000                    | 258,200                        |
| <b>Total General Fund</b>          | <b>257,000</b>             | <b>258,200</b>                 |
| <b>Restricted Funds</b>            |                            |                                |
| Balance Forward                    | 3,646,000                  | 3,806,700                      |
| Current Receipts                   | 1,521,500                  | 2,619,100                      |
| <b>Total Restricted Funds</b>      | <b>5,167,500</b>           | <b>6,425,800</b>               |
| <b>Federal Fund</b>                |                            |                                |
| Balance Forward                    | 16,600                     |                                |
| Current Receipts                   | 4,243,400                  | 5,787,300                      |
| <b>Total Federal Fund</b>          | <b>4,260,000</b>           | <b>5,787,300</b>               |
| <b>Road Fund</b>                   |                            |                                |
| Regular Appropriation              | 321,000                    | 314,900                        |
| <b>Total Road Fund</b>             | <b>321,000</b>             | <b>314,900</b>                 |
| <b>TOTAL SOURCE OF FUNDS</b>       | <b>10,005,500</b>          | <b>12,786,200</b>              |
| <b>EXPENDITURES BY CLASS</b>       |                            |                                |
| Personnel Costs                    | 2,186,200                  | 2,147,600                      |
| Operating Expenses                 | 748,200                    | 3,392,900                      |
| Grants Loans Benefits              | 3,263,200                  | 3,263,200                      |
| Capital Outlay                     | 1,200                      | 1,200                          |
| <b>TOTAL EXPENDITURES</b>          | <b>6,198,800</b>           | <b>8,804,900</b>               |
| <b>EXPENDITURES BY FUND SOURCE</b> |                            |                                |
| General Fund                       | 257,000                    | 258,200                        |
| Restricted Funds                   | 1,360,800                  | 2,444,500                      |
| Federal Fund                       | 4,260,000                  | 5,787,300                      |
| Road Fund                          | 321,000                    | 314,900                        |
| <b>TOTAL EXPENDITURES</b>          | <b>6,198,800</b>           | <b>8,804,900</b>               |
| <b>EXPENDITURES BY UNIT</b>        |                            |                                |
| Office of Homeland Security        | 4,838,000                  | 6,360,400                      |
| Law Enforcement Protection Program | 519,300                    | 519,300                        |
| Commerical Mobile Radio Service    | 841,500                    | 1,925,200                      |
| <b>TOTAL EXPENDITURES</b>          | <b>6,198,800</b>           | <b>8,804,900</b>               |

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

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

## Policy

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

**General Government**

**Veterans' Affairs**

|  |                |                    |
|--|----------------|--------------------|
|  | <b>Revised</b> | <b>Recommended</b> |
|  | <b>FY 2021</b> | <b>FY 2022</b>     |

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

The Kentucky Department of Veterans' Affairs (KDVA), established by KRS 40.300, assists over 295,000 Kentucky veterans and their families in applying for federal, state, and local veteran's benefits. Services include: benefits counseling and claims processing regarding the existence or availability of educational, training, and retraining facilities; health, medical rehabilitation, and housing services and facilities; employment and reemployment services; and provision of services under federal, state, and local laws affording rights, privileges, and benefits to eligible veterans and their dependents. These services are supported by a cooperative network of veterans' benefits field representatives, volunteers, and personal service contracts with major veterans' organizations.

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

The Thomson-Hood Veterans' Center, located in Wilmore in Jessamine County, is a 285-bed long-term nursing care facility specifically for Kentucky's elderly veteran population. The Eastern Kentucky Veterans' Center is a 120-bed facility located in Hazard (Perry County). The Western Kentucky Veterans' Center is a 120-bed facility in Hanson (Hopkins County). Both facilities opened in 2002 and include in-house physician care, nurse practitioners, 24-hour nursing staff, and staffing for a rehab therapy department, barbershop, library, gift shop, laundry facility, and a dietary department. In April 2013, KDVA opened a 36-bed expansion at the Western Kentucky Veterans' Center that utilizes the new "Community Living Concept" recently required by the federal Veterans' Administration. Three 12-bed buildings provide a more personalized care for its residents and brings the total capacity to 156 beds. In July 2017, a fourth 120-bed Veterans' Center, in Hardin County, opened utilizing the "Community Living Concept."

The KDVA is required by KRS 40.315 to establish and maintain Kentucky state veterans' cemeteries. The Kentucky Veterans' Cemetery-West is located on Highway 41A south of Hopkinsville. The Veterans' Cemetery-Central in Radcliff opened in June 2007. The Veterans' Cemetery-North near Williamstown opened in early fiscal year 2009. The Veterans' Cemetery-Northeast in Greenup County opened in the fall of 2010. The Veterans Cemetery-Southeast in Leslie County opened in April 2018. Each facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path and landscaping.

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

## **Policy**

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

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

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

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

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

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

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

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

**General Government**  
**Governor's Office of Agricultural Policy**

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

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

The Kentucky Agricultural Development Board, authorized in KRS 248.707, distributes funds received by the Commonwealth from the Tobacco Master Settlement Agreement (Phase I money). The Board invests in innovative proposals that increase net farm income and assists tobacco farmers and tobacco-impacted communities by stimulating markets, finding new ways to add value to existing products, and promoting diversification of Kentucky's agricultural economy.

The Agricultural Development Board has sixteen members, described in KRS 248.707(2). They are the Governor, Commissioner of Agriculture, Secretary of the Cabinet for Economic Development, Director of the University of Kentucky Cooperative Extension Service and President of Kentucky State University, along with eleven members appointed by the Governor to staggered terms. Those appointees include representatives of the Kentucky Farm Bureau, the Kentucky Chamber of Commerce, an attorney, an agricultural lender, and seven active farmers. The Governor serves as Chair and the Commissioner of Agriculture serves as Vice- Chair of the board.

Pursuant to KRS 248.703 half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account for county level grants and a state account for investments that have a regional or statewide purpose. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, livestock diagnostic lab design and construction, improvements to 4-H camps and FFA Leadership Center, and funding for land conservation programs. A portion of funds received into the Agriculture Development Fund are allocated for projects at the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in

relation to other counties within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several programs in which counties may participate. Funds are provided as matching grants.

In addition to their work with the Kentucky Agricultural Development Fund, personnel at GOAP provide staffing for the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a de jure municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The mission of the Corporation board is to strengthen Kentucky agriculture by providing access to low interest loan programs through joint partnerships with local lending institutions. KAFC assists beginning farmers, farm families, and agribusinesses obtain the necessary capital to establish, maintain, or expand their agricultural operation. The Commissioner of the Kentucky Department of Agriculture serves as the Chair and the Secretary of the Finance Cabinet serves as another statutory member. The Governor appoints the remaining ten board members who represent various agricultural sectors.

**General Government**  
**Kentucky Infrastructure Authority**

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

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

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

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

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

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

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

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

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

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

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

**Local Government Economic Development Fund** – (Coal Severance Tax Projects) – These funds were authorized by the 2008, 2010 and 2012 General Assembly from the respective single county fund for projects in coal-producing counties. The Authority coordinates the process of implementation and provides project administration for the water and sewer related projects funded in this program. The program is administered jointly with the Department for Local Government.

## **Policy**

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

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

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

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

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

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

Pursuant to KRS 36.010 and KRS 36.255, the Department consists of the following organizational units: The Division of Emergency Management; the Office of Kentucky Community Crisis Response; and the Office of Management and Administration, which contains the Division of Administrative Services, Division of Facilities, Logistics Operations Division, Bluegrass Station Division, and the Youth Challenge Program.

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



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

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

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

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

The Youth Challenge Program is a 22-week residential development and training program for youth between 16 – 18 years of age who are high school dropouts, drug-free, unemployed and free of serious involvement in the criminal justice system. The program is operated by the Kentucky National Guard and is located in Hardin and Harlan Counties.

## **Policy**

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

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

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

**General Government**  
**Commission on Human Rights**

|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|--|----------------------------|--------------------------------|
|--|----------------------------|--------------------------------|

**SOURCE OF FUNDS**

**General Fund**

|                           |           |           |
|---------------------------|-----------|-----------|
| Regular Appropriation     | 1,926,600 | 2,244,100 |
| <b>Total General Fund</b> | 1,926,600 | 2,244,100 |

**Restricted Funds**

|                               |        |        |
|-------------------------------|--------|--------|
| Balance Forward               | 16,800 | 16,800 |
| Current Receipts              | 10,000 | 10,000 |
| <b>Total Restricted Funds</b> | 26,800 | 26,800 |

**Federal Fund**

|                           |         |         |
|---------------------------|---------|---------|
| Balance Forward           | 254,600 | 254,600 |
| Current Receipts          | 245,000 | 245,000 |
| <b>Total Federal Fund</b> | 499,600 | 499,600 |

**TOTAL SOURCE OF FUNDS**

|  |           |           |
|--|-----------|-----------|
|  | 2,453,000 | 2,770,500 |
|--|-----------|-----------|

**EXPENDITURES BY CLASS**

|                           |           |           |
|---------------------------|-----------|-----------|
| Personnel Costs           | 1,919,100 | 2,238,100 |
| Operating Expenses        | 262,500   | 261,000   |
| <b>TOTAL EXPENDITURES</b> | 2,181,600 | 2,499,100 |

**EXPENDITURES BY FUND SOURCE**

|                           |           |           |
|---------------------------|-----------|-----------|
| General Fund              | 1,926,600 | 2,244,100 |
| Restricted Funds          | 10,000    | 10,000    |
| Federal Fund              | 245,000   | 245,000   |
| <b>TOTAL EXPENDITURES</b> | 2,181,600 | 2,499,100 |

**EXPENDITURES BY UNIT**

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

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

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

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

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

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

## **Policy**

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

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

**General Government  
Commission on Women**

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

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

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

The KCW maintains the watercolor Kentucky Women Remembered Exhibit in the West Wing of the Capitol. The KCW staff coordinates statewide collaborative efforts in order to communicate to the executive branch the challenges and resources that exist for Kentucky women.

**Policy**

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

**General Government  
Department for Local Government**

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

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

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 420 cities, 1500 special districts and the 15 Area Development Districts.

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

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

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

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

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

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

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

## **Policy**

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

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

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

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

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

**General Government  
Local Government Economic Assistance Fund**

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

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

The LGEAF coal severance tax program currently returns funds to an estimated 48 counties and approximately 128 cities at the end of each fiscal quarter. Kentucky statute that directs 15 percent of the coal severance tax receipts to the LGEAF be distributed to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and coal severance taxes collected from producers in the county.

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

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

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

## Policy

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

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

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

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



**General Government**  
**Local Government Economic Development Fund**

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

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

**Policy**

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

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

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

**Severance Tax Dedicated Programs 2020-2022 Biennium**

Using Consensus Forecast Estimate

FY 2021

FY 2022

Revised

Recommended

**Coal Severance Tax Resources**

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

**Local Government Economic Assistance Fund (LGEAF) Total Funds**

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

**Local Government Economic Development Fund (LGEDF)**

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Coal Severance Tax Revenue | 17,863,800        | 18,511,800        |
| <b>Total LGEDF enacted</b> | <b>17,863,800</b> | <b>18,511,800</b> |

**General Government**  
**Local Government Regional Development Agency Assistance**

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

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

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

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

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

**General Government**  
**Executive Branch Ethics Commission**

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

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

**Policy**

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

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

**General Government**

**Secretary of State**

|                                    | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|------------------------------------|----------------------------|--------------------------------|
| <b>Restricted Funds</b>            |                            |                                |
| Balance Forward                    | 8,702,800                  | 5,320,900                      |
| Current Receipts                   | 3,795,700                  | 4,310,100                      |
| Fund Transfers                     | -2,000,000                 |                                |
| <b>Total Restricted Funds</b>      | <u>10,498,500</u>          | <u>9,631,000</u>               |
| <b>Federal Fund</b>                |                            |                                |
| Current Receipts                   | 221,400                    | 221,400                        |
| <b>Total Federal Fund</b>          | <u>221,400</u>             | <u>221,400</u>                 |
| <b>TOTAL SOURCE OF FUNDS</b>       | <u>10,719,900</u>          | <u>9,852,400</u>               |
| <b>EXPENDITURES BY CLASS</b>       |                            |                                |
| Personnel Costs                    | 4,083,400                  | 4,118,000                      |
| Operating Expenses                 | 1,261,600                  | 1,162,500                      |
| Capital Outlay                     | 54,000                     | 54,000                         |
| <b>TOTAL EXPENDITURES</b>          | <u>5,399,000</u>           | <u>5,334,500</u>               |
| <b>EXPENDITURES BY FUND SOURCE</b> |                            |                                |
| Restricted Funds                   | 5,177,600                  | 5,113,100                      |
| Federal Fund                       | 221,400                    | 221,400                        |
| <b>TOTAL EXPENDITURES</b>          | <u>5,399,000</u>           | <u>5,334,500</u>               |
| <b>EXPENDITURES BY UNIT</b>        |                            |                                |
| General Administration             | 764,700                    | 764,700                        |
| General Operations                 | 4,634,300                  | 4,569,800                      |
| <b>TOTAL EXPENDITURES</b>          | <u>5,399,000</u>           | <u>5,334,500</u>               |

The Secretary of State, a constitutional officer as provided in Section 91 of the Kentucky Constitution, directs the Department of State of the Commonwealth. KRS 117.015 designates the Secretary of State as the chief Election Officer of the Commonwealth and the chair of the State Board of Elections. In addition, the Secretary of State appoints notaries public; issues Kentucky Colonel Commissions; is the keeper of the Seal of the Commonwealth of Kentucky; and maintains records of all official acts of the Governor as well as all legislation passed by the General Assembly.

The Office of the Secretary of State consists of the following organizational units: the Office of Business; Office of Elections; and the Office of Administration.

The Office of Business is responsible for the registration and incorporation of businesses, both domestic and foreign, profit and non-profit, including the administration of documents of merger, dissolution, and name changes. It also accepts and processes filings for limited liability companies and registered limited liability partnerships. These entities must also file articles of organization with the Secretary of State as well as amendments, mergers and dissolutions.

The Office of Administration is responsible for executive policy and management functions for the entire office. It prepares and records official documents for the Governor; administers Kentucky's notary public law; issues commissions, pardons, commutations, and extraditions; processes service of summonses; and implements the election laws of the Commonwealth.

The State Land Office is also under the supervision of the Secretary of State. It preserves Kentucky's land grant records and fulfills daily inquiries and requests for copies of those records. It files city annexations and incorporations, state deeds, and new land patents, and it provides the public with certified copies of land surveys, grants, and military warrants. The restoration process consists of indexing, de-acidifying, laminating, and bonding, thus safely preserving Kentucky's original land grants.

## Policy

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

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

**General Government****Board of Elections**

|  | Revised<br>FY 2021 | Recommended<br>FY 2022 |
|--|--------------------|------------------------|
| <b>SOURCE OF FUNDS</b>                     |                    |                        |
| <b>General Fund</b>                        |                    |                        |
| Regular Appropriation                      | 6,206,500          | 3,331,700              |
| <b>Total General Fund</b>                  | <b>6,206,500</b>   | <b>3,331,700</b>       |
| <b>Restricted Funds</b>                    |                    |                        |
| Balance Forward                            | 677,800            | 400,300                |
| Current Receipts                           | 1,911,000          | 144,600                |
| <b>Total Restricted Funds</b>              | <b>2,588,800</b>   | <b>544,900</b>         |
| <b>Federal Fund</b>                        |                    |                        |
| Balance Forward                            | 19,145,000         | 12,967,600             |
| Current Receipts                           | 40,000             | 40,000                 |
| CRF Receipts                               | 7,178,000          |                        |
| <b>Total Federal Fund</b>                  | <b>26,363,000</b>  | <b>13,007,600</b>      |
| <b>TOTAL SOURCE OF FUNDS</b>               | <b>35,158,300</b>  | <b>16,884,200</b>      |
| <b>EXPENDITURES BY CLASS</b>               |                    |                        |
| Personnel Costs                            | 1,829,100          | 1,837,900              |
| Operating Expenses                         | 1,907,100          | 764,000                |
| Grants Loans Benefits                      | 18,054,200         | 2,805,600              |
| <b>TOTAL EXPENDITURES</b>                  | <b>21,790,400</b>  | <b>5,407,500</b>       |
| <b>EXPENDITURES BY FUND SOURCE</b>         |                    |                        |
| General Fund                               | 6,206,500          | 3,331,700              |
| Restricted Funds                           | 2,188,500          | 246,000                |
| Federal Fund                               | 13,395,400         | 1,829,800              |
| <b>TOTAL EXPENDITURES</b>                  | <b>21,790,400</b>  | <b>5,407,500</b>       |
| <b>EXPENDITURES BY UNIT</b>                |                    |                        |
| General Administration and Support         | 4,597,700          | 1,663,900              |
| State Share of County Election Expenses    | 1,883,000          |                        |
| State Share of Voter Registration Expenses | 1,717,800          | 1,717,800              |
| Election Fund                              | 13,591,900         | 2,025,800              |
| <b>TOTAL EXPENDITURES</b>                  | <b>21,790,400</b>  | <b>5,407,500</b>       |

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

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

**General Administration and Support**

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

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

**State Share of County Election Expenses**

The State Share of County Election Expenses program reimburses county fiscal courts the state's share of county election expenses pursuant to KRS 117.345(2).

The state currently has 3,692 precincts with over 3 million registered voters. The number of precincts increases as voter registration totals increase and as reapportionment of county commissioner/magisterial districts and congressional and state redistricting occur.

**State Share of Voter Registration Expenses**

The State Board of Elections remits payment to county clerks for newly registered voters pursuant to KRS 116.145. There is a significant increase of newly registered voters in years that county and presidential candidates are on the ballot.

The State Board of Elections remits reimbursement to county clerks an amount not to exceed fifty cents (\$0.50) per registered voter in the county per year for the cost of employing office personnel necessary for the conduct of elections, including the registration and purgation of voters in the county pursuant to KRS 117.343 and KRS 116.112(7).

**Election Fund**

The Help America Vote Act (HAVA) became law in 2002. The Act imposed new election requirements on states and called for the upgrade of voting machines to be in compliance by January 1, 2006.

The Commonwealth initially received \$32.9 million in federal funds to carry out the requirements of HAVA, which were matched with state funds at a rate of five percent. The funds were used for the purchase of voting equipment, voter education, poll worker training, and enhancement of the statewide voter registration system. On December 8, 2006 the Board adopted the 2006 Amended State Plan, which indicated that the Commonwealth was in compliance with the requirements of HAVA.

**Policy**

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

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

**General Government  
Registry of Election Finance**

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

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

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

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

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

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

**Policy**

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



**General Government**

**Attorney General**

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

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

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

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

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

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

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

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

### **Policy**

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

**General Government**  
**Commonwealth's Attorneys**

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

Established by Section 99;100 of the Kentucky Constitution, the Commonwealth's Attorneys program is made up of 57 elected Commonwealth's Attorneys and their staffs, one for each judicial circuit. Currently 52 circuits have full-time Commonwealth's Attorneys, with the remaining circuits with part-time attorneys. Commonwealth's Attorneys are responsible for all felony prosecutions, including those prosecutions in which the penalty of death may be imposed upon the defendant. The prosecution of each felony requires a thorough investigation that involves extensive research and trial preparation by the prosecutor. Witness interviews, grand jury presentations, motions (including post-conviction motions), conferences, plea-bargaining, case studies, continuing legal education and participation on multi-disciplinary teams are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

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

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

**Policy**

The Governor's budget recommendation includes additional General Fund in the amount of \$320,200 in fiscal year 2022 to fund cost increases associated with providing a 1% increment.

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

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

**General Government****County Attorneys**

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

Established in Sections 99 and 100 of the Kentucky Constitution, the offices of the County Attorney are present in each of the 120 counties of the Commonwealth. Pursuant to KRS 15.725(2), each County Attorney attends the district court in the respective county and prosecutes all violations of criminal and penal laws within the jurisdiction of that district court. In accordance with KRS 15.735, County Attorneys also serve as special prosecutors in cases where the elected prosecutors have been disqualified.

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

**Policy**

The Governor's budget recommendation includes additional General Fund in the amount of \$127,100 in fiscal year 2022 to fund the cost increases associated with providing a 1% increment.

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

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

|  | <b>General Government</b>  |                                |
|--|----------------------------|--------------------------------|
|  | <b>Treasury</b>            |                                |
|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
| <b>SOURCE OF FUNDS</b>                             |                            |                                |
| <b>General Fund</b>                                |                            |                                |
| Regular Appropriation                              | 2,411,800                  | 2,433,400                      |
| <b>Total General Fund</b>                          | <b>2,411,800</b>           | <b>2,433,400</b>               |
| <b>Restricted Funds</b>                            |                            |                                |
| Balance Forward                                    | 512,500                    | 540,800                        |
| Current Receipts                                   | 28,300                     | 28,300                         |
| Non-Revenue Receipts                               | 1,848,400                  | 1,848,400                      |
| <b>Total Restricted Funds</b>                      | <b>2,389,200</b>           | <b>2,417,500</b>               |
| <b>Federal Fund</b>                                |                            |                                |
| Current Receipts                                   | 1,254,800                  | 1,250,800                      |
| <b>Total Federal Fund</b>                          | <b>1,254,800</b>           | <b>1,250,800</b>               |
| <b>Road Fund</b>                                   |                            |                                |
| Regular Appropriation                              | 250,600                    | 250,600                        |
| <b>Total Road Fund</b>                             | <b>250,600</b>             | <b>250,600</b>                 |
| <b>TOTAL SOURCE OF FUNDS</b>                       | <b>6,306,400</b>           | <b>6,352,300</b>               |
| <b>EXPENDITURES BY CLASS</b>                       |                            |                                |
| Personnel Costs                                    | 4,436,300                  | 4,439,000                      |
| Operating Expenses                                 | 631,100                    | 649,600                        |
| Grants Loans Benefits                              | 659,300                    | 655,700                        |
| Capital Outlay                                     | 38,900                     | 38,900                         |
| <b>TOTAL EXPENDITURES</b>                          | <b>5,765,600</b>           | <b>5,783,200</b>               |
| <b>EXPENDITURES BY FUND SOURCE</b>                 |                            |                                |
| General Fund                                       | 2,411,800                  | 2,433,400                      |
| Restricted Funds                                   | 1,848,400                  | 1,848,400                      |
| Federal Fund                                       | 1,254,800                  | 1,250,800                      |
| Road Fund  | 250,600                    | 250,600                        |
| <b>TOTAL EXPENDITURES</b>                          | <b>5,765,600</b>           | <b>5,783,200</b>               |
| <b>EXPENDITURES BY UNIT</b>                        |                            |                                |
| General Administration and Support                 | 1,529,000                  | 1,588,800                      |
| Disbursements and Accounting                       | 977,100                    | 939,600                        |
| Abandoned Property Administration                  | 1,848,400                  | 1,848,400                      |
| Commonwealth Council on Developmental Disabilities | 1,411,100                  | 1,406,400                      |
| <b>TOTAL EXPENDITURES</b>                          | <b>5,765,600</b>           | <b>5,783,200</b>               |

The Treasury Department is the central administrative agency responsible for the receipt and custody of all revenues collected by state government and for writing all checks and disbursing state funds, as outlined in KRS Chapter 41.

The State Treasurer, a constitutional officer as provided in Section 91 of the Kentucky Constitution, heads the Treasury Department. The Treasurer also serves on the Kentucky Lottery Board, the Kentucky Higher Education Assistance Board, as trustee of the Kentucky Teachers' Retirement System, the Deferred Compensation Authority, as Chair of the Kentucky Financial Empowerment Commission, and is Vice-Chair of the State Investment Commission. The Treasury Department is also responsible for administering the federal "Achieving a Better Life Experience", or STABLE, Kentucky program and provides administrative services to the Commonwealth Council on Developmental Disabilities, including the drawdown of federal funds. The Treasury Department reviews and records all investment transactions of the Commonwealth.

The General Administration and Support Division provides management support for Treasury including: fiscal control, personnel administration, and policy development and implementation. The Division issues over 4,200,000 checks and stubs each year, sends over 7,700,000 ACH payments, reconciles the various Commonwealth bank accounts, reconciles daily with the State Depository, administers and records court-ordered withholdings, and produces wire transfers for state government.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal funds, fees from officials in counties over 75,000 in population, and fees from various boards and commissions. This program also receives, balances, and deposits all withholdings. A computer analysis is maintained on daily receipts and disbursements, which subsequently is submitted to the Finance and Administration Cabinet for accounting posting.

The Unclaimed Property Division is responsible for administering the provisions of KRS Chapters 393 and 393A related to escheats. This program receives unclaimed property reports from holders and potential holders of unclaimed property, collects unclaimed property, pursues the location and collection of the property, and attempts to locate the rightful property owner.

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

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

## **Policy**

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

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

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

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

The Department of Agriculture, as defined in KRS Chapter 246, is headed by the Commissioner of Agriculture, a Constitutional Officer. The State Board of Agriculture, appointed by the Governor, acts as an advisory body to the elected Commissioner.

The Office of the Commissioner provides leadership and management for the Department, and includes the Division of Public Relations. The Office for Strategic Planning and Administration is responsible for personnel functions, budgeting, financial operation, and information technology systems.

The Office for Consumer and Environmental Protection directs programs which have a direct bearing on agricultural revenue. The Office conducts the grain regulation program, certifies all sales made by solid weight or liquid volume, licenses egg wholesalers, and inspects amusement rides operating within the Commonwealth. Duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the United States Department of

Agriculture. This office is responsible for conducting various pest and noxious weed control programs, enforcing federal and state laws and regulations pertaining to the control of pesticide use and application, and liaison between the regulator and those being regulated.

The Office of State Veterinarian protects the livestock industry pursuant to KRS Chapter 257. Its primary function is the prevention and eradication of animal disease, and to ensure the health of the state's multi-billion dollar animal agriculture industries. It enforces Kentucky's statutes on animal importation and movement, and provides numerous other services to the livestock and poultry industries.

The Office for Agricultural Marketing and Product Promotion develops and manages programs which promote Kentucky-produced agricultural products, including grading and inspecting specific products and commodities and reporting market news. Responsibilities of this office include the research and development of new and expanded outlets for Kentucky's agricultural products, agricultural education, agritourism development, farm safety, administration of the Shows and Fairs Promotion Division, and farmland preservation. The Office is also responsible for providing testing services for hay and other forages essential for Kentucky's livestock industries.

## **Policy**

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

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

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



**General Government**  
**Auditor of Public Accounts**

|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|--|----------------------------|--------------------------------|
|--|----------------------------|--------------------------------|

**SOURCE OF FUNDS**

**General Fund**

|                           |           |           |
|---------------------------|-----------|-----------|
| Regular Appropriation     | 7,787,000 | 5,814,500 |
| <b>Total General Fund</b> | 7,787,000 | 5,814,500 |

**Restricted Funds**

|                               |            |            |
|-------------------------------|------------|------------|
| Balance Forward               | 1,506,600  | 1,543,200  |
| Current Receipts              | 11,963,200 | 11,963,200 |
| <b>Total Restricted Funds</b> | 13,469,800 | 13,506,400 |

**TOTAL SOURCE OF FUNDS**

|  |            |            |
|--|------------|------------|
|  | 21,256,800 | 19,320,900 |
|--|------------|------------|

**EXPENDITURES BY CLASS**

|                           |            |            |
|---------------------------|------------|------------|
| Personnel Costs           | 18,365,500 | 16,192,924 |
| Operating Expenses        | 1,348,100  | 1,226,176  |
| <b>TOTAL EXPENDITURES</b> | 19,713,600 | 17,419,100 |

**EXPENDITURES BY FUND SOURCE**

|                           |            |            |
|---------------------------|------------|------------|
| General Fund              | 7,787,000  | 5,814,500  |
| Restricted Funds          | 11,926,600 | 11,604,600 |
| <b>TOTAL EXPENDITURES</b> | 19,713,600 | 17,419,100 |

**EXPENDITURES BY UNIT**

|                                   |            |            |
|-----------------------------------|------------|------------|
| Auditor of Public Accounts        | 1,780,000  | 1,800,700  |
| Financial Audit                   | 15,822,100 | 13,365,900 |
| Technology and Specialized Audits | 2,111,500  | 2,252,500  |
| <b>TOTAL EXPENDITURES</b>         | 19,713,600 | 17,419,100 |

The Auditor of Public Accounts is the constitutional officer responsible for auditing all state agencies and county governments, pursuant to KRS Chapter 43. Statutory responsibility requires the Auditor's Office to examine the state general accounts, the accounts of all state agencies, all private and semi-private agencies receiving or handling state funds, all state revenue collections, funds contained in each county's budget, and the accounts and papers of all county clerks and sheriffs. The Auditor must examine the management and control of all institutions and public works in which the state has financial interest or legal power.

The Auditor's Office is responsible for assisting state and local officials in establishing and maintaining proper accounting records, internal controls, and administrative controls over public funds. The Office responds to requests from public officials, the general public, the Legislative Research Commission, and the Governor's Office concerning financial and program matters, special audits, and investigations. Also, the Auditor of Public Accounts has primary responsibility for auditing nearly \$9 billion in federal funds expended in state and county governments.

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

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

State and Local Government Audits is responsible for financial audits of state agency transactions, pursuant to KRS 43.050, and of county officials such as fiscal courts, sheriffs, county clerks, property valuation administrators, county attorneys, and circuit clerks per KRS 43.070. Audits of major federal programs performed in accordance with the Single Audit Act of 1984 (amended in 1996) as enacted by the United States Congress are also performed by this office. Collectively, these audits identify significant waste, fraud, and abuse, and have led to numerous law enforcement referrals.

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

**Policy**

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

**General Government**

**Personnel Board**

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

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

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

**Policy**

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

**General Government  
Kentucky Retirement Systems**

|  | Revised<br>FY 2021 | Recommended<br>FY 2022 |
|--|--------------------|------------------------|
|--|--------------------|------------------------|

**SOURCE OF FUNDS**

**General Fund**

Regular Appropriation

384,000

**Total General Fund**

384,000

**Restricted Funds**

Non-Revenue Receipts

48,888,200

48,171,800

**Total Restricted Funds**

48,888,200

48,171,800

**TOTAL SOURCE OF FUNDS**

49,272,200

48,171,800

**EXPENDITURES BY CLASS**

Personnel Costs

40,450,900

39,734,500

Operating Expenses

8,437,300

8,437,300

Grants Loans Benefits

384,000

**TOTAL EXPENDITURES**

49,272,200

48,171,800

**EXPENDITURES BY FUND SOURCE**

General Fund

384,000

Restricted Funds

48,888,200

48,171,800

**TOTAL EXPENDITURES**

49,272,200

48,171,800

**EXPENDITURES BY UNIT**

Kentucky Retirement Systems

49,272,200

48,171,800

**TOTAL EXPENDITURES**

49,272,200

48,171,800

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

Kentucky Retirement Systems is administered by a seventeen-member board of trustees consisting of the Secretary of the Personnel Cabinet, ten members appointed by the Governor, and six members elected by employees and retirees of the three retirement systems. The Board is responsible for the collection and investment of contributions. Members of the Board are considered fiduciaries and are required to administer the funds in the sole interest of the members and beneficiaries of the systems. The Board is required to invest the funds under the "prudent person" rule. Investments are diversified among common stocks, government and private bonds, real estate and cash equivalents. An actuarial valuation is conducted each year to determine the funding status of the three systems, and an annual independent audit is performed as well.

Employers contribute a percentage of gross payroll recommended by the actuarial valuation. Pursuant to KRS 61.565 the General Assembly shall pay the full actuarially required contribution rate. Employees contribute at a fixed rate set in the statutes. The assets of the system are considered trust funds. All expenses are paid from the trust.

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

**Policy**

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

**General Government**  
**Occupational & Professional Boards & Commissions**

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

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

The thirty-eight occupational, professional and regulatory boards and commissions were created to safeguard the life, health, safety and welfare of the people of the Commonwealth who avail themselves of the services that are licensed or regulated by these boards. Board members are appointed by the Governor and represent both industry and consumer interests.

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

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

**General Government  
Kentucky River Authority**

|  | Revised<br>FY 2021 | Recommended<br>FY 2022 |
|--|--------------------|------------------------|
|--|--------------------|------------------------|

**SOURCE OF FUNDS**

**General Fund**

|                           |         |         |
|---------------------------|---------|---------|
| Regular Appropriation     | 288,500 | 290,800 |
| <b>Total General Fund</b> | 288,500 | 290,800 |

**Restricted Funds**

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

**TOTAL SOURCE OF FUNDS**

|  |            |           |
|--|------------|-----------|
|  | 10,797,100 | 9,010,200 |
|--|------------|-----------|

**EXPENDITURES BY CLASS**

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

**EXPENDITURES BY FUND SOURCE**

|                           |           |           |
|---------------------------|-----------|-----------|
| General Fund              | 288,500   | 290,800   |
| Restricted Funds          | 7,686,600 | 6,450,600 |
| <b>TOTAL EXPENDITURES</b> | 7,975,100 | 6,741,400 |

**EXPENDITURES BY UNIT**

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

The mission of the Kentucky River Authority is to protect the quality and sufficiency of the water supply in the Kentucky River Basin. The people and businesses in 42 counties depend on the river and its tributaries for clean drinking water, for commercial and industrial uses, and for the generation of electricity. The water supply is maintained in a series of pools behind 14 dams that were originally constructed by the Army Corps of Engineers beginning about 1837. Some of those dams also contain working locks that allow commercial and recreational boat traffic to move up and down the river. The Authority collects a water withdrawal fee from each water utility and business user in the watershed that supports programs which benefit the entire watershed. In addition, a second fee is collected from users who withdraw water from the main stem of the river. Those funds support the lock and dam renovation and reconstruction projects the Authority undertakes from time to time. The Authority also receives a small General Fund appropriation to staff the four operating locks during the summer, when there is considerable recreational activity on the river.

The Authority is created in KRS 151.705 as a public corporation and independent state agency. The Authority is governed by a board that consists of the Secretary of Finance and Administration, the Secretary of Energy and Environment and ten members appointed by the Governor. Those ten include a mayor and a county judge-executive from jurisdictions within the Kentucky River Basin, an engineer and a water quality expert. The board appoints an executive director and other staff necessary to carry out the responsibilities of the Authority.

The Authority has acquired title to the locks and dams upriver from Frankfort from the Army Corps of Engineers. Dams 1 through 4 between the Ohio River and Frankfort are maintained by the Authority under a long-term lease agreement until such time as the Army declares them to be surplus property.

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

**Policy**

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

**General Government**  
**School Facilities Construction Commission**

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

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

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

The School Facilities Construction Commission is also charged with distributing state funds allocated to the Kentucky Education Technology System's trust fund to assist local school districts in addressing their unmet education technology needs.

**Policy**

The budget includes sufficient General Fund to support debt service necessary to fulfill commitments made by previous sessions of the General Assembly in authorizing additional bonded indebtedness and related offers of assistance to local school districts.

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

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

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



**General Government  
Teachers' Retirement System**

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

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

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

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

Benefits are financed through member contributions, contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member contribution rate at 9.855 percent of gross salary for persons other than university faculty members joining the system prior to July 1, 2008. Persons joining on or after that date contribute 10.855 percent of gross salary. University faculty members who joined the system prior to July 1, 2008 contribute 8.375 percent of gross salary and their employer matches this amount. University faculty members joining on or after that date contribute 9.375 percent of gross salary with the employer matching that amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

HB 540 enacted by the 2010 Regular Session of the General Assembly required additional contributions to ensure the solvency and stability of the retirement system's medical insurance fund. Members hired prior to July 1, 2008, contribute

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

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

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

## **Policy**

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

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

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

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

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

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

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

|                                    | <b>General Government</b>  |                                |
|------------------------------------|----------------------------|--------------------------------|
|                                    | <b>Judgments</b>           |                                |
|                                    | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
| <b>SOURCE OF FUNDS</b>             |                            |                                |
| <b>General Fund</b>                |                            |                                |
| Regular Appropriation              | 22,500,000                 | 22,500,000                     |
| <b>Total General Fund</b>          | <b>22,500,000</b>          | <b>22,500,000</b>              |
| <b>TOTAL SOURCE OF FUNDS</b>       | <b>22,500,000</b>          | <b>22,500,000</b>              |
| <b>EXPENDITURES BY CLASS</b>       |                            |                                |
| Operating Expenses                 | 22,500,000                 | 22,500,000                     |
| <b>TOTAL EXPENDITURES</b>          | <b>22,500,000</b>          | <b>22,500,000</b>              |
| <b>EXPENDITURES BY FUND SOURCE</b> |                            |                                |
| General Fund                       | 22,500,000                 | 22,500,000                     |
| <b>TOTAL EXPENDITURES</b>          | <b>22,500,000</b>          | <b>22,500,000</b>              |
| <b>EXPENDITURES BY UNIT</b>        |                            |                                |
| Judgments                          | 22,500,000                 | 22,500,000                     |
| <b>TOTAL EXPENDITURES</b>          | <b>22,500,000</b>          | <b>22,500,000</b>              |

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

**Policy**

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

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

**General Government**  
**Appropriations Not Otherwise Classified**

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

Appropriations Not Otherwise Classified (ANOC) are appropriations not related to particular programs. Each item within this category has been given program status so that expenditures can be budgeted and accounted for separately.

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

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

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

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

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

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

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

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

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

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

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

### **Policy**

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

**General Government**  
**KY Communications Network Authority**

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

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

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

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

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

**Policy**

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

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

# Economic Development

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**Economic Development****Economic Development**

|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|--|----------------------------|--------------------------------|
|--|----------------------------|--------------------------------|

**SOURCE OF FUNDS****General Fund**

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

**Restricted Funds**

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

**Federal Fund**

|                           |                |                |
|---------------------------|----------------|----------------|
| Balance Forward           | 120,400        |                |
| Current Receipts          | 401,000        | 521,400        |
| <b>Total Federal Fund</b> | <b>521,400</b> | <b>521,400</b> |

**TOTAL SOURCE OF FUNDS**

|  |                    |                   |
|--|--------------------|-------------------|
|  | <b>282,661,100</b> | <b>36,776,400</b> |
|--|--------------------|-------------------|

**EXPENDITURES BY CLASS**

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

**EXPENDITURES BY FUND SOURCE**

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

**EXPENDITURES BY UNIT**

|                           |                    |                   |
|---------------------------|--------------------|-------------------|
| Economic Development      | 281,803,800        | 35,767,000        |
| <b>TOTAL EXPENDITURES</b> | <b>281,803,800</b> | <b>35,767,000</b> |

The Cabinet for Economic Development is governed by the Kentucky Economic Development Partnership. The Partnership board has 11 voting members and two non-voting members. The 11 voting members are the Governor, who is chairman, the Secretary of the Finance and Administration Cabinet, the Secretary of the Energy and Environment Cabinet, and eight citizen members appointed by the Governor who represent all sectors of the economic development community. The Secretary of the Cabinet for Economic Development (nominated by the Economic Development Partnership and appointed by the Governor) and the Secretary of the Tourism, Arts and Heritage Cabinet serve as non-voting members.

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

**Policy**

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



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

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

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

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

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

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

# Department of Education

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**Department of Education**

**Department of Education**

|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|--|----------------------------|--------------------------------|
|--|----------------------------|--------------------------------|

**SOURCE OF FUNDS**

**General Fund**

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

**Restricted Funds**

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

**Federal Fund**

|                           |                      |                    |
|---------------------------|----------------------|--------------------|
| Current Receipts          | 971,699,900          | 971,705,100        |
| CRF Receipts              | 130,000,000          |                    |
| <b>Total Federal Fund</b> | <b>1,101,699,900</b> | <b>971,705,100</b> |

**TOTAL SOURCE OF FUNDS**

|  |               |               |
|--|---------------|---------------|
|  | 5,093,219,300 | 5,238,354,400 |
|--|---------------|---------------|

**EXPENDITURES BY CLASS**

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

**EXPENDITURES BY FUND SOURCE**

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

**EXPENDITURES BY UNIT**

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

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

**Department of Education**  
**Support Education Excellence in Kentucky (SEEK)**

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

**Policy**

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

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

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

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

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

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

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

**Department of Education  
Operations and Support Services**

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

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

**Policy**

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

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

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

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

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

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

**Department of Education**  
**Operations and Support Services**  
**Finance & Operations**

|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|--|----------------------------|--------------------------------|
|--|----------------------------|--------------------------------|

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

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

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

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

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

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



## Policy

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

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

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

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

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

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

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

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

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

|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|--|----------------------------|--------------------------------|
|--|----------------------------|--------------------------------|

**SOURCE OF FUNDS**

**General Fund**

|                       |            |            |
|-----------------------|------------|------------|
| Regular Appropriation | 37,047,400 | 38,914,900 |
|-----------------------|------------|------------|

|                           |            |            |
|---------------------------|------------|------------|
| <b>Total General Fund</b> | 37,047,400 | 38,914,900 |
|---------------------------|------------|------------|

**TOTAL SOURCE OF FUNDS**

|  |            |            |
|--|------------|------------|
|  | 37,047,400 | 38,914,900 |
|--|------------|------------|

**EXPENDITURES BY CLASS**

|                 |           |           |
|-----------------|-----------|-----------|
| Personnel Costs | 3,328,300 | 3,395,800 |
|-----------------|-----------|-----------|

|                    |            |            |
|--------------------|------------|------------|
| Operating Expenses | 17,978,700 | 17,978,700 |
|--------------------|------------|------------|

|                       |            |            |
|-----------------------|------------|------------|
| Grants Loans Benefits | 15,740,400 | 17,540,400 |
|-----------------------|------------|------------|

|                           |            |            |
|---------------------------|------------|------------|
| <b>TOTAL EXPENDITURES</b> | 37,047,400 | 38,914,900 |
|---------------------------|------------|------------|

**EXPENDITURES BY FUND SOURCE**

|              |            |            |
|--------------|------------|------------|
| General Fund | 37,047,400 | 38,914,900 |
|--------------|------------|------------|

|                           |            |            |
|---------------------------|------------|------------|
| <b>TOTAL EXPENDITURES</b> | 37,047,400 | 38,914,900 |
|---------------------------|------------|------------|

The Office of Education Technology (OET) provides planning, administration, and quality assurance for the Kentucky Education Technology System (KETS). OET consists of four areas: the Division of School Technology Services; the Division of School Technology Planning and Project Management; the Division of School Data Services, and KETS Field Services.

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

The KETS Offers of Assistance program provides school districts with state funds for education technology purchases. The Division of Engineering and Management determines which districts are eligible to receive KETS offers of assistance and submits this information to the School Facilities Construction Commission (SFCC). The SFCC distributes KETS offers of assistance to eligible districts based on each district's average daily attendance. School districts must spend the offers on appropriate education technology items or services and the districts are required to match funds dollar for dollar.

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

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

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

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

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

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

**Policy**

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

**Department of Education  
Learning and Results Services**

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

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

**Policy**

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

**Department of Education**  
**Learning and Results Services**  
**Continuous Improvement & Support**

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

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

The Division of School and Program Improvement implements and monitors the following federal and state programs: School-Based Decision-Making councils, Every Student Succeeds Act (ESSA); Title I, Parts A (Improving the Academic Achievement of the Disadvantaged), C (Education of Migrant Children), D (Programs for Children and Youth who are Neglected and Delinquent), F (Comprehensive School Reform), and the Stewart B. McKinney Homeless Assistance Act for the Education of Homeless Children and Youth. The Division also provides assistance to school and districts in need of improvement through the use of diagnostic reviews and comprehensive improvement planning.

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

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

**Policy**

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

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

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

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

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

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

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

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

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

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

**Policy**

The budget includes General Fund for the following programs:

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

**Department of Education**  
**Learning and Results Services**  
**Educator Licensure and Effectiveness**

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

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

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

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

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

The Office of Standards, Assessment and Accountability is responsible for developing and implementing Kentucky's system of assessing progress by students, schools, and districts. The Office supplies information on regulations, policies and procedures, a calendar of important assessment dates, manuals, and information for districts and schools on using testing data to improve instruction. The Office of Assessment and Accountability also oversees the implementation of testing and data requirements enacted by Senate Bill 1 of the 2017 Regular Session of the General Assembly.

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

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

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

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

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

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

## **Policy**

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

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



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

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

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

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

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

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

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

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

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

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

The **Kentucky School for the Deaf**, located in Danville, Kentucky, provides educational services to deaf children who cannot be served by local school districts. The School's educational program consists of appropriate classroom instruction, life skills, physical education, and vocational training. Students receive instruction in accordance with their Individual Education Plan (IEP) that emphasizes language and communication skills development.

Students at the Kentucky School for the Deaf are housed in campus dormitories supervised by houseparents. The students receive practical living skill instruction in personal safety, hygiene, and independent living skills.

The Kentucky School for the Deaf also supports an Outreach Program which provides consultative, technical, and evaluative support to local school districts on how to provide effective educational services to deaf children attending school in a local district. The Kentucky School for the Deaf is the designated Statewide Educational Resource Center on Deafness.

### **Policy**

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

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

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

The Office of Career and Technical Education and Student Transition provides occupational-specific education and training for Kentucky's citizens in order to develop a skilled and versatile workforce. The main responsibility is providing education and technical training to youth and incumbent workers that match the needs of Kentucky business and industry. The Office of Career and Technical Education and Student Transition manages 53 area technology centers. These area technology centers prepare students for postsecondary technical training leading to a certificate or an associate's degree, academic pursuits at a four-year college or university, or entry into the labor market with an industry-recognized qualification. The Office of Career and Technical Education and Student Transition is also responsible for programs under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

**Policy**

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

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

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

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

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

Local District Health Insurance

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

Local District Life Insurance Fund

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

**Policy**

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

# Education and Workforce Development

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## Education and Workforce Development

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

During the 2006 Regular Session of the General Assembly, Senate Bill 105 combined several departments and offices from the former Education, Arts, and Humanities Cabinet and the former Workforce Development Cabinet to create the Education Cabinet. Senate Bill 78 from the 2009 Regular Session of the General Assembly renamed the cabinet to the Education and Workforce Development Cabinet to emphasize the important connection between education and workforce development. Since that time, other changes have been implemented via enacted legislation including moving the Council on Postsecondary Education from the Education and Workforce Development Cabinet to the Governor's Office, for administrative purposes; moving the Governor's Scholars Program from the Governor's Office to the Education and Workforce Development Cabinet; and dissolving the Board for Proprietary Education and creating the Commission on Proprietary Education, and moving it to the Education and Workforce Development Cabinet for administrative purposes.

The following agencies comprise the Education and Workforce Development Cabinet:

- Department of Education
- Kentucky Center for School Safety
- Governor's Scholars Program
- Education Professional Standards Board
- Kentucky Commission on the Deaf and Hard of Hearing
- Environmental Education Council
- Department for Workforce Investment
- Kentucky Commission on Proprietary Education
- Kentucky Educational Television
- Department for Libraries and Archives

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

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

General Administration and Program Support provides the central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. It is responsible for policy and budget development and personnel transactions; legal services including legislative and regulatory development and oversight; a communications strategy with the public, business, and industry; economic analysis and research; accounting, purchasing, and facilities management; and information technology and other administrative support services.

The program includes the following units:

- The Office of the Secretary provides strategic direction and leadership to establish the focus for policy development, implementation, and program priorities. The Office coordinates Cabinet activities among its departments and agencies to ensure continuous improvement in administration and efficient service to the citizens of the Commonwealth. The Secretary serves as the Chief Executive Officer of the Cabinet and is an advisor to the Governor and the General Assembly.
- The Office of Educational Programs assists in maintaining the Cabinet's presence with educational agencies and managing state-wide educational programs, among other responsibilities.



- The Office of Legal and Legislative Services oversees the Cabinet's legislative agenda and issues, including constituent services and board and commissions responsibilities.
- The Office of Administrative Service is the Cabinet's chief financial and administrative office. The Division of Operations and Support Services and the Division of Fiscal Management is responsible for the management of all state-owned/state-operated facilities, equipment, and property assigned to the Cabinet, The Division of Fiscal Management responsible for all central office purchasing, auditing and processing financial documents, compliance with the Federal Cash Management Act, federal reporting, development of the Indirect Cost Plan, monitoring and reconciliation of all financial transactions, and compliance with state and federal guidelines. The Division of Human Resources is responsible for all Cabinet personnel activities including personnel and payroll processing, providing benefits services to Cabinet employees and developing workshops and training programs for employees.
- The Office of Technology Services oversees and assists with the Cabinet's application development needs and serves as the central location for all Cabinet data processing programs statewide. The Office works with the Commonwealth Office of Technology to effectuate the Cabinet's information technology infrastructure objectives.
- The Office of Communication provides internal and external communications, marketing support and media advisory services to the Cabinet, Executive Offices, Department for Workforce Investment and other Cabinet agencies. The Office interprets and disseminates information about the Cabinet and its components to employees, the media and the general public.
- The Office of the Kentucky Center for Statistics and the Board of the Kentucky Center for Statistics manage and oversee the Kentucky Longitudinal Data System. The System is a data repository housing early childhood through postsecondary education, and training and employment information. The Office removes individual identifiers from the data and links information across agencies, schools, and institutions to provide a complete picture of the education-to-employment process to better inform decisions made by state and local policy makers, the general public, and other stakeholders. The office conducts studies and provides feedback about the performance of high school graduates after they go to college; the outcome of teacher preparation, college, adult education, and other programs; and develops the Kentucky County Profiles book. The Kentucky Center for Statistics Board is comprised of the heads of the five participating agencies and includes the commissioner of the Department of Education, the president of the Kentucky Council on Postsecondary Education, the secretary of the Education and Workforce Development Cabinet, the secretary of the Cabinet for Health and Family Services and the CEO/Executive Director of the Kentucky Higher Education Assistance Authority. The board is charged with developing a detailed access and use policy for data and information request, overseeing the Office and establishing its research agenda, and overseeing compliance by the Office with the federal Family Educational Rights and Privacy Act and other relevant federal and state privacy laws.
- The Governor's Scholars Program (GSP) is designed to motivate and empower Kentucky's brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented rising high school seniors. The scholars, chosen competitively, spend five uninterrupted weeks in the program on three college campuses. The Program served 1,078 students in the summer of 2017.

The Early Childhood Advisory Council (KRS 200.700) was established in the Governor's Office in 2011 and reorganized to the Education and Workforce Development Cabinet in 2019. The office coordinates development and continuing activities of Community Early Childhood Councils. The Councils work toward implementation of Kentucky's long-range strategic plan for early childhood development on the local level. The councils build upon existing resources, foster public-private partnerships, and work within their communities toward such goals as the availability of high quality, accessible, and affordable early childhood care options. The Early Childhood Advisory Council provides technical assistance, monitoring, evaluations of the local partnerships and provides financial assistance to local councils through Tobacco funds.

## **Policy**

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

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

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

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

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

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

**Education and Workforce Development**

**Proprietary Education**

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

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

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

**Education and Workforce Development**

**Deaf and Hard of Hearing**

|  | <b>Revised<br/>FY 2021</b> | <b>Recommended<br/>FY 2022</b> |
|--|----------------------------|--------------------------------|
|--|----------------------------|--------------------------------|

**SOURCE OF FUNDS**

**General Fund**

|                           |                |                |
|---------------------------|----------------|----------------|
| Regular Appropriation     | 970,200        | 975,700        |
| <b>Total General Fund</b> | <b>970,200</b> | <b>975,700</b> |

**Restricted Funds**

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Balance Forward               |                  | 1,500            |
| Current Receipts              | 1,379,700        | 1,379,700        |
| <b>Total Restricted Funds</b> | <b>1,379,700</b> | <b>1,381,200</b> |

**TOTAL SOURCE OF FUNDS**

|  |           |           |
|--|-----------|-----------|
|  | 2,349,900 | 2,356,900 |
|--|-----------|-----------|

**EXPENDITURES BY CLASS**

|                           |                  |                  |
|---------------------------|------------------|------------------|
| Personnel Costs           | 1,308,800        | 1,303,900        |
| Operating Expenses        | 1,039,600        | 1,038,800        |
| <b>TOTAL EXPENDITURES</b> | <b>2,348,400</b> | <b>2,342,700</b> |

**EXPENDITURES BY FUND SOURCE**

|                           |                  |                  |
|---------------------------|------------------|------------------|
| General Fund              | 970,200          | 975,700          |
| Restricted Funds          | 1,378,200        | 1,367,000        |
| <b>TOTAL EXPENDITURES</b> | <b>2,348,400</b> | <b>2,342,700</b> |

**EXPENDITURES BY UNIT**

|  |                  |                  |
|--|------------------|------------------|
| Commission on the Deaf and Hard of Hearing | 2,348,400        | 2,342,700        |
| <b>TOTAL EXPENDITURES</b>                  | <b>2,348,400</b> | <b>2,342,700</b> |

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

**Policy**

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

## Education and Workforce Development

### Kentucky Educational Television

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

KET was established by the Kentucky General Assembly in the early 1960s for the purpose of supporting educational excellence in the Commonwealth. The agency's mission includes service to citizens of the Commonwealth in the home, in institutions of education, and in the workplace. As required by KRS 168, the Kentucky Authority for Educational Television (KET) produces and transmits educational programming for students in public schools, state supported institutions of higher education, and others desiring broadcast programs and services. KET is divided into three program areas: General Administration and Support, Broadcasting and Education, and Engineering.

The Broadcasting and Education unit acquires and produces programs and related support material which will most effectively carry out the mission and policies set by the Kentucky Authority for Educational Television. This process includes soliciting feedback from appropriate audiences and seeking input from agencies and groups such as the Kentucky Department of Education and the Higher Education Telecommunications Consortium. The unit assembles three channels of television programming: KET1 carries educational and informational programs for all Kentucky citizens; KET2 carries additional programs and repeats of important programs carried on KET1; and KETKY carries programs about Kentucky and Kentuckians and overnight feeds of instructional programs for schools. KETKY also carries the Kentucky General Assembly when in session or in committee, as well as, occasional special feeds for the State Department of Education, Kentucky Community and Technical College System or other partners as needed.

Instructional programming for elementary and secondary schools directly supports the learning goals and outcomes of Kentucky's Common Core Standards, adopted in February 2010. The Broadcasting and Education unit produces interactive and other distance learning courses designed to provide equal access to a variety of learning opportunities for all students. It produces professional development opportunities for educators throughout the state and broadcasts programs designed to help people in the workplace. Acquired and/or locally produced programming services are delivered to under-educated adults, professionals in need of training, and other citizens with various needs related to their jobs and professions. The unit also produces multiple schedules of nationally- and locally-produced programs for citizens at home and in the workplace. This includes educational and public affairs programming as well as quality arts experiences for all Kentuckians. A full line-up of children's educational programs offers a quality alternative to commercial television viewing.

KET's Engineering Service unit oversees the delivery of KET programs and other services. It operates and maintains a land-based broadcast network of 16 digital transmitters and three translators capable of delivering multiple channels of content and data into all parts of the state. The Engineering Service unit operates all technical equipment to specifications mandated by the Federal Communications Commission.

The General Administration and Support unit oversees the implementation of KET's mission as directed by the Kentucky Authority for Educational Television and recommends and carries out the policies of the Authority in all matters of the agency. The unit assures that the agency is in compliance with pertinent state regulations and federal broadcast laws and works to ascertain the desires of the citizens of the Commonwealth. The unit conducts research and planning activities to verify the needs of current and potential audiences then works to assure effective, efficient, and appropriate service to those audiences.

### **Policy**

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

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

**Education and Workforce Development**

**Environmental Education Council**

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

The Kentucky Environmental Education Council was established in 1990 by KRS 157.910 and is charged with improving the environmental literacy of all Kentuckians. The Council provides opportunities for all Kentuckians to understand both that environmental problems exist and how each person's actions contribute to the health of the environment. In accordance with KRS 224.10-250, the Council receives the first \$150,000 in environmental fines and penalties collected by the Energy and Environment Cabinet for funding programs and activities that improve the quality of environmental education in the Commonwealth. These programs and activities include:

- Working with citizens, especially those engaged in environmental education, to implement the master plan for improving environmental education and environmental literacy.
- Working with the Kentucky Department of Education, the Education Professional Standards Board, and agencies that make up the Environmental Education Interagency Committee to establish guidelines for improving professional development in environmental education for educators.
- Establishing standards for environmental education that fit within the Kentucky Department of Education's instructional standards and help insure balanced, ecologically-based curriculum and instruction.
- Working to ensure that environmental education is equitably distributed to all Kentuckians.

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

**Education and Workforce Development**

**Libraries and Archives**

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

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

The Department is directed by three goals:

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

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



## Education and Workforce Development

### Libraries and Archives

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

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

#### Administrative Services

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

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

#### Field Services

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

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

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

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

## **State Library Services**

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

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

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

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

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

## **Public Records**

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

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

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

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

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

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

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

### **Policy**

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

## Education and Workforce Development

### Direct Local Aid

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

Direct Local Aid provides the following services to citizens of the Commonwealth:

- Federal grants are provided for continuing education, training, and demonstration projects.
- State aid provides cash grants to all counties with legally established public libraries. The grant funds may be used for the following purposes: purchase, upgrade, and maintenance of technology resources; purchase of library materials and equipment; maintenance and operation of bookmobiles and extension programs; staff and trustee training and compensation; building maintenance; debt service; resource-sharing; program development; and certain other local library needs and services.
- The Bookmobile program furnishes and replaces bookmobiles used by Kentucky's public libraries. The bookmobiles provide informational and educational resources to those who cannot physically reach a public library. Bookmobiles make regular stops at schools, daycare centers, and after-school centers. Services are also provided to the elderly and homebound individuals. Funds are also provided for maintenance and repair of existing bookmobiles. Services are provided as funds are available.
- Construction grants are available through a competitive application process to assist with retiring debt associated with the construction or repair of library facilities.
- Institution grants are given to two local libraries to administer library service in three state prisons. The Danville Library works with the Northpoint Training Center, and the Oldham County Public Library works with the Kentucky State Reformatory and the Kentucky Correctional Institution for Women.
- Kentucky Talking Book Library grants are given to assist in the delivery of services directly to blind and physically disabled library patrons.
- Local Records grants provide funds to assist local governments with the protection and preservation of public records, and the improvement of local government records management programs.

These services are administered by the Department's program divisions: Field Services, State Library Services, and Public Records. Direct services include cash grants, library materials, and bookmobiles.

### Policy

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

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

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

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

**Policy**

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

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

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

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

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

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

The Office employs Vocational Rehabilitation Counselors and Program Specialists who utilize vocational assessments, and counseling and guidance services to match workers with disabilities to labor market needs. An array of services is provided to assist clients with reaching employment goals. Job preparation activities include on-the-job training and vocational and classroom instruction. Job development and placement services assist the individual in obtaining and maintaining suitable employment. Transition activities support a move from the classroom to the workplace. Rehabilitation technology adapts the physical environment at work or home to meet employment needs. Follow-up services ensure that employment is progressing satisfactorily. Counselors and Specialists receive ongoing training to maintain certification and to gain knowledge of the latest developments in rehabilitation strategies and techniques.

The Office also provides services for employers. Such services include preparing job-qualified applicants, conducting job analyses, recommending job modifications, and conducting disability awareness programs. Other services include disability awareness training programs and affirmative action planning and services to employees with disability-related problems. As a result, employers experience risk reduction, save resources spent on training new hires, and increase cash flow through access to tax incentives.

The Rehabilitation Act of 1973, as amended, authorizes and provides federal funding for state vocational rehabilitation programs. Kentucky Revised Statutes 151B.180-210 complies with all provisions of the Act. The Code of Federal Regulations (CFR Chapter 34) and Title 781 of the Kentucky Administrative Regulations establish functions of the program. The Office also complies with relevant sections of the Kentucky Department of Education's administrative regulations.

The Division of Field Services provides direct vocational rehabilitation services to eligible individuals who have physical or mental disabilities and is responsible for the actual intake and client service delivery efforts of the Office and performs certain administrative functions. The Division implements the federal Rehabilitation Act of 1973 and must make available, services appropriate to the needs of individuals with disabilities. The services enumerated in the Rehabilitation Act include: evaluation of vocational rehabilitation potential; counseling and guidance; physical and mental restoration services; vocational and other training services; maintenance; transportation; services to family members; interpreter services and note-taking services for persons who are deaf; reader services and note-taking services for persons who are blind; assistive technology and devices; personal assistance services; recruitment and training services; placement; post-employment services; occupational licenses, equipment, initial stock and supplies; and other goods and services needed for employment.

Program Planning and Development provides administrative and staff functions to enhance equitable and efficient service delivery to eligible individuals with disabilities. The Division has statewide responsibility for program planning, program evaluation, policy development, human resource development, job development and placement, and development of new and innovative programs. The Division also provides staff support to the Statewide Advisory Council for Vocational Rehabilitation and the Statewide Independent Living Council. Federal regulations require an approved State Plan for Vocational Rehabilitation Services under Title I of the Rehabilitation Act as a condition for receiving Federal Funds.

The Carl D. Perkins Vocational Training Center (CDPVTC) at Thelma, Kentucky, is a multi disciplinary residential rehabilitation facility located in Johnson County. The CDPVTC operates five major programs: Vocational Evaluation, Work Adjustment, Vocational Training, Physical Restoration/Outpatient Medical Rehabilitation, and Brain Injury Community Re-entry. All programs meet standards for program quality as documented by the Commission on Accreditation of Rehabilitation Facilities (CARF). Within these five programs, the following professional services are available: comprehensive vocational assessment, vocational training, physical therapy, occupational therapy, speech therapy, nursing services, physician services, adjustment services, psychological and psychiatric services, adult therapeutic recreation, vocational rehabilitation counseling, social services, assistive technology, transportation, and administrative services. A wide range of educational programs and services including developmental math, reading, GED test preparation, and the External Diploma Program are also available. The CDPVTC offers individualized placement services through Preparing Adults for Competitive Employment (PACE) and an Employment Relations Specialist.

The Kentucky Assistive Technology Service (KATS) Network is a federally funded project operating within the Office of Vocational Rehabilitation. KATS is a statewide collaborative system of consumer-oriented organizations that help to provide assistive technologies to individuals with a variety of disabilities.

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

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

The Division provides vocational rehabilitation of blind and visually impaired Kentuckians. Vocational Rehabilitation Counselors provide vocational counseling, evaluation, physical and mental restoration, vocational and higher education training, assistive technology training, adaptive devices, orientation and mobility training, and job placement services. The Counselors receive ongoing training to maintain certification and to gain knowledge of the latest developments in rehabilitation techniques. The Office provides services through the following avenues:

- The Office has 10 field offices that provide direct vocational rehabilitation services to individuals with severe visual impairments.
- The Charles McDowell Comprehensive Rehabilitation Center for the Blind is a facility in Louisville that provides training in vocational preparation, personal adjustment services, independent living skills, orientation and mobility skills, Braille, assistive technology, career assessment, vocational planning, work adjustment, and work experience.
- In Lexington and Paducah, the Division operates two volunteer recording units that provide audio-recorded materials statewide for blind and visually impaired individuals.
- The Business Enterprise Program trains and provides equipment to blind individuals for self-employment at vending facilities located statewide.
- The Independent Living Program provides training to blind and visually impaired individuals in areas that will enable them to live and function independently.

Pursuant to KRS 163.470(11) and the federal Randolph-Sheppard Act, the Division of Business Enterprises Program (BEP) establishes vending facilities on state, federal, and other property to provide remunerative employment for licensed

merchants who are visually impaired. Business Enterprises staff provides management services and training to individuals who are visually impaired, identifies and develops new sites suitable for vending facilities, and repairs and replaces equipment in existing vending facilities.

The Business Enterprise Program also collects a set-aside, or fee based upon the percentage of gross sales from vending operations. The visually impaired merchants currently contribute five percent of their net income to be used for their own health insurance and an IRA. The funds received from the interstate vending contract are utilized exclusively in the Business Enterprises Program.

Pursuant to KRS 163.470 and Title VII of the Rehabilitation Act, independent living specialists provide short-term, individualized instruction for individuals who are blind so they may be able to function independently. Services include information, counseling, and skills training in activities of daily living. Mobility training, assistive devices, referrals to community resources in housing and transportation, and information on services offered by other agencies are provided. The service population consists mainly of individuals who are elderly or unable to work due to the severity of disabilities.

The Division employs independent living specialists who are located throughout the state. These specialists make home visits and provide specially-adapted aids and appliances such as Braille and talking watches, controls on stoves, writing guides, phone dials, and canes. They provide limited instruction in household tasks such as cooking, keeping time, and learning in the home. The specialists also work with families to educate them about blindness and how to promote independent living.

### **Policy**

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



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

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

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

**Policy**

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

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

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

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

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

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

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

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

**Policy**

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

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

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

In accordance with the provisions of the Workforce Innovation and Opportunity Act (WIOA), Kentucky continues to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs. WIOA reforms implemented by the Commonwealth include streamlining services through a one-stop service delivery system housed in Kentucky Career Centers located throughout the state, empowering individuals by means of information and access to training resources through individual training accounts, providing universal access to core services, increasing accountability for results, ensuring a strong role for Local Workforce Investment Boards and the private sector in the workforce investment system, facilitating state and local flexibility, and improving youth services.

The Workforce Innovation and Opportunity Act specifies three funding streams to the states and local areas: adults, dislocated workers, and youth.

Most services for adults and dislocated workers are provided through the Kentucky Career Centers, and most customers use individual training accounts to determine which training programs and training providers best fit their needs. The Act authorizes core services available to all adults, and intensive services for unemployed individuals who are not able to find jobs through core services alone. In some cases, intensive services are available to employed workers who need more help to find or keep a job that will lead to self-sufficiency.

Through WIOA, youth are prepared for postsecondary educational opportunities or employment. Programs link academic and occupational learning and include tutoring, study skills training, and instruction leading to completion of secondary school (including drop-out prevention); alternative school services; mentoring by appropriate adults; paid and unpaid work experience (i.e. internships and job shadowing); occupational skills training; leadership development; and appropriate supportive services.

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