

Forward, Together



2024-2026 **BUDGET OF THE COMMONWEALTH**

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TEAM
KENTUCKY®

Budget in Brief

Commonwealth of Kentucky
2024 – 2026
Budget of the Commonwealth
Budget in Brief

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The Budget of the Commonwealth for the 2024-2026 biennium is the financial plan for Kentucky State Government as enacted by the Regular Session of the 2024 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 2024-2026 Budget of the Commonwealth is presented in four volumes:

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

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

Kentucky's 2024-2026 Budget

EXECUTIVE SUMMARY

FORWARD, TOGETHER

Kentucky's economy is surging. The Commonwealth has seen record new private sector investment in the last four years. These successes have vaulted Kentucky's finances to a historic position and sets the table for game-changing and state-changing investments.

Kentucky had three consecutive fiscal years of record-setting budget surpluses. The revenue estimates for the 2024-2026 biennium continue that momentum. The Consensus Revenue Forecasting Group's new, official estimate calls for \$1.4 billion more in General Fund revenues than budgeted in the current year. Even with a 20% reduction in income tax rates, from 5% to 4%, effective January 2024, the revenue estimate for fiscal year 2025 is approximately the same as the current year, with a 2.8% growth rate in fiscal year 2026.

The 2024 Regular Session of the Kentucky General Assembly passed a biennial budget, financing for fiscal years 2024 and 2025. One of the most notable elements is the use of \$3.1 billion from the General Fund's Budget Reserve Trust Fund to support one-time appropriations. This was done through House Bill 1 as amended by Senate Bill 91. These appropriations were made exempt from the individual income tax reduction conditions by suspending the statute established in 2022. The budget also deposited \$2.9 billion into the Budget Reserve Trust Fund. The current balance of the Budget Reserve Trust Fund is \$3.7 billion, and the budgeted balance at the end of fiscal year 2026 is \$3.5 billion.

A FISCALLY RESPONSIBLE BUDGET

The 2024-2026 budget is both fiscally responsible and real. The enacted budget:

- Is based on sound economic assumptions agreed to by the nine-member Consensus Forecasting Group of outside economists and financial experts who under state statute determine the official revenue estimates
- Devotes non-recurring resources solely to non-recurring uses
- Pays down on the Commonwealth's pension liabilities
- Adjusts the current \$3.7 billion balance of the Budget Reserve Trust Fund, or rainy day fund, down to \$3.5 billion over the biennium through a combination of deposits and one-time uses, which is over 21% of General Fund revenues at the end of fiscal year 2026
- Pays down on the deferred maintenance debt of the Commonwealth
- Is structurally balanced, with less recurring spending than recurring revenues
- Stays significantly below the Commonwealth's debt service to revenue policy cap of 6% with a ratio of just 4.87%, one of the lowest debt ratios since the policy was adopted, even with the record level of debt enacted by the 2024 General Assembly.

EDUCATION FIRST

PRESCHOOL THROUGH HIGH SCHOOL EDUCATION

The budget adds \$969 million over the biennium to the public education budget, providing \$263 million in fiscal year 2025 and \$706 million in fiscal year 2026 more than the current budget amounts.

SEEK Funding - a 5.3% increase

The 2024-2026 budget provides a 5.3% increase in funding for SEEK over the biennium. The majority of the increase is directed to pupil transportation, retirement contributions, and Tier I equalization funding.

Increases the Base Per Pupil by 9.2%

Kentucky's formula funding program for elementary and secondary schools, the SEEK program, has a base per-pupil of \$4,200 in fiscal year 2024. The budget raises that to \$4,326 in fiscal year 2025, a 3% increase, and to \$4,586 in fiscal year 2026, a 6% increase. Cumulatively, over the biennium, the base per pupil was raised by 9.2%.

Due to higher property valuations and lower pupil attendance, there will be unspent funding in the SEEK budget in the current fiscal year. The General Assembly budgeted \$156.3 million to be unspent.

Fully Fund Pupil Transportation

The budget fully funds pupil transportation for school districts in the second fiscal year, an increase over fiscal year 2024 of \$84.5 million in fiscal year 2025 and \$124.4 million in fiscal year 2026. The formula for pupil transportation has not been fully funded since 2004.

Tier I Equalization

The budget allows school districts to levy a Tier I tax rate that will produce up to 17.5% of those revenues guaranteed by the SEEK Program. This is an increase from 15% and results in additional equalization funding of \$40.5 million in fiscal year 2025 and \$29.3 million in fiscal year 2026.

Teachers' Retirement Funding in SEEK Budget

The SEEK budget pays for all but the federal fund share of the teachers' retirement employer contributions for every eligible school district employee, an additional \$9.7 million in fiscal year 2025 and \$19.4 million in fiscal year 2026.

Facilities Funding

The equalization of school district local tax levies dedicated to capital improvements continues to be a growing part of the SEEK budget. An additional \$43.2 million in fiscal year 2025 and \$12.9 million in fiscal year 2026 is funded.

Teacher/School Employee Compensation and Benefits

No teacher or school district employee salary increase was specified in the budget.

The budget **fully funds the teachers' pension and retiree medical benefits**. An additional \$118.3 million is provided in fiscal year 2025 and an additional \$308.8 million in fiscal year 2026. The Commonwealth's "shared responsibility" portion of funding the medical benefits requires \$65.9 million in fiscal year 2025 and \$84.2 million in fiscal year 2026.

There will be **no health insurance premium increases** for school employees. An additional \$93.7 million in fiscal year 2025 and \$227.6 million in fiscal year 2026 is included for the increase in employer contributions will prevent any premium increases for school employees.

Teacher Recruitment Student Loan Forgiveness

The budget includes funding for a teacher loan forgiveness program to be administered by the Kentucky Higher Education Assistance Authority by providing \$4.8 million in fiscal year 2025 and \$10 million in fiscal year 2026.

Student Teacher Stipends

The budget includes \$7.3 million in each fiscal year for a new student teacher stipend program to be administered by the Kentucky Higher Education Assistance Authority. The program provides \$5,000 stipends for student teachers to reduce financial barriers for future educators enrolled in teacher preparatory programs.

Kentucky Numeracy Counts

For a multitiered system of supports to support and engage all students in learning to apply mathematical content and practices at a proficient level by the end of the 5th grade, \$5 million is provided each year.

Secondary Career and Technical Education

The budget includes a \$50 million pool of funding for the renovation and improvements of secondary career and technical education centers. This is in addition to the \$245 million provided over the last two biennial budgets. The improvements to these facilities have modernized these facilities, providing more up-to-date technical programs, and have generated greater interest from employers – improving the pipeline from school to career.

School Facilities Construction Commission – Additional Offers of Assistance

The budget includes authorization for the School Facilities Construction Commission to make an additional \$40 million in Offers of Assistance. It also includes the necessary debt service to finance the \$85 million in Offers of Assistance authorized in the 2022-2024 budget.

School Construction Funding Cost Overrun Pool

Like other construction projects, local school district construction projects have also been impacted by inflation, leaving some districts unable to complete projects as originally planned and stalling projects currently underway. The budget includes \$146.7 million in bond funds for a pool of funds to fill the gaps in funding necessary to complete school district construction

projects. Funds will be awarded by the School Facilities Construction Commission on a competitive basis.

Special Offers of Assistance for School Construction

Included in the capital budget is \$61.4 million for Special Offers of Assistance for the following schools:

Breckinridge County Middle School (Breckinridge County)
Campbellsville Middle School (Campbellsville Independent)
Cumberland County Elementary School (Cumberland County)
Ludlow High School (Ludlow Independent)
Inez Elementary School (Martin County)
Rockcastle County Middle School (Rockcastle County)

Grants to School Districts

Over \$31 million is included for capital grants to five school districts.

School-Based Mental Health Services

Funding of \$7.4 million each year is included for school-based mental health services provider full-time equivalent positions. The Kentucky Center for School Safety, in consultation with the Office of the State School Security Marshal, will develop criteria to determine which districts receive funding.

Educators Employment Liability

Funding is included in the amount of \$5 million each fiscal year for the Educators Employment Liability Insurance Program for the purpose of providing educators employment liability insurance to protect all certified employees of Kentucky public schools from liability for judgments or settlements that are in excess of the coverage provided in KRS 160.105.

School Resource Officers

Included in the budget is \$16.5 million in fiscal year 2025 and \$18 million in fiscal year 2026 to assist local districts in funding salaries for school resource officers.

Middle School Acceleration

The budget includes \$5 million in fiscal year 2025 for a three-year middle school acceleration pilot program, STAR Academy Schools, to improve student outcomes at five school sites. This program targets middle school students who need an accelerated learning recovery program.

Family Resource and Youth Service Centers (FRYSCs)

The budget includes \$4 million more each year to increase the number of Family Resource and Youth Service Centers, targeting those that serve more than one school. There are currently 888 Family Resource and Youth Services Centers for 1,200 schools.

POSTSECONDARY EDUCATION – 4% INCREASE

Base Funding Increases

The budget provides a 4% increase to each institution's base General Fund budget, equating to \$35.8 million in each year. In addition, due to an increase in property and casualty insurance premiums, the budget provides \$31.3 million in each year to cover the full additional cost of coverage at each institution.

Asset Preservation

The capital budget includes **\$563 million** from Bond Funds to continue to address deferred maintenance for the Commonwealth's largest physical plant, the nine postsecondary education institutions. When combined with the \$700 million in Bonds Funds included in the 2022-2024 enacted budget, total state investment comes to over \$1.2 billion over a four-year period. Prior to these two rounds of funding, the last time the state provided funding for asset preservation was 20 years ago in the amount of \$103 million. In addition to new state dollars, each institution will continue to deploy institutional funds toward deferred maintenance. The distribution to each institution is based on a consensus formula developed by the Council on Postsecondary Education with the institutions.

New Construction Projects

Over \$1 billion in bond funds is included in the capital budget for 11 postsecondary education construction projects at 9 institutions.

Performance Funding

To the base funding amount of \$97.3 million, an additional \$7.7 million in fiscal year 2025 and \$17.7 million in fiscal year 2026, is included for the Postsecondary Education Performance Fund.

Need-Based Student Financial Aid

Kentucky's need-based aid programs, the College Access Program (CAP) and the Kentucky Tuition Grant program, have benefitted from the dedication and growth of Lottery receipts in the past several years, funding all eligible applicants for the first time ever in the 2022-24 budget. The maximum grant award for CAP increased from \$2,900 to \$5,300 last biennium. When leveraging federal Pell Grant dollars, the CAP program covers full-time tuition and fees at KCTCS and nearly covers the average tuition and fees at four-year institutions. The FAFSA Simplification Act of 2021 is expected to grow the number of CAP-eligible Kentuckians significantly beginning in fiscal year 2025. The budget includes \$54.5 million from the General Fund and \$104.9 million from previous years' excess Lottery receipts currently being held in a trust and agency fund to support this expected increase in eligibility.

Kentucky Affordable Prepaid Tuition (KAPT) Program

Funding is provided to the Kentucky Affordable Prepaid Tuition (KAPT) Trust Fund to cover an estimated cash deficit in the next two fiscal years. The funding will ensure that the promises made to Kentucky families are honored.

Optometry Scholarship Program and Veterinary School Contract Spaces

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

Study of Post-Baccalaureate Initiatives

The Council on Postsecondary Education is provided \$2 million to conduct a study on the post-baccalaureate initiatives of each of the comprehensive universities as contemplated in Senate Joint Resolution 170.

House Bill 1 Earmarks

Over \$215 million from the General Fund is included from House Bill 1 for 15 line-items at seven of Kentucky's public postsecondary education institutions.

ENHANCING PUBLIC SAFETY AND VICTIM SERVICES

Kentucky State Police

Salary Increase for Troopers

In 2022, the Kentucky State Police was experiencing an unprecedented shortage of troopers, its lowest in over 30 years, but with actions to support increased pay for the State Police, the Trooper complement has exceeded 1,000. In the 2022-24 budget, Trooper pay was increased by \$15,000 in fiscal year 2023 plus an additional 6% raise in fiscal year 2024. The 2024-26 budget includes an inflationary increase of 3.3% in fiscal year 2025 and 2.4% in fiscal year 2026. This will assist in both recruitment and retention efforts by setting the starting Trooper pay at \$67,615. The budget includes additional \$8.3 million in fiscal year 2025 and \$14.2 million in fiscal year 2026 for these salary increases.

Additional Troopers

The budget includes funding to add two trooper cadet classes targeting to add 75 Troopers in fiscal year 2025 and an additional 75 in fiscal year 2026 – 150 more over the biennium. The budget includes \$6 million in fiscal year 2025 and \$16.6 million in fiscal year 2026.

State Police Emergency Radio System Replacement

The first three phases of replacing the State Police's emergency radio system were funded in the last three budgets. Additional funding of \$47.9 million is needed for continued radio tower equipment and tower sites. Overall, the project will replace the existing statewide emergency radio communications network which has reached the end of its life-cycle. The new system will ensure a common technology platform and interoperable communications for those on the network.

Support for State Police Operations

Additional funding is provided for lab equipment, to support service contracts for toxicology and DNA equipment and evidence collection kits, to provide cell phones for Trooper road units, to support additional positions and increased software service contracts to meet requirements of the

Sex Offender Registry and Notification Act, and for improvements to the Criminal Justice Information System messaging system.

Improved Compensation for Law Enforcement and Firefighters

Local and state law enforcement officers and local firefighters will receive a 3% stipend increase from the Kentucky Law Enforcement and Firefighters Foundation Program funds, bringing the stipend up to \$4,429 in fiscal year 2025 and another 3% increase to \$4,562 in fiscal year 2026. Approximately, 8,000 law enforcement officers and over 4,100 firefighters will receive this increase. For the first time, the training incentive stipend will include certified part-time law enforcement officers to receive a proportional amount of the training incentive stipend.

Juvenile Justice

Juvenile Detention Centers

To transition to a regional model for male detainees as required by Senate Bill 162 from the 2023 legislative session, and separate violent and nonviolent offenders, this budget provides for capital funding to renovate the Jefferson County Youth Detention Center, and to retrofit four detention centers in Breathitt, McCracken County, Fayette County, and the Lyndon Detention Center in Jefferson County. Most of the retrofit projects are necessary to ensure safe segregation of male high-level offenders from male low-level offenders. These facility plans, in combination with the increased staffing enabled by raising correctional officer salaries, once completed, will permit a safe return to a regional model for male offenders.

No funding was provided for two new female-only juvenile detention centers delaying the ability to return to a regional model for female detainees until future funding is obtained.

Alternatives to Detention

To keep more youth out of detention the Department of Juvenile Justice has a system of Alternative to Detention services. The Courts are continually asking for more placements with a waiting list. The number of placements is similar to the number of detention center beds. Additional funding, \$3.9 million each year, is included to add approximately 450 additional placements and staff to coordinate these services.

Medical Services Funding

In fiscal year 2026, \$20 million is provided to support a medical services contract for primary and mental health services for youth under the care of the Department of Juvenile Justice.

Evidence-Based Programming

The budget includes an additional \$3.5 million in each fiscal year to support evidence-based programming, including 21 social service specialists, youth screening tools, software, and training.

Corrections

Expanded Little Sandy Correctional Complex & Replacement of Ky State Reformatory

The expansion of the Little Sandy Correctional Complex which will enable the closing of the 84-year-old Kentucky State Reformatory, requires additional funds to open and operate the

expansion. The budget includes \$9.8 million in fiscal year 2025 and \$19.8 million in fiscal year 2026. The expansion is slated to be completed in January 2025.

Expand Addiction Services

To address a backlog in demand for substance abuse programs in the adult correctional institutions, and in jails, over \$800,000 in funding each year is included to support medically assisted treatment services.

Probation and Parole – Caseload Increase

To accommodate an expected 2% increase in the probation and parole caseload, an additional 20 probation and parole officers is funded to maintain a caseload of 89 per officer, at a cost of \$2.3 million in fiscal year 2025 and \$4 million in fiscal year 2026.

Limits on Providing for Unbudgeted Corrections Costs

For the first time, the budget includes limits on the amount of additional appropriations permitted as a Necessary Government Expense for unanticipated costs related to the operational costs for the inmate population and actual local jail per diem costs. The limit is up to \$5 million in fiscal year 2024 and up to \$10 million fiscal years 2025 and 2026.

Supporting State Prosecutors and Victim Services

Commonwealth Attorneys - The budget provides \$2.5 million each year for additional personnel. Funding is provided to support salary increases and to support the procurement of case management software.

County Attorneys - The budget provides \$3.5 million each year for additional personnel. Funding is provided to support salary increases and to support the procurement of case management software.

State Operation of the Jefferson County Public Defender Office

The budget provides approximately \$11 million in each fiscal year for the state to take over the operation of the Jefferson County public defender office as required by House Bill 568 from the 2023 legislative session.

Body Armor Grant Program for Local Governments

The budget provides \$15 million to the Attorney General for a grant program for local law enforcement and first responder agencies to purchase high-quality body armor, duty weapons, ammunition, electronic-control devices, and body-worn cameras. These funds will provide law-enforcement agencies and first responders with the needed body armor equipment to do their jobs safely while protecting the citizens of the Commonwealth.

Urban Search and Rescue

The budget includes funding for a new, statewide Urban Search and Rescue program created in House Bill 157 during the 2023 legislative session. Recent disasters in the Commonwealth have required the use of eight federal Urban Search and Rescue Teams to aid Commonwealth citizens. The creation of a Commonwealth Urban Search and Rescue Team will allow for rapid response

to disasters and provide Kentuckians with lifesaving assistance. The General Fund will provide \$8.3 million in fiscal year 2025 and \$7.8 million in fiscal year 2026.

Next Generation 911 System

For many years the Commonwealth and all of its 911 call centers at the local and state level have been implementing a foundational project to prepare for Next Generation 911. The budget includes \$5 million each year which will support the Office of Homeland Security to complete the full statewide deployment of the Next Generation 911 system capability. The system will have the technology to route wireless calls based on the actual location of the caller needing 911 services. To complete the implementation this funding will support the procurement of IP connectivity for all Kentucky 911 call centers and geospatial call routing, statewide text control center (texting to/from 911), network diversity and to support the foundational projects including mapping, analytics and GIS validation/integration services.

Western Kentucky Regional Training Center

The capital budget provides \$50 million to construct a Western Kentucky Regional Training Center in Madisonville for the Department of Criminal Justice Training to expand law enforcement basic training, in-service training, and advanced skills training in the western part of the state.

Child Fatality and Near Fatality External Review Panel

Due to a near doubling of caseload since 2019, a required database merger, and the demand to implement recommendations, funding is provided for additional staffing, epidemiology support, and to support the development of an improved case management system.

PROTECTING AND EXPANDING HEALTH CARE

Fully Funding Medicaid

The budget fully funds the Medicaid program, including Medicaid expansion. During the national public health emergency resulting from COVID-19, the federal government provided all states with an enhanced federal share that has provided Kentucky with over \$2 billion in additional funding for the Medicaid program over the last four years. Those extra funds expire at the end of calendar year 2023. The budget addresses the return of Kentucky's higher portion of funding Medicaid and ensures that the health care provided for over 1.5 million Kentuckians continues. To do so, an additional \$395 million from the General Fund is required for fiscal year 2026.

Medicaid Waivers—Michelle P., Home & Community Based, Supports for Community Living, and Acquired Brain Injury-Long-Term Care Slot Increases

The budget includes funding for 750 additional slots in the Michelle P. waiver program, 750 additional slots for the Home and Community Based Services waiver program, 375 additional slots in the Supports for Community Living waiver program, and 50 additional slots for the Acquired Brain Injury-Long-Term Care slots. These are health care services provided to populations who have mental or intellectual disabilities. Funding for these increases total \$23.8 million in fiscal year 2025 and \$68.7 million in fiscal year 2026, the state-funded portion of which is \$13.3 million and \$19.5 million, respectively.

Medicaid-Nursing Facility Rate Rebasing

The budget provides \$220 million in fiscal year 2025 and \$235 million in fiscal year 2026 to support an increase and rebasing of nursing facility reimbursement rates. The periodic rebasing of nursing home reimbursement rates is mandated by the federal government. The General Fund amounts are \$62.5 million for fiscal year 2025 and \$67 million for fiscal year 2026.

Medicaid-Home and Community Based Services Waiver Rates

The budget includes \$165.5 million in each fiscal year to update and increase the benchmark rates for the Medicaid Section 1915c Home and Community Based Services waivers. The Centers for Medicare and Medicaid Services directed the Commonwealth to complete a rate methodology study for implementation of new rates. The General Fund accounts for over \$47 million each fiscal year.

Funding is also provided for to develop a Home and Community Based Services waiver for children ages 0-21 with severe emotional disabilities, autism spectrum disorder, and intellectual disabilities and related conditions.

Medicaid-Individuals with Serious Mental Illness & Substance Use Disorder

The budget includes \$128.4 million in each fiscal year to provide home and community-based services for Medicaid eligible individuals with serious mental illness and substance use disorder. The General Fund portion is \$36.5 million each fiscal year.

Medicaid - Serious Mental Illness Waiver Expansion

The budget provides \$15.2 million in fiscal year 2025 and \$16.2 million in fiscal year 2026 to expand services for Medicaid's Serious Mental Illness Waiver, of which the General Fund amount is \$4.3 million and \$4.6 million, respectively. This expansion of services creates a recuperative care pilot program. Services provided in this pilot include 3 meals a day, transportation for aftercare appointments, daily medical checks, medication monitoring, and a nursing assessment within 24 hours of admission.

Medicaid-Substance Use Disorder Waiver

The budget includes \$39.9 million in fiscal year 2025 and \$45.8 million in fiscal year 2026 to implement a Section 1115 demonstration waiver to provide services to Medicaid eligible individuals with substance use disorders. The state-funded portion is \$11.3 million and \$13 million, respectively.

Medicaid-Incarceration Waiver

The budget includes \$37.5 million in fiscal year 2025 and \$38.5 million in fiscal year 2026 to develop a Section 1115 demonstration waiver to help increase care for individuals who are incarcerated in the period immediately prior to their release to help them succeed and thrive during reentry. The new Medicaid Reentry Section 1115 Demonstration Opportunity would allow state Medicaid programs to cover services that address various health concerns, including substance use disorders and other chronic health conditions. The state-funded portion is \$10.6 million and \$27.5 million, respectively.

Personal Needs Allowance

An increase from \$40 to \$60 is funded for the Personal Needs Allowance.

Medicaid Administration

The budget includes \$31.2 million to support information technology projects for claims administration and federal, state, and regulatory reporting, and \$14.4 million each fiscal year to provide access to the Federal Data Hub.

Tim's Law Pilot Expansion

Tim's law authorizes state courts to order assisted outpatient treatment for the small number of individuals diagnosed with a serious mental illness but would not voluntarily agree. Federal funding for Central State and Western State Hospital ends this fiscal year. The budget provides funding to replace the grant funds and to expand the program.

Kentucky Pediatric Research Trust Fund

The budget continues funding to the Kentucky Pediatric Research Trust Fund by adding \$2.5 million each year to the base funding of \$2.5 million. Another \$2 million in one-time funds are added each year. The Trust Fund serves as an umbrella organization to organize all pediatric cancer work across the state.

Replacement of Kentucky Correctional Psychiatric Center

Capital funding of \$63.9 million is included to construct a replacement facility for the Kentucky Correctional Psychiatric Center which serves individuals with serious mental illness and other mental conditions who are ordered to the facility for inpatient services.

Public Health Transformation

Funding is included to increase the amount for Public Health Transformation with the local and regional health departments, \$953,400 in fiscal year 2025 and \$1 million in fiscal year 2026. One-time funding of \$3 million in fiscal year 2025 and \$4 million in fiscal year 2026 is provided to support workforce and operations for the local health departments.

Medical Cannabis

The budget includes funding for the newly created Office of Medical Cannabis. This office will be responsible for the implementation, operation, oversight, and regulation of the medical cannabis program established from Senate Bill 47 in the 2023 legislative session. Beginning January 1, 2025, the use of medical cannabis by a patient cardholder will be considered lawful in the Commonwealth.

Central Lab Expansion

The capital budget includes \$36.5 million to design the Central Lab Expansion capital project. The Central lab is over 30 years old and has serious structural and safety issues. The expansion of the lab will allow the Department of Public Health to carry out federal and state mandated programs without interruption.

PROTECTING CHILDREN & FAMILIES

100 Additional Social Workers

Community Based Services currently has about 1,120 caseload carrying Social Service Worker and Social Service Clinician staff. Current average caseload is 19 with an average caseload with past due cases of 27. Adding 100 more staff would bring the average caseload to 17 and the average caseload with past due cases to 25. This will allow Kentucky's families and children to have caseworkers that have the time and experience to move their cases along to better outcomes for them and for Kentucky.

Victim Advocacy Programs

The budget includes one-time allocations from the General Fund in fiscal year 2025 for the following: \$5.1 million for Children Advocacy Centers; \$7.1 million to Domestic Violence Shelters; and \$5.7 million to Rape Crisis Centers to offset reduced federal Victims of Crime Act funding. Additionally, \$2 million in more funding is provided to Domestic Violence Shelters to support operational costs.

Relative Caregiver Rate Increase

The federal government has issued a new rule which permits states to separately license relative (kin) foster care families from other foster care families. Kentucky plans to implement this new flexibility, as that will be an incentive to increase the number of relative caregivers. The federal rule requires that if a state chooses this new flexibility, it must provide the same financial assistance to relative caregivers as provided licensed foster care families. The budget includes \$8 million in fiscal year 2025 and \$11 million in fiscal year 2026 to increase rates for relative caregivers who agree to take a child that is already in the state's custody.

Senior Meals – Continue to Ensure No Waitlist

The budget includes \$10 million from the General Fund in each fiscal year to continue providing nutritional meals for senior citizens in the community without having a waitlist.

CREATING AND ATTRACTING JOBS

Kentucky Product Development Initiative

The budget includes \$70 million for the Kentucky Product Development Initiative, now codified in KRS 154.21. This new program has been successful and the additional funding will support local governments and regional economic development organizations to finance site acquisition, due diligence studies, and site preparation and development improvements. This initiative is implemented with the participation of the Kentucky Association for Economic Development. When companies are making decisions on where to expand or locate their operation, Kentucky's ability to provide location options which are "build-ready" is critical.

Mega Project Additional Funding

The budget includes \$130 million to support approved mega projects. Projects for consideration must involve the creation of at least 250 jobs paying an average of at least thirty dollars an hour. Funding will be used to ensure sites and infrastructure are attractive to projects considering no more than two other states, and at least one site in the Commonwealth.

Local Economic Development Project Due Diligence Services

There are many instances in which a local community needs to perform some due diligence on an economic development project through a Request for Information or similar method but does not have funding to complete the due diligence risking their prospects of meeting project deadlines. The Cabinet for Economic Development seeks to improve this process by having access to funding to obtain the needed due diligence for a project as determined by the Cabinet Secretary. The budget includes \$350,000 in both fiscal years to assist local communities in this effort.

INFRASTRUCTURE INVESTMENT

Water and Sewer Infrastructure

In addition to fully funding the state Clean and Drinking Water revolving loan funds, the budget includes \$75 million each fiscal year from the General Fund to the new Kentucky WWATERS program or the Emergency Kentucky Water or Wastewater Assistance for Troubled or Economically Restrained Systems program, to provide financing for public water and wastewater systems.

House Bill 1 includes \$183.9 million from the General Fund for 40 water and wastewater infrastructure projects.

Major Transportation Infrastructure Projects

The budget includes an historic investment of \$450 million from the General Fund for “High Growth Counties” projects, and \$300 million from the General Fund for the I-69 Ohio River Crossing and Mountain Parkway Extension projects should federal Multimodal Project Discretionary Grants be awarded for these two projects. The intention of these one-time funds is to lock in an ability for Kentucky to meet an expected state share of potential federal competitive grants for major transportation infrastructure projects in combination with other resources. The two major projects targeted are the I-69 Ohio River crossing in Hendersonville in concert with the state of Indiana, and the completion of the Mountain Parkway project. These funds give Kentucky an improved prospect at leveraging new federal funding from the Infrastructure Investment and Jobs Act.

County and City Bridge Improvement Program

Included in the budget is \$50 million over the biennium from the Road Fund to fund a County and City Bridge improvement program. Currently there are 5,315 county and city bridges. The Transportation Cabinet conducts ongoing assessments of the condition of all these bridges. While the responsibility for repair and replacement of these bridges falls on local governments, the size of the need far exceeds available local resources. This program will use the bridge condition data and other sources to develop a ranking process to determine prioritization for use of the \$50 million in state funds for the replacement and/or repair, provide data and education to increase bridge longevity, and focus on corrective action early to minimize more expensive future needs.

County Priority Projects Program

The Road Fund budget includes \$20 million each fiscal year to establish the County Priority Projects Program to assist with county and city roads. Projects for the fiscal year 2025 funding were included in House Joint Resolution 92. The projects for the fiscal year 2026 funding will await future action by the General Assembly.

Highways Contingency Account

The Highway Construction Contingency account budget was reduced by \$4.7 million to \$11.9 million each year. After the dedications to the Kentucky Pride Fund, Railroads, and the Kentucky Transportation Center, only \$5 million is available for emergency projects or projects that relieve a hazardous condition.

2024-2026 Biennial Highway Construction Plan

The 2024-2026 biennial highway construction plan is based on \$8.8 billion in anticipated state and federal highway program revenues. Much of this funding is committed to continuing the development and construction of projects carried forward from the 2022 Highway Plan. This plan also charts a toll-free pathway for funding the I-71/75 Brent Spence Bridge project in Northern Kentucky.

High-Speed Internet – Broadband Expansion

Kentucky will receive nearly \$1.1 billion in federal Broadband Equity Access and Deployment (BEAD) funds based on 259,258 unserved locations as mapped by the Federal Communications Commission. Once Kentucky's Initial and Funding Proposals, submitted in December 2023 to the National Telecommunications and Information Administration, are approved, Kentucky will have access to no less than 20% of this funding. The BEAD Challenge Process will take place in the summer of 2024 to determine locations eligible for funding, then the subgrantee selection process will begin afterwards.

Airport Funding

The budget includes \$ 10.6 million in fiscal year 2025 to support grants of \$200,000 to each General Aviation airport provided that the recipient shall have an automated dependent surveillance broadcast system installed at the airport in order to automate the tracking of aircraft operations and reporting. This is in addition to the Aviation Economic Development Fund financed from jet fuel tax revenues that is used to support Kentucky's general aviation airports.

Funding is earmarked for grants to Kentucky's commercial airports, \$35 million allocated to five airports, including \$20 million for the Cincinnati/Northern Kentucky airport. Another \$10.6 million is allocated to two general aviation airports.

Riverport Projects

\$15 million is provided to improve public riverports for construction and maintenance, and funding is earmarked for riverports in Owensboro and Paducah.

PREPARING A WORLD-CLASS WORKFORCE

Child Care Assistance

The budget includes an additional \$34 million in fiscal year 2025 and \$46.5 million in fiscal year 2026 for child care assistance. There are several components of this initiative. First, \$21 million in fiscal year 2025 and \$28 million in fiscal year 2026 to maintain reimbursements to child care providers for Child Care Assistance Program (CCAP) families at the 80th percentile of the Market Rate Survey. Second, additional support to the CCAP to be allocated to support an income exclusion from eligibility determinations for child care providers, \$15 million each year; support for a six-month transition for families no longer eligible for CCAP benefits, \$1.5 million; cover the cost of fees for child care providers for all mandatory background checks, \$1.3 million; and to establish an Innovations in Early Childhood Education Delivery grant program, \$2 million.

Early Childhood Development Scholarship Program

An additional \$2.5 million each year is provided for the Early Childhood Development Scholarship program.

Healthcare Workforce Investment Fund

Funding is provided to the Council on Postsecondary Education for the Healthcare Workforce Investment Fund, \$7 million in fiscal year 2025 and \$3 million in fiscal year 2026. This fund was established in 2023 to fund partnerships to provide healthcare training scholarships and healthcare program incentives to reward performance.

Area Health Education Centers

Area Health Education Centers promote health careers at schools, prepare students for the Medical College Admission Test, and create a nursing pipeline. There are program offices at the University of Kentucky and the University of Louisville, eight Regional Centers, nine host institutions, and a host of community partners. In the current budget, \$2.5 million was provided from federal pandemic funds. The budget continues that increase by replacing the expiring federal dollars from the General Fund.

INVESTING IN OUR PUBLIC EMPLOYEES & RETIREES

Salary Increases for State Employees

The budget includes a 3% increase each fiscal year for state government employees.

Throughout fiscal year 2023 and fiscal year 2024, the Personnel Cabinet has completed their job classification review process covering over 1,300 job classes. Through that process about 19,000 state employees received a salary increase associated with the review's conclusions.

Health Insurance – No Premium Increases for State Employees

The budget includes an additional \$19.2 million in fiscal year 2025 and \$42.4 million in fiscal year 2026 from the General Fund for the increase in health insurance employer contributions that will prevent any premium increases for state employees.

Fully Funding Pensions

The budget again fully funds the actuarially determined contributions for all state employees for all retirement system plans.

Paying Down Pension Liabilities - \$730 Million

The budget includes extra funding to pay down the pension liability of the Kentucky's pension plans: \$600 million for the Kentucky Employees Retirement non-hazardous plan, \$80 million for the Teachers' Retirement plan, and \$50 for the State Police Retirement plan.

Sports Wagering Tax Collections

The recently enacted Sports Wagering legislation directs the bulk of the sports wagering license and tax collections to the Permanent Pension Fund. The budget did not allocate any of the Sports Wagering revenues to address the Commonwealth's unfunded liabilities.

PARTNERING WITH LOCAL GOVERNMENTS

City, County and Community Projects

Through House Bill 1 over 150 line-items were earmarked to local governments and non-profit entities for programs and projects totaling over \$960 million.

GRANT Program

The new Government Resources Accelerating Needed Transformation (GRANT) program was provided \$200 million through House Bill 1 to subsidize the non-federal share of federal program grant applications made by local governments and certain non-profit entities.

East Kentucky SAFE Fund

House Bill 752 earmarked \$11 million for the Breathitt County school district for strained fiscal liquidity from the \$40 million 2022 Special Session East Kentucky SAFE Fund appropriation for financial assistance to school districts.

Senate Bill 91 shifted \$28.7 million from the school district assistance to provide assistance to cities and counties impacted by the 2022 flooding disaster in Eastern Kentucky.

West Kentucky SAFE Fund

House Bill 752 earmarked \$48.2 million of the West Kentucky SAFE Fund to the City of Mayfield for the electric and water systems, fire station #1, police station, and city hall; and \$6.1 million to Graves County for the administrative building. Both of these will help the community recover from the December 2021 tornadoes and storms.

Property Valuation Administrators

The budget includes \$1.7 million each year to support ongoing operations of Property Valuation Administrators.

INVESTING IN VETERANS

Bowling Green Veterans Center – Beginning Operations

The budget includes funding to open the Bowling Green Veterans Center which is currently under construction, \$12.4 million in fiscal year 2025 and \$15.6 million in fiscal year 2026.

TOURISM

State Parks Improvements

The budget releases \$71 million for the Parks system from an appropriation made in 2022 legislative session for improvements to the Parks properties. The funding covers building systems improvements, accommodation hospitality upgrades, and recreational amenities upgrades. The release of these funds is vital to maintain the momentum Parks has gained in revitalizing and restoring one of the Commonwealth’s greatest treasures, the Kentucky State Parks system.

Additionally, the capital budget includes \$125 million for another set of projects needed for the Parks system to thrive – ranging from the reconstruction of marinas, new conference centers, to updating and upgrading Parks’ electrical distribution and wastewater treatment systems.

Preserving History and Heritage

Over the biennium, an additional \$700,000 is provided to the Kentucky Center for African American Heritage.

Tourism Marketing

An additional \$3 million is included in fiscal year 2025 and \$7 million in fiscal year 2026 from the Tourism, Meeting and Convention Marketing fund to broaden current efforts to market Kentucky as the world class tourist destination that it is.

ENHANCING FISCAL RESPONSIBILITY

Budget Reserve Trust Fund

Prior to the enactment of the 2024-26 budget, the balance of the Fund is a little over \$3.7 billion, the largest dollar amount since its inception. Within the 2024-26 budget, the General Assembly appropriated from the Fund \$3.1 billion to support one-time appropriations through House Bill 1 as amended by Senate Bill 91. These appropriations were made exempt from the individual income tax reduction conditions by suspending the statute established in 2022. The budget also deposited \$2.9 billion into the Budget Reserve Trust Fund which would bring the budgeted balance at the end of fiscal year 2026 to \$3.5 billion.

Structural Balance

One measure of a fiscally responsible budget is how recurring revenues line up with recurring spending. The enacted budget is structurally balanced, because the recurring spending in both fiscal years is less than recurring revenues.

Paying Down the Debt of State Government's Deferred Maintenance—Over \$1 Billion

The 2024-26 budget proposes a significant payment against the debt obligation of deferred maintenance to Kentucky state government's physical plant. Including the \$563 million for asset preservation for the public postsecondary education institutions, \$125 million for improvements and repairs to our state parks, and over \$400 million devoted to major maintenance, renovations and repairs for the rest of state government's large physical plant, the budget has a total of over \$800 million to reduce the debt of deferred maintenance. This includes replacing or repairing building systems which have determined by the Finance and Administration Cabinet as past their useful life, with some in dire need. The funding covers correctional, mental health, veterans, military affairs, tourism, state police, and state office facilities.

ACKNOWLEDGMENTS

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**2024-26 BUDGET OF THE COMMONWEALTH
GENERAL FUND SUMMARY**

	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
RESOURCES			
Beginning Balance	1,818,364,800	1,359,600	203,281,200
Official Revenue Estimate	15,554,500,000	15,549,500,000	16,002,600,000
Tax Changes	0	32,700,000	15,200,000
FEMA Reimbursements	80,000,000	50,000,000	0
Fund Transfers	5,273,300	3,718,100	3,675,600
RESOURCES	17,458,138,100	15,637,277,700	16,224,756,800
Continued Appropriations Reserve			
Budget Reserve Trust Fund	2,260,597,200	5,226,409,800	4,545,084,900
Executive Branch	682,071,100	682,071,100	682,071,100
Legislative Branch	40,585,500	40,585,500	40,585,500
Judicial Branch	27,375,000	27,375,000	27,375,000
Continued Appropriations Reserve	3,010,628,800	5,976,441,400	5,295,116,500
TOTAL RESOURCES	20,468,766,900	21,613,719,100	21,519,873,300
APPROPRIATIONS			
Executive Branch			
Appropriations-Operating	13,451,997,300	13,964,646,000	15,263,649,800
Appropriations-Capital	78,482,000	3,450,000	1,700,000
Appropriations from Budget Reserve Trust Fund	504,700,000	1,554,975,400	1,050,356,500
Special Appropriations	105,244,900	6,200,000	6,200,000
Reserve for Necessary Government Expense	100,000,000		
Dedicated Revenue Adjustments	6,045,200		
Current Year Appropriations	17,025,700		
Lapses	(305,679,700)	(7,987,700)	(6,917,100)
Total Executive Branch	13,957,815,400	15,521,283,700	16,314,989,200
Judicial Branch			
Appropriations	443,259,300	504,367,900	466,739,100
Total Judicial Branch	443,259,300	504,367,900	466,739,100
Legislative Branch			
Appropriations	89,891,200	89,669,800	91,940,400
Total Legislative Branch	89,891,200	89,669,800	91,940,400
TOTAL APPROPRIATIONS	14,490,965,900	16,115,321,400	16,873,668,700
BALANCE	5,977,801,000	5,498,397,700	4,646,204,600
Continued Appropriations Reserve			
Budget Reserve Trust Fund	3,713,518,600	5,226,409,800	4,545,084,900
Appropriations from Budget Reserve Trust Fund	(504,700,000)	(1,554,975,400)	(1,050,356,500)
Appropriations to Budget Reserve Trust Fund	2,017,591,200	873,650,500	0
Subtotal-Budget Reserve Trust Fund	5,226,409,800	4,545,084,900	3,494,728,400
Executive Branch	682,071,100	682,071,100	682,071,100
Legislative Branch	40,585,500	40,585,500	40,585,500
Judicial Branch	27,375,000	27,375,000	27,375,000
Continued Appropriations Reserve	5,976,441,400	5,295,116,500	4,244,760,000
ENDING BALANCE	1,359,600	203,281,200	401,444,600

**2024-2026 Budget of the Commonwealth
ROAD FUND SUMMARY**

	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
RESOURCES			
Beginning Balance	12,259,900	157,587,300	0
Official Revenue Estimate	1,881,700,000	1,825,000,000	1,894,300,000
Fund Transfers	835,300	838,500	837,500
TOTAL RESOURCES	1,894,795,200	1,983,425,800	1,895,137,500
APPROPRIATIONS			
Appropriations	1,694,798,700	1,985,694,500	1,897,111,900
Dedicated Revenue Adjustments	42,462,200		
Current Year Appropriations	2,500,000		
Budgeted Lapse	(2,553,000)	(2,268,700)	(1,974,400)
TOTAL APPROPRIATIONS	1,737,207,900	1,983,425,800	1,895,137,500
ENDING BALANCE	157,587,300	0	0

**2024-2026 BUDGET OF THE COMMONWEALTH
CAPITAL PROJECTS SUMMARY**

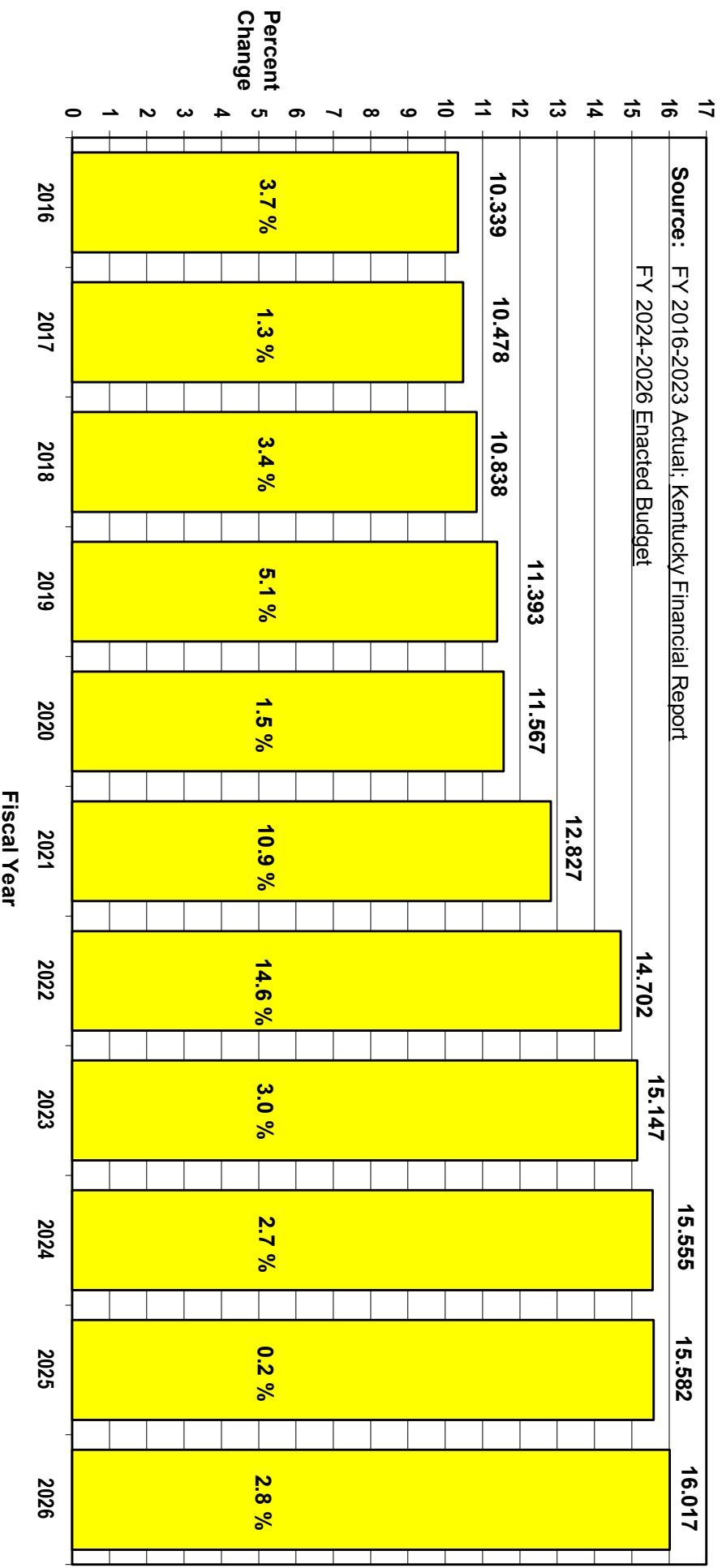
	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS			
Executive and Judicial Branch			
General Fund	2,100,000	56,950,000	1,700,000
Restricted Funds	275,000	14,849,536,000	76,754,000
Federal Funds	111,523,000	400,876,000	143,337,000
Road Fund	2,500,000	19,400,000	14,350,000
Bond Funds		2,351,614,000	995,318,000
Agency Bonds		1,415,455,000	84,069,000
Investment Income		49,580,000	49,719,000
Other - Cash		622,205,000	64,000
Other - Third Party Financing		5,524,300,000	
SOURCE OF FUNDS	116,398,000	25,289,916,000	1,365,311,000
APPROPRIATIONS BY CABINET			
Executive Branch			
General Government	111,523,000	419,517,000	466,783,000
Department of Education		16,600,000	
Economic Development		15,000,000	15,000,000
Education and Labor		50,630,000	3,450,000
Energy and Environment	275,000	34,970,000	2,033,000
Finance and Administration		207,500,000	20,500,000
Health and Family Services		132,978,000	12,154,000
Justice and Public Safety	2,100,000	492,598,000	50,706,000
Postsecondary Education		23,605,657,000	400,590,000
Public Protection Cabinet		1,944,000	1,644,000
Tourism, Arts and Heritage		212,072,000	355,891,000
Transportation	2,500,000	32,850,000	36,560,000
Judicial Branch		67,600,000	
TOTAL APPROPRIATIONS	116,398,000	25,289,916,000	1,365,311,000

General Fund Revenue Receipts

Fiscal Years 2016-2026

(Billions of dollars – rounded)

Billions of Dollars



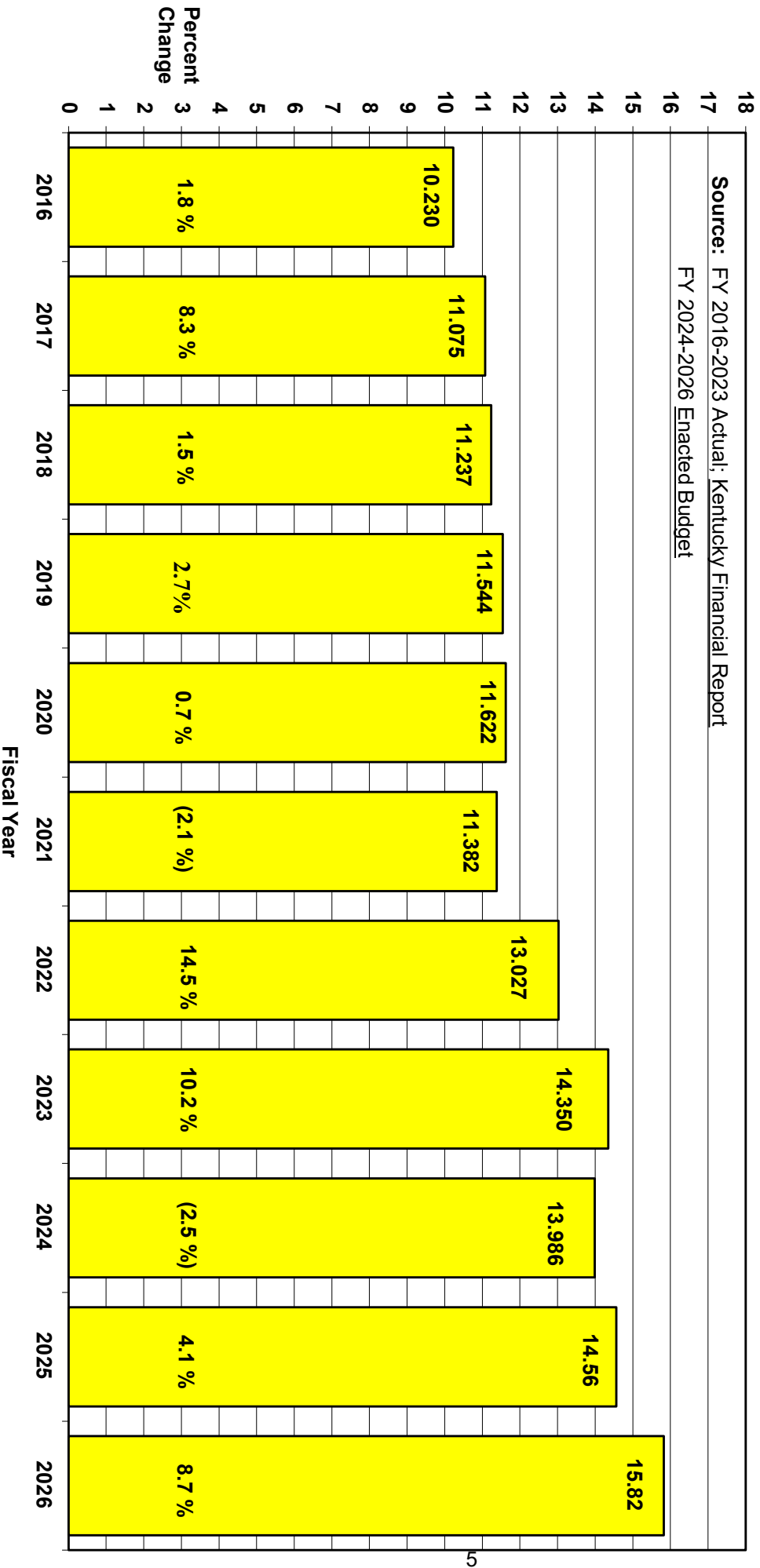
- Excludes Tobacco Settlement – Phase I Funds
- Excludes Fund Transfers

General Fund Expenditures

Fiscal Years 2016-2026

(Billions of dollars – rounded)

Billions of Dollars



Source: FY 2016-2023 Actual; Kentucky Financial Report

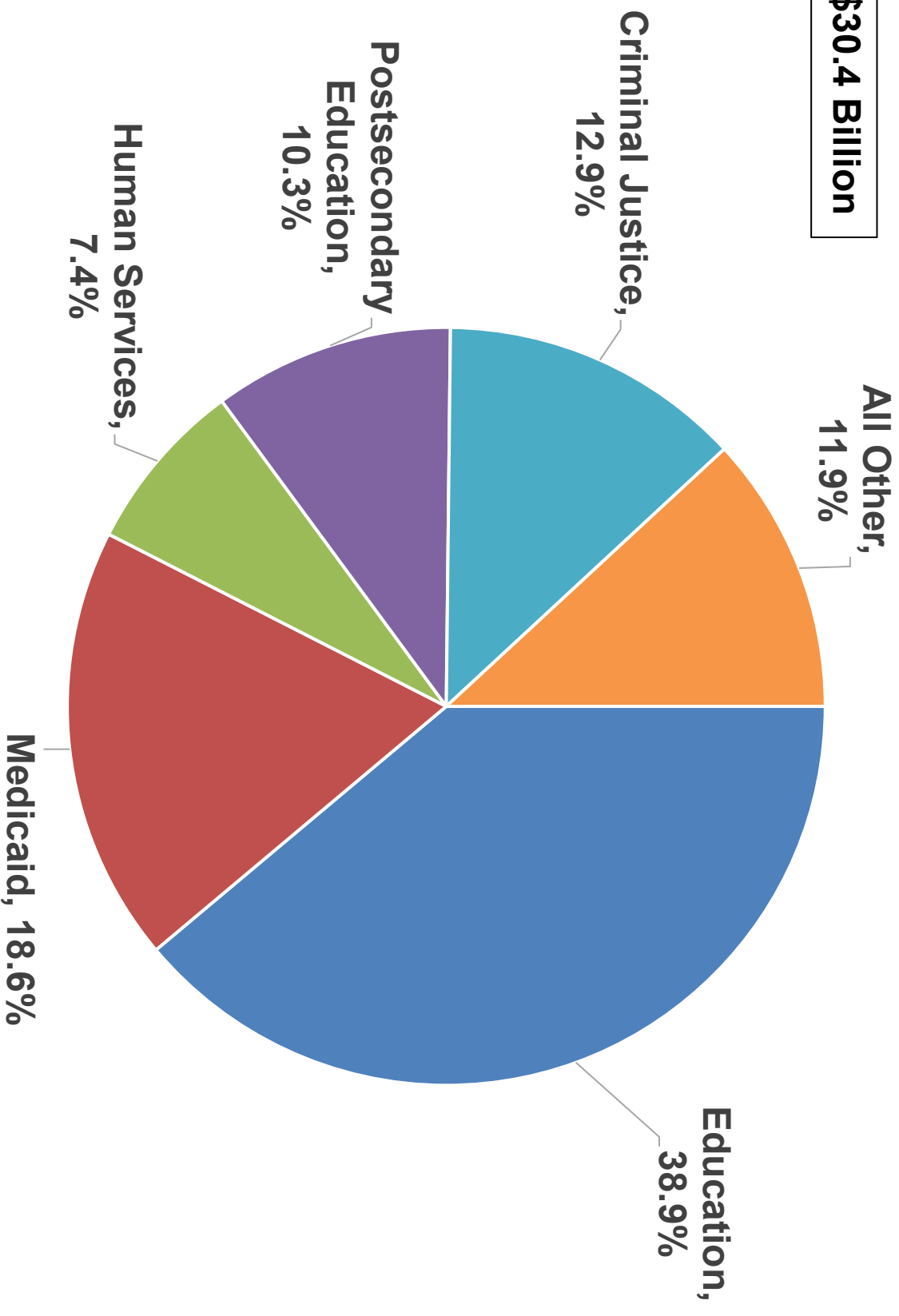
FY 2024-2026 Enacted Budget

• Excludes Tobacco Settlement – Phase I Funds

• Excludes spending from Budget Reserve Trust Fund

2024 - 2026 Budget of the Commonwealth Distribution of General Fund Appropriations

Total = \$30.4 Billion



Excludes Tobacco Settlement - Phase I Funds

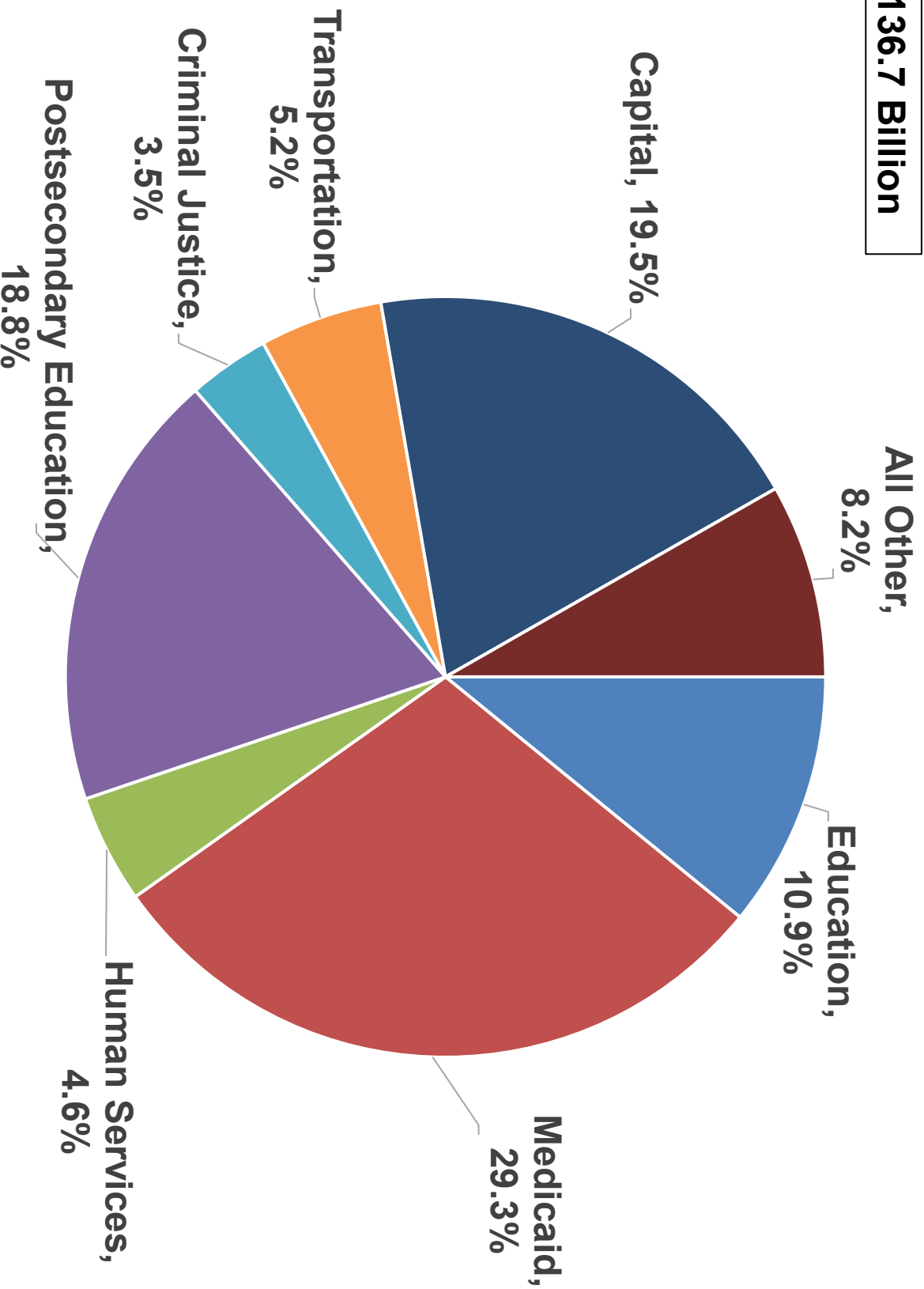
* Education includes the Department of Education Teachers' Retirement System, and the School Facilities Construction Commission

** 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

2024 - 2026 Budget of the Commonwealth Distribution of All Funds Appropriations

Total = \$136.7 Billion



Excludes Tobacco Settlement - Phase I Funds

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

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

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

General Fund
Official Revenue Estimate FY2024 - FY2026

	<u>FY24</u>	%Chg	<u>FY25</u>	%Chg	<u>FY26</u>	%Chg
	Estimate		Estimate		Estimate	
Individual Income	5,778,300,000	-1.1	5,546,300,000	-4.0	5,740,100,000	3.5
Sales & Use	5,828,400,000	4.5	6,081,100,000	4.4	6,304,400,000	3.7
Corp. Inc. & LLET	1,277,400,000	4.6	1,327,800,000	3.9	1,352,900,000	1.9
Property	808,600,000	4.4	837,200,000	3.5	861,900,000	3.0
Lottery	343,600,000	2.0	360,000,000	4.8	370,000,000	2.8
Cigarettes	272,200,000	-9.0	249,500,000	-8.3	231,700,000	-7.1
Coal Severance	84,900,000	-12.1	65,400,000	-23.0	47,900,000	-26.8
Other	1,161,200,000	16.3	1,114,900,000	-4.0	1,108,900,000	-0.5
Total General Fund	15,554,500,000	2.7	15,582,200,000	0.2	16,017,800,000	2.8

Road Fund
Official Revenue Estimate FY2024 - FY2026

	<u>FY24</u>	%Chg	<u>FY25</u>	%Chg	<u>FY26</u>	%Chg
	Estimate		Estimate		Estimate	
Motor Fuels	905,100,000	13.4	866,800,000	-4.2	923,600,000	6.5
Motor Vehicle Usage	672,200,000	1.8	650,100,000	-3.3	660,300,000	1.6
Motor Vehicle License	126,800,000	0.1	126,300,000	-0.4	126,500,000	0.2
Motor Vehicle Operator	31,200,000	4.9	32,000,000	2.6	32,300,000	0.9
Weight Distance	87,700,000	0.0	89,700,000	2.3	91,700,000	2.2
Investment	11,800,000	87.1	9,500,000	-19.5	6,200,000	-34.7
Other	46,800,000	5.8	48,300,000	3.2	48,900,000	1.2
Total Road Fund	1,881,680,000	7.3	1,822,700,000	-3.1	1,889,500,000	3.7

DEBT AUTHORIZED BY RECENT SESSIONS OF THE GENERAL ASSEMBLY

Biennium	Principal Debt Authorized	Biennium	Principal Debt Authorized
2002-04 ¹	828,936,380	2014-16 ⁷	1,496,548,200
2004-06 ²	1,906,315,300	2016-18 ⁸	1,266,242,500
2006-08 ³	2,110,528,000	2018-20 ⁹	1,047,702,000
2008-10 ⁴	2,015,494,000	2020-22 ¹⁰	1,204,657,300
2010-12 ⁵	1,553,199,800	2022-24 ¹¹	3,792,204,000
2012-14 ⁶	630,258,000	2024-26 ¹²	4,846,456,000

¹Debt Enacted in the 2002-2004 Budget of the Commonwealth.

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

²Debt Enacted in the 2004-2006 Budget of the Commonwealth.

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

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

³Debt Enacted in the 2006-2008 Budget of the Commonwealth and subsequent 2007 Second Extraordinary Session of the General Assembly.

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

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

⁴Debt Enacted in the 2008-2010 Budget of the Commonwealth.

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

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

⁵Debt Enacted in the 2010-2012 Budget of the Commonwealth.

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

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

⁶Debt Enacted in the 2012-2014 Budget of the Commonwealth and 2013 Regular Session of the General Assembly.

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

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

⁷Debt Enacted in the 2014-2016 Budget of the Commonwealth and 2015 Regular Session of the General Assembly.

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

The 2014 Regular Session authorized \$742,773,200 for new projects and deauthorized \$105,000,000. The Agency Fund bond authorization includes \$125,000,000 of authorization for the Kentucky Infrastructure Authority

Wastewater and Drinking Water Revolving Fund. The 2015 Regular Session authorized General Fund bonds of \$132,500,000 for the University of Kentucky Research Building.

⁸Debt Enacted in the 2016-2018 Budget of the Commonwealth and 2017 Regular Session of the General Assembly.

General Fund Authorization	\$ 588,986,500
Agency Fund Authorization	\$ 677,256,000

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

⁹Debt Enacted in the 2018-2020 Budget of the Commonwealth and 2019 Regular Session of the General Assembly.

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

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

¹⁰Debt Enacted in the 2020-2022 Budget of the Commonwealth and 2021 Regular Session of the General Assembly.

General Fund Authorization	\$ 425,519,300
Agency Fund Authorization	\$ 779,138,000

The total General Fund bonds listed above include \$35,000,000 in bonds for the Economic Development Cabinet that were authorized in House Bill 99 from the 2020 Session of the General Assembly; \$302,672,300 authorized in the Executive Branch appropriations act by the 2020 General Assembly; and an additional \$87,847,000 authorized in the Executive Branch appropriations act by the 2021 General Assembly. The Agency Fund Authorization includes \$422,138,000 authorized by the 2020 General Assembly and an additional \$357,000,000 authorized by the 2021 General Assembly.

¹¹Debt Enacted in the 2022-2024 Budget of the Commonwealth and 2023 Regular Session of the General Assembly.

General Fund Authorization	\$ 2,834,124,000
Agency Fund Authorization	\$ 958,080,000

The 2022 Regular Session authorized \$2,834,124,000 for new projects. The 2022 General Assembly also authorized \$150,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds. The 2023 Regular Session of the General Assembly authorized Agency Bonds of \$25,000,000 for Western Kentucky University.

¹²\$4,846,456,000 New Debt Enacted in the 2024-2026 Budget of the Commonwealth

General Fund Authorization	\$ 3,346,932,000
Agency Fund Authorization	\$ 1,499,524,000

The 2024 Regular Session also authorized \$300,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Transportation Cabinet Federal Highway Trust Funds. Not included in the above Agency Bond authorization total is \$50,000,000 that was erroneously authorized for University of Louisville Guaranteed Energy Savings Performance Contracts (ESPC). ESPC projects are authorized with no specified funding since the vendor finances the upfront cost of the improvements.

DEBT FINANCING

2024-2026 Budget of the Commonwealth

The 2024 Regular Session of the Kentucky General Assembly enacted \$4,846,456,000 in net debt-financed capital projects. The General Fund amount is \$3,346,932,000 and the Agency Fund amount is \$1,499,524,000. If all authorized amounts are issued by June 30, 2026, the Commonwealth's debt capacity ratio would be 4.87%.

Structure

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

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

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

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

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

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

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

Fiscal Year	Percent of Total Revenue	Fiscal Year	Percent of Total Revenue
2001	5.58	2014	6.17
2002	5.18	2015	6.02
2003	5.70	2016	5.72
2004	5.39	2017	5.62
2005	4.70	2018	5.75
2006	4.89	2019	5.70
2007	4.29	2020	5.21
2008	5.16	2021	4.89
2009	4.81	2022	4.23
2010	2.97	2023	4.20
2011	4.55	2024	3.24*
2012	4.53	2025	4.87*
2013	5.94	2026	4.87*

*Estimated. The Fiscal Year 2025 and 2026 figures assume all new appropriated debt is issued by June 30, 2026.

The above analysis for Fiscal Years 2024, 2025, and 2026 is premised on the following assumptions:

- Fiscal Years 2024-2026 General Fund and Road Fund revenues are based on the enacted Revenue Estimates as well as interest subsidies received for General Fund and Road Fund Build America Bonds issued.
- Agency Fund revenues are based on actual Fiscal Year 2023 revenues from the Supplementary Information to the FY23 Comprehensive Annual Financial Report, and for FY24, FY25, and FY26, estimated amounts are obtained from the 2024-2026 biennial budget submissions.
- All previously appropriated but unissued debt was assumed issued by June 30, 2024.
- All debt service for authorized but unissued debt was assumed at the budgeted rates of 4.09% for 10-year tax-exempt issues, 4.79% for 20-year tax-exempt issues, and 6.14% for 20-year taxable issues.

ENACTED BOND FUNDED PROJECTS

<u>Agency</u>	<u>Project</u>	<u>General Fund</u>
Judicial Branch Local Facilities Fund	Construction - Court of Appeals	14,100,000
Ky Infrastructure Authority	KIA Fund B - Infrastructure Revolving Fund	25,000,000
Ky Infrastructure Authority	KIA Fund A - Federally Assisted Wastewater Program	13,932,000
Ky Infrastructure Authority	KIA Fund F - Drinking Water Revolving Loan Program	12,052,000
Ky Wired	KentuckyWired Critical Infrastructure Upgrades	12,927,000
Ky Wired	KentuckyWired Critical Infrastructure Purchases	12,432,000
Local Government	Flood Control Local Match	12,000,000
Military Affairs	Armory Installation Facility Maintenance Pool - 2024-2026	8,000,000
Military Affairs	Construct Readiness Center Somerset-Additional	4,032,000
Military Affairs	Modernization Pool KY National Guard - 2024-2026	2,000,000
Military Affairs	Restoration Ashland Armory -Phase I	1,000,000
Military Affairs	Construct Armory Addition - Shelbyville	1,000,000
Military Affairs	Construct Armory 4 - Frankfort	1,000,000
SFCC	School Facility Assistance Fund 2025-2026	146,696,000
SFCC	Offers of Assistance-from 2022-2024	85,000,000
SFCC	Special Offers of Assistance 2024-2025	61,641,000
SFCC	Secondary Area Technology Center Renovation Pool 2025-2026	50,000,000
Veterans Affairs	Radcliff Veterans Center HVAC System Replacement	9,000,000
Veterans Affairs	Renovate Interior/Exterior Thomson-Hood Veterans Center	7,000,000
Veterans Affairs	Replace Fire System Western Kentucky Veterans Center	1,500,000
Veterans Affairs	Replace Roof Eastern Kentucky Veterans Center	1,500,000
Veterans Affairs	Replace Exterior Lighting Thomson-Hood Veterans Center	1,500,000
Veterans Affairs	Replace Roof Western Kentucky Veterans Center	1,500,000
Economic Development	KEDFA Loan Pool - 2024-2026	10,000,000
Economic Development	Economic Development Bond Programs - 2024-2026	10,000,000
Economic Development	High-Tech Construction/Investment Pool - 2024-2026	10,000,000
Learning and Results Services	McDaniel/Scoggin Classroom Building Upgrades	8,000,000
Learning and Results Services	State Schools Exterior Building Maintenance	1,000,000
Learning and Results Services	State Schools Safety and Security Pool	1,000,000
Learning and Results Services	Future Farmers of America Activity Center	1,000,000
Operations and Support Services	Education Finance Application Phase 2	2,000,000
Environmental Protection	State Owned Dam Repair - 2024-2026	22,200,000
Environmental Protection	Remediate and Cleanup Wiley Property Site	9,480,000
Environmental Protection	Remediate and Cleanup State Superfund Sites	2,038,000
Natural Resources	Replace Unsafe Fire Equipment	1,273,000
Controller	Upgrade & Enhancement eMARS Systems	3,500,000
Facilities	Capitol Annex Renovation	168,000,000
Facilities	Replace Roof for Transportation Building	8,000,000
Facilities	Replace Roof for Central Lab Building	8,000,000
Facilities	Historic Properties Deferred Maintenance Pool - 2024-2026	6,000,000
Facilities	Renovate Cabinet for Human Resources Phase I	5,000,000
Facilities	Roof Pool	3,000,000
Facilities	Asphalt Pool	1,500,000
Commonwealth Office of Technology	Replace and Modernize Legacy Systems	10,000,000
Behavioral Health	Construct Forensic Psychiatric Hospital-KCPC	63,863,000
Behavioral Health	Replace HVAC Piping-WSH	12,019,000
Behavioral Health	Replace Water Lines-Oakwood	4,507,000
Behavioral Health	Upgrade Mechanical Lines-WSH	3,985,000

Public Health	Expand Central Laboratory	36,450,000
Corrections	EKCC-Façade & Structural Repairs/Replacement	85,400,000
Corrections	EKCC-HVAC Replacement	80,000,000
Corrections	Relocate Medical Service Phase II	58,013,000
Corrections	Maintenance Pool 2024-2026	40,000,000
Corrections	Design Level 4 Prison in Eastern KY	29,000,000
Corrections	Ky State Reformatory-Demolition	7,036,000
Corrections	Replace KSR-Gates & Controls at Cellhouses 3,4,5,& 6	5,950,000
Corrections	Install Little Sandy Correctional Complex-Furniture Package	5,000,000
Corrections	Replace Northpoint Training Center-HVAC at Dormitories	4,720,000
Corrections	Replace Ky St Penitentiary-Utilities Infrastructure	4,320,000
Corrections	Upgrade Green River Correctional Complex-Full Electrical System	4,000,000
Corrections	Repair and Paint Various Water Towers-Additional	2,400,000
Corrections	Repair Northpoint Training Center-Exterior Dorms Masonry Tuckpoint	2,320,000
Corrections	Assess Statewide Electrical System	2,000,000
Corrections	Renovate Northpoint Training Center-Restricted Housing Unit	1,800,000
Juvenile Justice	Renovate Louisville Detention Center-Additional	25,500,000
Juvenile Justice	Retrofit McCracken County Juvenile Detention Center	11,000,000
Juvenile Justice	Retrofit Breathitt County Juvenile Detention Center	9,600,000
Juvenile Justice	Renovate Lyndon Detention Facility-Additional	3,000,000
Juvenile Justice	Retrofit Fayette County Juvenile Detention Center	2,600,000
State Police	Emergency Radio System Replacement-Additional	47,900,000
State Police	Purchase New Helicopter	8,000,000
State Police	Post 7 (Richmond) & Post 10 (Harlan) Construction-Additional	7,250,000
State Police	Maintenance Pool 2024-2026	7,000,000
State Police	Replace and Repair Various HVAC	5,000,000
State Police	Construct New Skills Pad at Training Academy	3,900,000
State Police	Upgrade Telecommunicator Technology	2,200,000
State Police	Construct Post 1 (Hickory) Radio Room Expansion	1,000,000
EKU	Construct New Model Laboratory School Phase II	59,100,000
EKU	Asset Preservation 2024-2026	51,820,000
KCTCS	Efficient Operations and Innovation Plan	90,000,000
KCTCS	Asset Preservation 2024-2026	71,000,000
KCTCS	Renovate Occupational Technical Bldg Phase II-ECTC	44,000,000
KSU	Asset Preservation 2024-2026	60,000,000
KSU	Design Health Sciences Center	5,000,000
Morehead St	Construct Multi-Disciplinary Classroom Bldg	90,000,000
Morehead St	Asset Preservation 2024-2026	37,670,000
Murray St	Asset Preservation 2024-2026	46,682,000
Murray St	Construct Learning Commons with Housing	38,000,000
NKU	Renew/Renovate Landrum Academic Center	49,000,000
NKU	Asset Preservation 2024-2026	46,152,000
NKU	Enhance Online Programs	20,000,000
NKU	Renovate/Expand Civic Center for NKY Medical Examiner & KSP Crime Lab Relocation	17,300,000
UK	Construct Agricultural Research Facility I	200,000,000
UK	Asset Preservation 2024-2026	123,450,000
UofL	Construct Health Sciences Simulation Center and Collaboration Hub	260,000,000
UofL	Asset Preservation 2024-2026	69,106,000
WKU	Replace Academic Complex	160,000,000
WKU	Asset Preservation 2024-2026	57,162,000
Fair Board	Ky Exposition Center Redevelopment Plan Phase II	212,709,000

Fair Board	Backup Power Supply	30,000,000
Fair Board	Kentucky Exposition Center Paving Pool	10,000,000
Fair Board	Upgrade Air Handling and Filtration System	4,000,000
Fair Board	Replace IT Infrastructure	2,100,000
Historical Society	Kentucky Old State Capitol Preservation	2,185,000
Horse Park	Maintenance Pool 2024-2026	3,000,000
Parks	Utility Infrastructure Replacement-Phase 2	45,000,000
Parks	Wastewater Treatment Plant System Upgrades-Multiple Parks	18,000,000
Parks	Yatesville Marina Replacement	15,000,000
Parks	Jenny Wiley Marina Reconstruction	12,200,000
Parks	Cumberland Falls Lodge Room Upgrade/Reconfiguration	10,000,000
Parks	JJ Audubon New Conference Center	7,500,000
Parks	Lake Barkley-Lodge Wing Exterior Repair	6,000,000
Parks	Conference Center Upgrades	3,065,000
Parks	Lake Barkley Fitness Center Upgrade	3,000,000
Parks	Kenlake Structure Refurbishment (Cherokee)	1,500,000
Parks	Jenny Wiley New Archery Center	1,450,000
Parks	Pennyrile Beach Complex Repair/Upgrade	1,200,000
Parks	JJ Audubon Beach House Conversion	1,045,000
Total - New General Fund Bond Projects		3,346,932,000

<u>Agency</u>	<u>Project</u>	<u>Agency Fund</u>
KIA	Fund A-Federally Assisted Wastewater Program	30,000,000
KIA	Fund F-Federally Assisted Drinking Water Program	30,000,000
EKU	Athletics Capital Improvements Pool - 2024-2026	25,000,000
EKU	Begley Building Comprehensive Maintenance and Expansion	40,000,000
EKU	Improve Campus Pedestrian, Parking and Transportation Pool - 2024-2026	8,000,000
Morehead	Construct New Residence Hall #1	49,800,000
Morehead	Construct New Residence Hall #2	40,350,000
Morehead	Renovate & Replace Ext Precast Panels-Nunn Hall Add'l Reauth	630,000
Morehead	Capital Renewal & Maintenance Pool-Auxiliary	6,428,000
Morehead	Renovate Fields Residence Hall Additional Reauthorization	4,124,000
Morehead	Renovate Grote-Thompson Residence Hall Additional Reauthorization	4,124,000
Morehead	Renovate Normal Residence Hall Additional Reauthorization	580,000
Murray	Replace College Courts Apartments	15,000,000
Murray	Athletic Facilities Improvement Pool - 2024-2026	20,000,000
Murray	Asset Preservation Pool-Residence Halls	6,000,000
Murray	Construct New Auxiliary Services Building	1,350,000
NKU	Renew/Repair Parking Garage Pool - 2024-2026	3,000,000
NKU	Expand/Renovate Soccer Complex	16,000,000
UK	Asset Preservation Pool - 2024-2026	30,862,000
UK	Construct/Improve Medical/Administrative Facility 3 Additional Reauthorization	800,000,000
UK	Improve Johnson Center	75,000,000
UK	Acquire Land	25,000,000
UofL	Asset Preservation Pool - 2024-2026	17,276,000
UofL	Construct Health Sciences Simulation Center and Collaboration Hub	20,000,000
UofL	Construct Residence Hall	80,000,000
UofL	Modernize Steam and Chill Water Plant	40,000,000
UofL	Renovation-Exterior Envelope Replacement-55A	20,000,000
UofL	Construct Student Commons and Recreational Fields	17,000,000
UofL	Renovate College of Business Academic Space	15,000,000

UofL	Construct Multi-disciplinary Engineering Bldg 1-Speed School Addition	15,000,000
UofL	Construct Connector Speed School to Research Park	10,000,000
UofL	ADA Building Upgrade Pool - 2024-2026	3,000,000
UofL	Purchase Land	15,000,000
WKU	Construct Parking Structure IV Additional Reauthorization	10,000,000
WKU	Renovate/Expand Cliff Todd Center	6,000,000
Total - Agency Bond Projects		1,499,524,000
Grand Total - All Bond Projects		4,846,456,000

Commonwealth of Kentucky

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,973,871,800	14,222,418,400	14,063,629,800	15,435,784,200	15,824,029,300
State Salary and Compensation Allocation					
Postsecondary Ed Performance Fund					
Surplus Expenditure Plan	1,162,652,172	1,013,525,521	1,452,921,400		
Special Appropriation	976,219,300	290,090,900	105,244,900	6,200,000	6,200,000
Current Year Appropriation	848,598,300		2,034,616,900		
Continuing Approp-General Fund	715,655,089	2,116,919,131	3,010,628,500	5,229,840,800	4,546,846,300
Budget Reduction-General Fund	(10,000,002)	(3,403,800)			
Mandated Allotments	34,792,567	286,425,453			
Reorganization Allotment					
Other	(417,522,682)	(455,158,362)	(495,654,800)	(1,554,975,400)	(1,050,356,500)
Total General Fund	15,284,266,544	17,470,817,243	20,171,386,700	19,116,849,600	19,326,719,100
Tobacco Fund					
Tobacco Settlement - Phase I	104,785,700	107,687,400	106,078,200	99,118,000	94,224,700
Continuing Approp-Tob Settlement	75,854,912	102,888,221	167,783,400		
Other	26,567,750	9,872,349			
Total Tobacco Fund	207,208,363	220,447,970	273,861,600	99,118,000	94,224,700
Restricted Funds					
Balance Forward	1,065,953,897	1,508,579,760	2,059,905,291	1,727,935,791	1,217,598,591
Current Receipts	8,306,194,927	10,310,842,162	11,561,468,900	12,541,498,200	13,442,585,500
Non-Revenue Receipts	825,730,822	1,396,652,373	1,603,701,500	1,176,340,200	1,236,534,100
Fund Transfers	(72,077,833)	(1,449,600)	(3,267,000)	(4,326,000)	(4,311,900)
Total Restricted Funds	10,125,801,813	13,214,624,695	15,221,808,691	15,441,448,191	15,892,406,291
Federal Fund					
Balance Forward	1,470,322,446	1,213,564,529	724,403,602	18,183,000	13,604,700
Current Receipts	21,561,336,577	20,201,693,509	22,254,898,098	22,605,595,400	23,214,308,300
Non-Revenue Receipts	(534,989,873)	(45,407,445)	(911,242,800)	(5,794,900)	(5,779,000)
Fund Transfers	693,541				
CRF Receipts	1,235,375				
Total Federal Fund	22,498,598,066	21,369,850,594	22,068,058,900	22,617,983,500	23,222,134,000
Road Fund					
Regular Appropriation	1,613,219,600	1,724,764,700	1,683,417,300	1,985,694,500	1,897,111,900
State Salary and Compensation Allocation			11,381,400		
Surplus Expenditure Plan	97,267,289	70,371,160	55,504,600		
Special Appropriation		1,000,000			
Current Year Appropriation	16,505,900		2,500,000		
Continuing Approp-Road Fund	613,457,963	678,330,961	43,811,800		
Other	1,679,218	(18,192,647)	42,462,200		
Total Road Fund	2,342,129,970	2,456,274,174	1,839,077,300	1,985,694,500	1,897,111,900
TOTAL SOURCE OF FUNDS	50,458,004,756	54,732,014,675	59,574,193,191	59,261,093,791	60,432,595,991

EXPENDITURES BY CLASS

Personnel Costs	9,338,624,710	9,312,932,721	10,396,047,800	10,683,733,200	11,196,577,100
Operating Expenses	4,045,410,900	5,071,491,093	6,027,238,400	6,520,412,550	6,915,643,350
Grants Loans Benefits	27,977,001,013	29,647,478,880	31,886,995,400	32,553,774,100	33,806,085,200
Debt Service	1,107,760,215	971,230,390	954,163,200	1,043,579,900	1,291,236,200
Capital Outlay	329,656,964	777,154,334	733,187,200	720,433,550	674,532,350
Construction	1,283,363,218	1,465,093,266	2,225,449,800	1,949,536,500	2,006,784,200
TOTAL EXPENDITURES	44,081,817,019	47,245,380,684	52,223,081,800	53,471,469,800	55,890,858,400

EXPENDITURES BY FUND SOURCE

General Fund	13,027,973,398	14,339,573,209	14,681,764,400	14,562,015,600	15,825,073,600
Tobacco Fund	102,428,422	107,732,498	158,491,300	97,800,000	93,100,000
Restricted Funds	8,030,454,006	10,246,456,599	13,493,872,900	14,223,849,600	14,865,333,400
Federal Fund	21,285,033,536	20,645,593,905	22,049,875,900	22,604,378,800	23,212,213,900
Road Fund	1,635,927,656	1,906,024,474	1,839,077,300	1,983,425,800	1,895,137,500
TOTAL EXPENDITURES	44,081,817,020	47,245,380,685	52,223,081,800	53,471,469,800	55,890,858,400

EXPENDITURES BY UNIT

Executive Branch	43,579,835,548	46,712,408,620	51,606,148,900	52,821,809,900	55,277,373,600
Legislative Branch	73,572,226	76,435,327	89,891,200	89,744,800	92,115,400
Judicial Branch	428,409,246	456,536,737	527,041,700	559,915,100	521,369,400
TOTAL EXPENDITURES	44,081,817,020	47,245,380,685	52,223,081,800	53,471,469,800	55,890,858,400

Executive Branch

	Executive Branch				
	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,501,237,400	13,724,645,400	13,553,948,300	14,841,746,500	15,265,349,800
State Salary and Compensation Allocation			(23,469,000)		
Postsecondary Ed Performance Fund					
Surplus Expenditure Plan	1,162,652,172	1,013,525,521	1,452,921,400		
Special Appropriation	961,519,300	290,090,900	105,244,900	6,200,000	6,200,000
Current Year Appropriation	846,376,400		2,034,616,900		
Continuing Approp-General Fund	678,057,088	2,059,289,484	2,942,668,000	5,229,840,800	4,546,846,300
Mandated Allotments	34,792,567	286,425,453			
Reorganization Allotment					
Other	(417,522,682)	(455,158,362)	(495,654,800)	(1,554,975,400)	(1,050,356,500)
Total General Fund	14,767,112,245	16,918,818,396	19,570,275,700	18,522,811,900	18,768,039,600
Tobacco Fund					
Tobacco Settlement - Phase I	104,785,700	107,687,400	106,078,200	99,118,000	94,224,700
Continuing Approp-Tob Settlement	75,854,912	102,888,221	167,783,400		
Other	26,567,750	9,872,349			
Total Tobacco Fund	207,208,363	220,447,970	273,861,600	99,118,000	94,224,700
Restricted Funds					
Balance Forward	1,021,385,624	1,454,718,464	2,004,320,391	1,678,692,491	1,172,481,891
Current Receipts	8,282,032,199	10,286,941,136	11,538,448,900	12,516,616,600	13,417,148,000
Non-Revenue Receipts	801,434,276	1,373,529,383	1,580,859,900	1,153,212,800	1,213,354,600
Fund Transfers	(72,077,833)	(1,449,600)	(3,267,000)	(4,326,000)	(4,311,900)
Total Restricted Funds	10,032,774,266	13,113,739,383	15,120,362,191	15,344,195,891	15,798,672,591
Federal Fund					
Balance Forward	1,469,873,970	1,213,116,054	723,955,102	17,734,500	13,156,200
Current Receipts	21,558,046,003	20,198,060,183	22,250,693,998	22,602,108,800	23,212,490,500
Non-Revenue Receipts	(534,989,873)	(45,407,445)	(911,242,800)	(5,794,900)	(5,779,000)
Fund Transfers	693,541				
CRF Receipts	1,235,375				
Total Federal Fund	22,494,859,016	21,365,768,792	22,063,406,300	22,614,048,400	23,219,867,700
Road Fund					
Regular Appropriation	1,613,219,600	1,724,764,700	1,683,417,300	1,985,694,500	1,897,111,900
State Salary and Compensation Allocation			11,381,400		
Surplus Expenditure Plan	97,267,289	70,371,160	55,504,600		
Special Appropriation		1,000,000			
Current Year Appropriation	16,505,900		2,500,000		
Continuing Approp-Road Fund	613,457,963	678,330,961	43,811,800		
Other	1,679,218	(18,192,647)	42,462,200		
Total Road Fund	2,342,129,970	2,456,274,174	1,839,077,300	1,985,694,500	1,897,111,900
TOTAL SOURCE OF FUNDS	49,844,083,860	54,075,048,714	58,866,983,091	58,565,868,691	59,777,916,491

EXPENDITURES BY CLASS

Personnel Costs	9,009,065,594	8,966,113,361	9,993,582,200	10,277,650,200	10,778,295,400
Operating Expenses	3,875,401,510	4,891,304,436	5,820,022,200	6,332,205,650	6,722,880,250
Grants Loans Benefits	27,977,001,013	29,647,478,880	31,886,995,400	32,553,774,100	33,806,085,200
Debt Service	1,107,396,215	971,230,390	954,163,200	1,043,009,900	1,290,096,200
Capital Outlay	327,607,999	771,188,288	725,936,100	665,633,550	673,232,350
Construction	1,283,363,218	1,465,093,266	2,225,449,800	1,949,536,500	2,006,784,200
TOTAL EXPENDITURES	43,579,835,547	46,712,408,620	51,606,148,900	52,821,809,900	55,277,373,600

EXPENDITURES BY FUND SOURCE

General Fund	12,568,448,752	13,855,534,868	14,121,238,800	13,967,977,900	15,266,394,100
Tobacco Fund	102,428,422	107,732,498	158,491,300	97,800,000	93,100,000
Restricted Funds	7,991,287,755	10,201,156,201	13,441,669,700	14,171,714,000	14,812,345,900
Federal Fund	21,281,742,962	20,641,960,579	22,045,671,800	22,600,892,200	23,210,396,100
Road Fund	1,635,927,656	1,906,024,474	1,839,077,300	1,983,425,800	1,895,137,500
TOTAL EXPENDITURES	43,579,835,548	46,712,408,620	51,606,148,900	52,821,809,900	55,277,373,600

EXPENDITURES BY UNIT

General Government	2,912,013,137	2,687,689,963	2,525,877,500	2,941,408,300	3,746,335,900
Economic Development	59,838,085	483,810,882	334,118,600	34,136,700	35,721,200
Department of Education	6,242,146,030	6,326,995,797	6,588,822,500	6,615,374,200	6,098,439,500
Education and Labor	1,932,697,804	750,834,473	888,678,600	862,062,700	864,968,700
Energy and Environment	247,336,851	277,303,567	451,451,600	471,323,000	522,393,900
Finance and Administration	1,180,995,163	914,863,044	969,541,700	919,341,800	1,047,218,500
Health and Family Services	18,114,122,006	19,958,345,746	21,864,323,100	22,701,624,800	23,665,023,600
Justice and Public Safety	1,291,334,132	1,449,794,486	1,579,236,500	1,620,904,400	1,711,232,800
Personnel	153,319,190	141,175,373	151,514,200	145,275,800	138,971,800
Postsecondary Education	8,056,327,756	9,386,591,045	11,477,287,800	12,413,954,000	13,242,915,900
Public Protection	137,793,800	263,835,306	166,515,600	220,480,900	221,538,200
Tourism, Arts and Heritage	270,727,291	355,121,306	358,972,900	355,429,300	381,715,400
Transportation	2,795,324,002	3,128,411,950	4,156,826,300	3,517,044,000	3,599,198,200
Statewide	185,860,300	587,635,683	92,982,000	3,450,000	1,700,000
TOTAL EXPENDITURES	43,579,835,548	46,712,408,620	51,606,148,900	52,821,809,900	55,277,373,600

General Government

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,181,420,100	1,550,686,100	1,510,117,400	1,719,782,800	1,891,508,900
State Salary and Compensation Allocation			9,547,000		
Surplus Expenditure Plan					
Special Appropriation	111,500,000	70,424,900	67,674,900	1,200,000	1,200,000
Current Year Appropriation	709,266,200		1,282,700		
Continuing Approp-General Fund	7,677	24,811,243	48,504,300		
Reorganization Adjustment		1,799,700	1,799,700		13,616,600
Mandated Allotments	27,885,900	283,093,872			
Other	19,332,677	33,406,510	6,855,300		
Total General Fund	2,049,412,554	1,964,222,325	1,645,781,300	1,720,982,800	1,906,325,500
Tobacco Fund					
Tobacco Settlement - Phase I	35,618,800	41,868,600	41,862,000	39,117,100	40,111,000
Current Year Appropriation					
Continuing Approp-Tob Settlement	33,974,007	48,261,844	113,871,400		
Other	13,283,875	4,936,174			
Total Tobacco Fund	82,876,682	95,066,618	155,733,400	39,117,100	40,111,000
Restricted Funds					
Balance Forward	142,078,984	231,777,171	326,427,891	165,313,991	121,115,091
Current Receipts	157,391,119	229,346,776	220,237,500	211,433,600	236,830,600
Non-Revenue Receipts	202,946,378	193,421,237	76,107,100	108,091,800	118,045,900
Fund Transfers	(10,275,600)				
Total Restricted Funds	492,140,880	654,545,184	622,772,491	484,839,391	475,991,591
Federal Fund					
Balance Forward	1,325,308,142	1,330,117,889	907,384,200	10,408,200	7,417,500
Current Receipts	607,423,685	28,573,446	390,121,700	810,927,400	1,415,490,600
Non-Revenue Receipts	(9,580)	(39,097,844)	(906,261,900)		
Total Federal Fund	1,932,722,247	1,319,593,491	391,244,000	821,335,600	1,422,908,100
TOTAL SOURCE OF FUNDS	4,557,152,363	4,033,427,618	2,815,531,191	3,066,274,891	3,845,336,191
EXPENDITURES BY CLASS					
Personnel Costs	434,590,763	459,826,273	536,668,000	563,823,700	601,491,500
Operating Expenses	152,305,269	402,450,794	163,256,600	163,566,850	179,265,450
Grants Loans Benefits	2,143,024,205	1,647,654,987	1,675,825,700	2,067,521,700	2,813,219,600
Debt Service	164,558,510	149,024,752	132,395,900	125,279,200	141,390,600
Capital Outlay	17,394,936	28,605,052	17,731,300	21,216,850	10,968,750
Construction	139,455	128,105			
TOTAL EXPENDITURES	2,912,013,137	2,687,689,963	2,525,877,500	2,941,408,300	3,746,335,900

EXPENDITURES BY FUND SOURCE

General Fund	2,014,536,252	1,909,414,848	1,645,721,200	1,720,982,800	1,906,325,500
Tobacco Fund	34,508,819	37,929,946	41,862,000	39,117,100	40,111,000
Restricted Funds	260,363,709	328,011,341	457,458,500	367,390,300	382,482,700
Federal Fund	602,604,358	412,333,827	380,835,800	813,918,100	1,417,416,700
Road Fund					
TOTAL EXPENDITURES	2,912,013,137	2,687,689,963	2,525,877,500	2,941,408,300	3,746,335,900

EXPENDITURES BY UNIT

Office of the Governor	7,189,126	6,943,700	7,489,100	7,516,500	7,660,800
Office of State Budget Director	27,551,148	3,958,827	4,403,800	4,370,100	4,467,600
Homeland Security	7,464,984	8,919,018	10,958,600	15,983,800	16,049,200
Department of Veterans' Affairs	75,733,339	84,461,552	103,697,100	124,330,500	136,563,800
Kentucky Infrastructure Authority	35,743,032	55,958,166	77,470,800	430,936,900	1,018,040,400
Military Affairs	239,587,954	713,954,730	243,103,300	140,574,800	141,353,400
Commission on Human Rights	2,190,788	2,310,846	2,498,700	2,520,200	2,582,900
Commission on Women					
Department for Local Government	393,845,758	132,532,460	293,868,900	304,091,400	258,209,200
Local Government Economic Assistance Fund	29,090,943	47,154,010	38,295,500	37,228,200	31,983,900
Local Government Economic Development Fund	26,415,742	52,192,380	42,905,500	42,689,300	28,548,600
Local Government Regional Development Agency Assistance Fund	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Executive Branch Ethics Commission	979,329	994,153	1,210,500	1,207,800	1,238,200
Secretary of State	4,756,624	5,215,716	6,576,200	6,649,700	6,759,700
Board of Elections	7,164,742	10,352,259	8,381,400	9,958,500	9,986,500
Registry of Election Finance	1,605,700	1,609,733	1,713,600	1,798,200	1,839,800
Attorney General	39,001,276	52,222,393	92,321,400	102,124,900	167,894,400
Unified Prosecutorial System	127,623,693	139,064,339	148,635,500	164,598,100	170,497,100
Treasury	5,256,166	5,351,866	6,772,200	7,086,200	7,043,000
Agriculture	72,628,253	77,139,821	87,777,000	85,643,700	87,783,700
Auditor of Public Accounts	24,474,972	27,166,126	36,620,400	40,741,700	39,557,100
Personnel Board	866,709	894,154	941,200	1,277,700	1,278,700
Kentucky Public Pensions Authority	255,482,558	280,985,400	290,440,800	298,981,500	299,969,700
Occupational & Professional Boards & Commissions	24,837,859	27,875,589	35,037,400	35,699,400	36,383,200
Kentucky River Authority	6,520,194	6,100,002	5,673,200	16,465,800	6,686,400
School Facilities Construction Commission	213,990,056	136,170,619	138,773,000	117,389,800	126,743,000
Teachers' Retirement System	1,211,005,468	740,508,771	747,771,100	867,559,400	1,059,365,600
Judgments	4,242,667	977,674	17,279,700		
Appropriations Not Otherwise Classified	20,161,828	18,355,169	20,526,400	16,750,300	16,750,300
KY Communications Network Authority	40,602,228	42,320,490	48,735,200	51,233,900	55,099,700
TOTAL EXPENDITURES	2,912,013,137	2,687,689,963	2,525,877,500	2,941,408,300	3,746,335,900

**Economic Development
Economic Development**

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,040,800	285,495,200	28,784,200	30,251,000	31,754,700
State Salary and Compensation Allocation			259,800		
Special Appropriation	403,708,600				
Current Year Appropriation	50,268,300		4,000,000		
Continuing Approp-General Fund	10,984,213	434,034,659	272,076,500		
Reorganization Adjustment	103,200	230,000	230,000		
Total General Fund	492,105,113	719,759,859	305,350,500	30,251,000	31,754,700
Restricted Funds					
Balance Forward	1,492,024	26,094,783	26,711,200	1,711,200	1,203,600
Current Receipts	2,188,618	3,113,940	3,167,100	3,077,100	3,134,200
Non-Revenue Receipts	25,093,262				
Total Restricted Funds	28,773,904	29,208,724	29,878,300	4,788,300	4,337,800
Federal Fund					
Balance Forward	(21,079)	73,770	4,700		
Current Receipts	449,682	34,741,497	596,300	301,000	301,000
Total Federal Fund	428,603	34,815,267	601,000	301,000	301,000
TOTAL SOURCE OF FUNDS	521,307,620	783,783,849	335,829,800	35,340,300	36,393,500
EXPENDITURES BY CLASS					
Personnel Costs	10,841,485	12,486,667	14,669,700	15,093,000	15,372,200
Operating Expenses	2,047,419	2,119,634	6,204,700	2,550,900	2,587,200
Grants Loans Benefits	43,596,680	468,638,581	313,244,200	15,858,300	15,858,300
Debt Service	3,352,500	566,000		634,500	1,903,500
TOTAL EXPENDITURES	59,838,085	483,810,882	334,118,600	34,136,700	35,721,200
EXPENDITURES BY FUND SOURCE					
General Fund	56,804,130	446,502,773	305,350,500	30,251,000	31,754,700
Restricted Funds	2,679,121	2,497,515	28,167,100	3,584,700	3,665,500
Federal Fund	354,833	34,810,593	601,000	301,000	301,000
TOTAL EXPENDITURES	59,838,085	483,810,882	334,118,600	34,136,700	35,721,200
EXPENDITURES BY UNIT					
Economic Development	59,838,085	483,810,882	334,118,600	34,136,700	35,721,200
TOTAL EXPENDITURES	59,838,085	483,810,882	334,118,600	34,136,700	35,721,200

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

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

Policy

The budget includes General Fund in the amount of \$4,000,000 in fiscal year 2024 to match the federal grant in support of the EDA Recompete Pilot Program.

The budget includes General Fund in the amount of \$350,000 in each fiscal year for engineering services assistance with responding to inquiries. Funding for engineering services will assist local communities for responding to economic development opportunities related to prospective site locations.

The budget includes additional Restricted Fund in the amount of \$450,000 in each fiscal year to support a Kentucky Film Incentive. Funding will be used for staffing and operations of this incentive program.

The budget includes General Fund in the amount of \$634,500 in fiscal year 2025 and \$1,903,500 in fiscal year 2026 for new bonds included in the capital budget.

**Department of Education
Department of Education**

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,066,103,100	4,460,922,700	4,527,086,500	4,717,497,800	4,960,021,100
State Salary and Compensation Allocation			3,564,400		
Special Appropriation	170,000,000	(3,500,000)	(3,330,000)	5,000,000	5,000,000
Current Year Appropriation	2,814,600				
Continuing Approp-General Fund	44,335	25,733,010	29,560,100		
Reorganization Adjustment			(2,500,000)		
Other	(4,423,192)	(6,509,419)	(810,100)		
Total General Fund	4,234,538,843	4,476,646,291	4,553,570,900	4,722,497,800	4,965,021,100
Restricted Funds					
Balance Forward	15,416,090	14,283,052	56,563,800	32,395,500	17,661,700
Current Receipts	2,069,722	3,971,573	5,717,200	7,220,600	8,271,200
Non-Revenue Receipts	16,779,804	56,255,501	20,462,900	21,938,300	22,476,200
Fund Transfers	(4,000,000)				
Total Restricted Funds	30,265,616	74,510,126	82,743,900	61,554,400	48,409,100
Federal Fund					
Balance Forward	3,203,933	1,375,045	2,879,600		
Current Receipts	2,063,188,726	1,911,715,137	1,982,023,600	1,848,983,700	1,085,166,000
Total Federal Fund	2,066,392,660	1,913,090,182	1,984,903,200	1,848,983,700	1,085,166,000
TOTAL SOURCE OF FUNDS	6,331,197,119	6,464,246,599	6,621,218,000	6,633,035,900	6,098,596,200
EXPENDITURES BY CLASS					
Personnel Costs	127,929,048	134,661,448	161,396,900	162,463,200	162,958,700
Operating Expenses	64,610,660	66,501,213	69,438,000	76,401,700	55,287,000
Grants Loans Benefits	6,049,327,898	6,125,015,008	6,357,987,600	6,375,972,800	5,879,120,800
Debt Service	182,000	584,000		536,500	1,073,000
Capital Outlay	96,424	234,128			
TOTAL EXPENDITURES	6,242,146,030	6,326,995,797	6,588,822,500	6,615,374,200	6,098,439,500
EXPENDITURES BY FUND SOURCE					
General Fund	4,161,145,851	4,398,814,371	4,553,570,900	4,722,497,800	4,965,021,100
Restricted Funds	15,982,564	17,946,430	50,348,400	43,892,700	48,252,400
Federal Fund	2,065,017,615	1,910,234,996	1,984,903,200	1,848,983,700	1,085,166,000
TOTAL EXPENDITURES	6,242,146,030	6,326,995,797	6,588,822,500	6,615,374,200	6,098,439,500
EXPENDITURES BY UNIT					
Support Education Excellence in Kentucky (SEEK)	3,016,409,205	3,158,228,421	3,195,868,600	3,261,950,500	3,365,742,000
Operations and Support Services	604,007,065	620,516,154	562,782,600	547,937,500	549,418,100
Learning and Results Services	2,621,729,760	2,548,251,222	2,830,171,300	2,805,486,200	2,183,279,400
TOTAL EXPENDITURES	6,242,146,030	6,326,995,797	6,588,822,500	6,615,374,200	6,098,439,500

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

Education and Labor

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,492,500	84,790,400	84,992,800	89,010,000	87,103,900
State Salary and Compensation Allocation			1,937,500		
Special Appropriation		3,500,000	3,500,000		
Current Year Appropriation	1,607,000				
Continuing Approp-General Fund	6,667,651	6,047,028	7,487,300		
Reorganization Adjustment			2,500,000		
Total General Fund	80,767,151	94,337,428	100,417,600	89,010,000	87,103,900
Tobacco Fund					
Tobacco Settlement - Phase I	1,400,000	1,400,000	1,400,000	1,200,000	1,200,000
Current Year Appropriation					
Continuing Approp-Tob Settlement	9,562,263	14,233,380	13,741,800		
Other	7,970,325	2,961,705			
Total Tobacco Fund	18,932,588	18,595,085	15,141,800	1,200,000	1,200,000
Restricted Funds					
Balance Forward	31,977,909	31,540,745	33,143,300	29,944,900	28,015,200
Current Receipts	82,950,927	86,466,511	105,261,000	103,187,200	103,843,800
Non-Revenue Receipts	86,916,519	80,017,707	103,227,800	102,305,000	102,817,100
Total Restricted Funds	201,845,356	198,024,963	241,632,100	235,437,100	234,676,100
Federal Fund					
Balance Forward	7,272,922	(14,215,661)	(9,537,100)	265,200	229,400
Current Receipts	2,193,218,021	503,025,894	571,234,300	564,378,800	567,495,700
Non-Revenue Receipts	(531,681,114)	(2,893,127)		16,200	33,600
Total Federal Fund	1,668,809,828	485,917,107	561,697,200	564,660,200	567,758,700
TOTAL SOURCE OF FUNDS	1,970,354,923	796,874,583	918,888,700	890,307,300	890,738,700
EXPENDITURES BY CLASS					
Personnel Costs	1,033,290,159	301,349,625	352,898,000	350,353,800	353,783,700
Operating Expenses	46,667,042	50,624,376	54,076,900	53,227,400	53,053,500
Grants Loans Benefits	852,037,789	396,457,026	480,077,700	456,755,500	456,405,500
Debt Service	27				
Capital Outlay	695,136	2,337,806	1,612,600	1,712,600	1,712,600
Construction	7,650	65,639	13,400	13,400	13,400
TOTAL EXPENDITURES	1,932,697,804	750,834,473	888,678,600	862,062,700	864,968,700
EXPENDITURES BY FUND SOURCE					
General Fund	74,668,497	85,645,351	100,417,600	89,010,000	87,103,900
Tobacco Fund	4,699,208	4,853,259	15,141,800	1,200,000	1,200,000
Restricted Funds	170,304,611	164,881,713	211,687,200	207,421,900	208,906,100
Federal Fund	1,683,025,489	495,454,149	561,432,000	564,430,800	567,758,700
TOTAL EXPENDITURES	1,932,697,804	750,834,473	888,678,600	862,062,700	864,968,700

EXPENDITURES BY UNIT

General Administration and Program Support	39,427,067	44,426,931	81,070,500	60,968,700	58,616,500
Commission on Proprietary	378,468	410,658	546,200	542,400	550,600
Deaf and Hard of Hearing	2,212,453	2,158,596	2,487,900	2,491,700	2,533,700
Kentucky Educational Television	17,165,530	17,879,473	18,798,000	19,678,600	20,073,500
Environmental Education Council	530,269	828,945	956,300	957,900	966,500
Libraries and Archives	16,422,030	16,024,231	19,648,700	18,903,900	18,722,500
Workforce Development	1,663,644,855	471,360,834	536,612,500	533,811,400	536,694,300
Workplace Standards	13,568,155	13,503,474	15,837,700	14,787,300	15,108,400
Workers' Claims	52,414,897	51,259,296	62,256,200	62,757,500	63,209,600
Occupational Safety and Health Review Commission	642,272	722,930	813,400	809,100	822,200
Workers' Compensation Funding Commission	77,568,969	75,345,737	92,874,200	90,742,700	90,995,800
Workers' Compensation Nominating Committee			1,100	1,100	1,100
Disability Determinations	48,722,840	56,913,365	56,775,900	55,610,400	56,674,000
TOTAL EXPENDITURES	1,932,697,804	750,834,473	888,678,600	862,062,700	864,968,700

As announced by Governor Beshear on November 18, 2021, the Kentucky Education and Workforce Development Cabinet and the Labor Cabinet merged to create the Education and Labor Cabinet. These agencies work together to give citizens an opportunity to experience transformational change by obtaining a great education and quality training that can lead to a meaningful career and greater prosperity for their families. The merger resulted in a more robust cabinet to give the state an opportunity for cross-training employees adding resiliency, while ensuring efforts are not duplicated. Combining these two cabinets allows the state to develop a comprehensive workforce development strategy to meet the needs of many economic development projects and better compete for federal funds. This allows the Cabinet to be more responsible to workforce issues, putting together offices that do similar things.

Attached to the Education and Workforce Cabinet for administrative purposes are the Kentucky Occupational Safety and Health Review Commission, State Labor Relations Board, Workers' Compensation Funding Commission, Kentucky Occupational Safety and Health Standards Board, Kentucky Environmental Education Council, Kentucky Geographic Education Board, Board of Directors for the Center for School Safety, Kentucky Commission on Proprietary Education, Kentucky Employers' Mutual Insurance Authority, Workers' Compensation Nominating Committee, Kentucky Commission on the Deaf and Hard of Hearing, Kentucky Educational Television, Kentucky Work Ready Skills Advisory Committee, and Foundation for Adult Education.

The following agencies comprise the Education and Labor Cabinet:

- Office of the Secretary
- Department of Education
- Department of Workers' Claims
- Department of Workplace Standards
- Office of Unemployment Insurance
- Kentucky Unemployment Insurance Commission
- Department for Libraries and Archives
- Office of Educational Programs
- Kentucky Workforce Innovation Board
- Disability Determination Services Program
- Department of Workforce Development

Energy and Environment

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	90,176,800	99,387,000	95,953,200	103,031,200	106,812,900
State Salary and Compensation Allocation			2,704,000		
Current Year Appropriation	3,649,500		835,500		
Continuing Approp-General Fund	1,670,182	831,520	2,353,600		
Reorganization Adjustment					
Mandated Allotments	957,367	3,108,899			
Other					
Total General Fund	96,453,849	103,327,419	101,846,300	103,031,200	106,812,900
Tobacco Fund					
Tobacco Settlement - Phase I	3,423,400	3,400,000	3,400,000	3,000,000	3,000,000
Continuing Approp-Tob Settlement	9,838,829	8,712,392	7,523,400		
Total Tobacco Fund	13,262,229	12,112,392	10,923,400	3,000,000	3,000,000
Restricted Funds					
Balance Forward	35,246,885	45,415,787	60,036,700	59,882,700	56,620,500
Current Receipts	45,585,192	32,889,762	38,018,500	36,227,500	37,802,100
Non-Revenue Receipts	71,110,335	70,971,821	73,222,000	87,972,700	88,241,700
Fund Transfers	(15,000,000)				
Total Restricted Funds	136,942,413	149,277,369	171,277,200	184,082,900	182,664,300
Federal Fund					
Balance Forward	(645,647)	(3,250,522)	(7,336,423)		10,700
Current Receipts	62,765,526	81,096,291	237,271,223	241,527,400	287,813,100
Non-Revenue Receipts	(2,547,141)	(2,681,577)	(2,647,400)	(3,687,300)	(3,688,800)
Total Federal Fund	59,572,738	75,164,192	227,287,400	237,840,100	284,135,000
TOTAL SOURCE OF FUNDS	306,231,228	339,881,371	511,334,300	527,954,200	576,612,200
EXPENDITURES BY CLASS					
Personnel Costs	160,883,584	167,620,265	203,976,500	213,240,100	263,012,900
Operating Expenses	33,504,966	37,919,237	43,488,600	48,280,100	48,314,800
Grants Loans Benefits	33,783,563	33,428,036	58,914,500	51,447,800	51,760,400
Debt Service		492,500		1,435,500	2,914,000
Capital Outlay	5,841,192	8,959,279	10,903,800	10,175,900	9,396,800
Construction	13,323,546	28,884,251	134,168,200	146,743,600	146,995,000
TOTAL EXPENDITURES	247,336,851	277,303,567	451,451,600	471,323,000	522,393,900
EXPENDITURES BY FUND SOURCE					
General Fund	88,437,128	100,973,738	101,846,300	103,031,200	106,812,900
Tobacco Fund	4,549,837	4,588,982	10,923,400	3,000,000	3,000,000
Restricted Funds	91,526,626	89,240,480	111,394,500	127,462,400	128,446,000
Federal Fund	62,823,260	82,500,368	227,287,400	237,829,400	284,135,000
TOTAL EXPENDITURES	247,336,851	277,303,567	451,451,600	471,323,000	522,393,900

EXPENDITURES BY UNIT

Secretary	18,288,606	11,668,276	12,783,700	9,054,700	9,239,000
Environmental Protection	116,838,240	123,572,464	147,191,200	156,665,200	159,450,000
Natural Resources	83,130,338	112,594,937	244,668,900	248,497,600	250,367,900
Public Service Commission	13,370,370	13,210,873	19,643,500	17,996,200	18,801,900
Office of Administrative Services	10,908,115	11,791,853	13,732,500	14,343,200	14,635,000
Office of KY Nature Preserves	2,805,332	2,794,746	4,804,100	4,842,600	4,929,200
Office of Energy Policy	1,995,850	1,670,418	8,627,700	19,923,500	64,970,900
TOTAL EXPENDITURES	<u>247,336,851</u>	<u>277,303,567</u>	<u>451,451,600</u>	<u>471,323,000</u>	<u>522,393,900</u>

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

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

Finance and Administration

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	725,979,300	636,848,600	788,061,200	634,987,900	766,601,700
State Salary and Compensation Allocation			5,735,000		
Current Year Appropriation	12,281,000		3,700,000		
Other					
Total General Fund	738,260,300	636,848,600	797,496,200	634,987,900	766,601,700
Tobacco Fund					
Tobacco Settlement - Phase I	26,851,200	25,518,800	23,916,200	23,716,900	17,033,700
Continuing Approp-Tob Settlement					
Total Tobacco Fund	26,851,200	25,518,800	23,916,200	23,716,900	17,033,700
Restricted Funds					
Balance Forward	52,066,240	70,078,458	79,690,100	67,008,200	66,425,600
Current Receipts	232,588,203	240,148,381	259,088,800	263,056,100	263,213,700
Non-Revenue Receipts	36,394	5,776,352	24,278,400	4,452,500	4,458,300
Fund Transfers	(250,000)				
Total Restricted Funds	284,440,836	316,003,191	363,057,300	334,516,800	334,097,600
Federal Fund					
Balance Forward	282,237,990	11,095,489	1,339,000	240,000	120,100
Current Receipts	(38,415,347)	55,939,308	1,784,500	1,731,600	1,731,600
Non-Revenue Receipts			2,400		
Total Federal Fund	243,822,643	67,034,797	3,125,900	1,971,600	1,851,700
TOTAL SOURCE OF FUNDS	1,293,374,979	1,045,405,389	1,187,595,600	995,193,200	1,119,584,700
EXPENDITURES BY CLASS					
Personnel Costs	251,128,569	260,799,154	309,170,400	293,272,700	300,116,500
Operating Expenses	137,290,905	174,577,469	176,478,200	178,750,600	178,899,100
Grants Loans Benefits	232,921,440	65,633,575	26,322,300	8,689,600	7,989,600
Debt Service	535,522,530	389,692,790	424,880,300	412,715,400	535,110,400
Capital Outlay	24,131,721	24,160,057	32,690,500	25,913,500	25,102,900
TOTAL EXPENDITURES	1,180,995,163	914,863,044	969,541,700	919,341,800	1,047,218,500
EXPENDITURES BY FUND SOURCE					
General Fund	708,840,131	589,001,962	648,189,400	627,000,200	759,684,600
Tobacco Fund	25,065,500	23,852,016	22,417,300	22,398,900	15,909,000
Restricted Funds	214,362,378	236,313,264	296,049,100	268,091,200	269,773,400
Federal Fund	232,727,154	65,695,803	2,885,900	1,851,500	1,851,500
TOTAL EXPENDITURES	1,180,995,163	914,863,044	969,541,700	919,341,800	1,047,218,500
EXPENDITURES BY UNIT					
General Administration	266,143,297	105,139,320	70,946,700	54,825,400	54,294,500
Controller	19,054,094	20,932,866	22,215,500	23,208,400	23,844,500
Debt Service	524,825,627	368,048,508	414,438,000	394,058,500	507,584,700
Facilities and Support Services	60,862,390	70,462,912	65,202,300	74,400,500	82,666,600

County Costs	19,890,125	30,319,552	30,946,000	30,946,000	30,946,000
Commonwealth Office of Technology	116,309,490	141,559,842	156,711,900	139,449,700	141,036,700
Revenue	111,039,393	115,615,226	137,322,200	129,995,000	132,431,900
Property Valuation Administrators	62,870,746	62,784,818	71,759,100	72,458,300	74,413,600
TOTAL EXPENDITURES	<u>1,180,995,163</u>	<u>914,863,044</u>	<u>969,541,700</u>	<u>919,341,800</u>	<u>1,047,218,500</u>

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

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

Health and Family Services

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,788,557,200	3,021,746,400	3,512,971,000	3,689,199,700	4,217,328,300
State Salary and Compensation Allocation			16,814,600		
Special Appropriation	32,000,000				
Current Year Appropriation	16,993,400				
Reorganization Adjustment					(13,616,600)
Other					
Total General Fund	2,837,550,600	3,021,746,400	3,529,785,600	3,689,199,700	4,203,711,700
Tobacco Fund					
Tobacco Settlement - Phase I	26,204,700	26,000,000	26,000,000	23,203,300	23,380,000
Continuing Approp-Tob Settlement	17,309,077	25,517,396	28,419,500		
Other	5,313,550	1,974,470			
Total Tobacco Fund	48,827,327	53,491,866	54,419,500	23,203,300	23,380,000
Restricted Funds					
Balance Forward	150,753,101	378,792,703	591,670,000	567,744,900	165,608,100
Current Receipts	1,049,648,241	1,208,825,907	1,460,667,100	1,708,118,800	1,705,759,000
Non-Revenue Receipts	202,666,308	590,732,817	799,288,400	476,246,200	468,586,200
Fund Transfers					
Total Restricted Funds	1,403,067,649	2,178,351,426	2,851,625,500	2,752,109,900	2,339,953,300
Federal Fund					
Balance Forward	7,452,160	38,812,391	(7,341,700)		
Current Receipts	14,270,356,384	15,286,613,612	16,003,579,100	16,406,386,000	17,097,978,600
Non-Revenue Receipts	(48)	170			
Total Federal Fund	14,277,808,497	15,325,426,174	15,996,237,400	16,406,386,000	17,097,978,600
TOTAL SOURCE OF FUNDS	18,567,254,072	20,579,015,866	22,432,068,000	22,870,898,900	23,665,023,600
EXPENDITURES BY CLASS					
Personnel Costs	1,265,211,359	1,139,760,194	1,417,195,700	1,413,470,700	1,426,216,600
Operating Expenses	112,042,557	159,118,257	149,462,500	151,213,000	143,629,000
Grants Loans Benefits	16,727,394,102	18,642,011,484	20,282,043,500	21,122,249,000	22,075,610,800
Debt Service	8,723,784	11,650,184	9,810,000	14,680,700	19,555,800
Capital Outlay	685,382	5,613,340	5,811,400	11,400	11,400
Construction	64,821	192,286			
TOTAL EXPENDITURES	18,114,122,006	19,958,345,746	21,864,323,100	22,701,624,800	23,665,023,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,827,541,024	3,013,823,800	3,529,785,600	3,689,199,700	4,203,711,700
Tobacco Fund	23,309,931	25,072,429	54,419,500	23,203,300	23,380,000
Restricted Funds	1,024,274,946	1,586,681,571	2,283,880,600	2,582,835,800	2,339,953,300
Federal Fund	14,238,996,105	15,332,767,946	15,996,237,400	16,406,386,000	17,097,978,600
TOTAL EXPENDITURES	18,114,122,006	19,958,345,746	21,864,323,100	22,701,624,800	23,665,023,600

EXPENDITURES BY UNIT

General Administration and Program Support	178,790,915	110,541,380	137,331,100	163,235,800	162,788,900
Aging and Independent Living	67,091,588	82,466,196	97,613,000	87,267,700	87,255,100
Income Support	59,473,472	61,817,503	75,866,700	78,067,300	
Public Health	623,028,319	521,678,523	573,028,700	494,620,700	502,729,300
Behavioral Health, Developmental & Intellectual Disabilities	455,939,094	516,321,352	544,215,600	536,873,700	542,779,800
Family Resource Centers and Volunteer Services	22,819,927	40,385,654	42,364,400	46,309,400	46,380,300
Community Based Services	1,588,112,240	1,797,462,549	1,688,336,500	1,779,409,500	1,779,519,700
Medicaid Services	15,118,866,451	16,827,672,588	18,705,567,100	19,515,840,700	20,543,570,500
TOTAL EXPENDITURES	18,114,122,006	19,958,345,746	21,864,323,100	22,701,624,800	23,665,023,600

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

Senate Bill 48 enacted in the 2023 regular session reorganizes the Cabinet for Health and Family Services (CHFS). Effective July 1, 2024 the Office of Ombudsman and Administrative Review are moved outside of CHFS, the Disability Determination Branch is moved from Income Support to the Labor Cabinet, the Office for Children with Special Health Care Needs is moved to the Department of Public Health, The Division of Guardianship is moved from the Department of Aging and Independent Living to the Department for Community Based Services. Effective July 1, 2025 Child Support Enforcement will be moved from the Department of Income Support to the Office of the Attorney General.

Justice and Public Safety

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	981,099,700	1,124,812,000	1,159,289,600	1,264,243,600	1,377,336,300
State Salary and Compensation Allocation			64,325,500		
Special Appropriation	36,060,700	2,750,000	12,900,000		
Current Year Appropriation	26,004,400				
Continuing Approp-General Fund	146,327	2,167,955	5,032,100		
Total General Fund	1,043,311,127	1,129,729,955	1,241,547,200	1,264,243,600	1,377,336,300
Tobacco Fund					
Tobacco Settlement - Phase I	3,593,800	3,250,000	3,250,000	3,037,500	3,250,000
Continuing Approp-Tob Settlement	5,168,409	6,163,209	4,227,300		
Total Tobacco Fund	8,762,209	9,413,209	7,477,300	3,037,500	3,250,000
Restricted Funds					
Balance Forward	88,652,819	123,554,046	161,304,400	153,032,100	89,620,900
Current Receipts	49,596,862	63,565,790	48,259,500	47,432,900	47,838,300
Non-Revenue Receipts	113,916,292	131,114,932	119,673,500	84,898,500	147,352,500
Fund Transfers	(2,452,100)	(1,028,500)	(2,057,000)	(2,301,000)	(2,301,000)
Total Restricted Funds	249,713,873	317,206,268	327,180,400	283,062,500	282,510,700
Federal Fund					
Balance Forward	(11,597,041)	(19,364,480)	(10,679,100)	690,600	386,900
Current Receipts	92,705,633	119,339,203	108,270,100	103,588,400	79,075,500
Non-Revenue Receipts	552,292	4,948,295	(212,100)		
Fund Transfers	693,541				
Total Federal Fund	82,354,425	104,923,017	97,378,900	104,279,000	79,462,400
Road Fund					
Regular Appropriation	56,980,300	59,436,600	59,262,500	56,289,600	56,372,700
State Salary and Compensation Allocation			112,900		
Total Road Fund	56,980,300	59,436,600	59,375,400	56,289,600	56,372,700
TOTAL SOURCE OF FUNDS	1,441,121,935	1,620,709,050	1,732,959,200	1,710,912,200	1,798,932,100
EXPENDITURES BY CLASS					
Personnel Costs	718,254,008	806,113,845	941,203,600	956,647,600	1,000,470,800
Operating Expenses	174,534,763	193,960,292	185,765,700	205,454,200	207,233,100
Grants Loans Benefits	361,618,041	407,225,518	437,082,500	420,677,400	452,149,200
Debt Service	1,050,169	15,019,169	464,200	18,162,700	37,388,200
Capital Outlay	35,826,314	27,404,888	14,720,500	19,962,500	13,991,500
Construction	50,836	70,774			
TOTAL EXPENDITURES	1,291,334,132	1,449,794,486	1,579,236,500	1,620,904,400	1,711,232,800

EXPENDITURES BY FUND SOURCE

General Fund	1,003,876,099	1,113,668,034	1,241,547,200	1,264,243,600	1,377,336,300
Tobacco Fund	2,599,000	5,185,866	7,477,300	3,037,500	3,250,000
Restricted Funds	126,159,828	155,901,841	174,148,300	193,441,600	195,273,500
Federal Fund	101,718,905	115,602,145	96,688,300	103,892,100	79,000,300
Road Fund	56,980,300	59,436,600	59,375,400	56,289,600	56,372,700
TOTAL EXPENDITURES	1,291,334,132	1,449,794,486	1,579,236,500	1,620,904,400	1,711,232,800

EXPENDITURES BY UNIT

Justice Administration	80,436,224	89,931,251	120,255,900	103,399,900	98,942,700
Criminal Justice Training	78,441,063	87,418,093	93,283,300	101,798,500	109,736,200
Juvenile Justice	111,818,518	132,258,661	163,745,000	174,249,700	197,439,400
State Police	288,881,761	330,505,260	340,663,400	347,136,200	369,528,600
Corrections	654,547,522	722,326,319	769,359,600	791,237,900	830,233,900
Public Advocacy	77,209,044	87,354,903	91,929,300	103,082,200	105,352,000
TOTAL EXPENDITURES	1,291,334,132	1,449,794,486	1,579,236,500	1,620,904,400	1,711,232,800

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

- The Cabinet is comprised of six departments:
- Department of Justice Administration
- Department of Public Advocacy
- Department of Kentucky State Police
- Department of Juvenile Justice
- Department of Criminal Justice Training
- Department of Corrections

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

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

	Actual FY 2022	Personnel Personnel Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	102,064,000	89,090,400	89,924,800	75,657,300	69,750,400
State Salary and Compensation Allocation			(4,807,000)		
Continuing Approp.-General Fund				3,000,000	1,500,000
Other			3,000,000		
Total General Fund	102,064,000	89,090,400	88,117,800	78,657,300	71,250,400
Restricted Funds					
Balance Forward	33,718,082	37,822,910	40,064,300	34,497,400	28,960,500
Current Receipts	47,481,165	29,583,999	52,018,000	51,856,500	53,611,400
Non-Revenue Receipts	8,888,253	24,742,399	8,811,500	10,725,100	10,877,500
Total Restricted Funds	90,087,501	92,149,308	100,893,800	97,079,000	93,449,400
Road Fund					
Regular Appropriation			1,129,000		
State Salary and Compensation Allocation			(1,129,000)		
Total Road Fund					
TOTAL SOURCE OF FUNDS	192,151,501	181,239,708	189,011,600	175,736,300	164,699,800
EXPENDITURES BY CLASS					
Personnel Costs	47,871,956	46,942,357	59,636,600	59,762,900	59,334,500
Operating Expenses	4,392,634	5,142,618	7,259,800	6,855,600	6,886,900
Grants Loans Benefits	101,054,599	89,090,398	84,617,800	78,657,300	72,750,400
Capital Outlay					
TOTAL EXPENDITURES	153,319,190	141,175,373	151,514,200	145,275,800	138,971,800
EXPENDITURES BY FUND SOURCE					
General Fund	101,054,599	89,090,398	85,117,800	77,157,300	71,250,400
Restricted Funds	52,264,591	52,084,975	66,396,400	68,118,500	67,721,400
Federal Fund					
TOTAL EXPENDITURES	153,319,190	141,175,373	151,514,200	145,275,800	138,971,800
EXPENDITURES BY UNIT					
General Operations	26,338,441	27,093,723	34,037,900	33,776,000	33,296,500
Public Employees Deferred Compensation Authority	7,132,113	7,312,331	8,471,800	8,462,900	8,520,000
Workers' Compensation Benefits and Reserve	18,794,036	17,678,921	24,386,700	24,379,600	24,404,900
Fixed Allocation Non-Hazardous Pension Fund	101,054,599	89,090,398	84,617,800	75,657,300	69,750,400
State Salary and Compensation Fund				3,000,000	3,000,000
TOTAL EXPENDITURES	153,319,190	141,175,373	151,514,200	145,275,800	138,971,800

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

Currently, the Personnel Cabinet is comprised of five appropriation units: General Operations, Public Employees Deferred Compensation Authority, Workers' Compensation Benefits and Reserve, the State Salary and Compensation Fund and the Fixed Allocation Non-Hazardous Pension Fund.

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

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

Postsecondary Education

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,209,303,500	1,371,616,300	1,370,013,700	1,513,695,600	1,605,407,800
State Salary and Compensation Allocation			249,000		
Postsecondary Ed Performance Fund					
Special Appropriation	28,200,000	8,500,000	10,000,000		
Current Year Appropriation	894,400		4,107,500		
Continuing Approp-General Fund	57,595,878	66,714,059	43,503,200	431,000	261,400
Reorganization Adjustment		(1,799,700)	(1,799,700)		
Other	3,000,000	3,000,000	3,000,000		
Total General Fund	1,298,993,778	1,448,030,659	1,429,073,700	1,514,126,600	1,605,669,200
Tobacco Fund					
Tobacco Settlement - Phase I	7,693,800	6,250,000	6,250,000	5,843,200	6,250,000
Continuing Approp-Tob Settlement	2,327				
Total Tobacco Fund	7,696,127	6,250,000	6,250,000	5,843,200	6,250,000
Restricted Funds					
Balance Forward	9,236,713	9,364,179	16,948,700	10,299,700	3,217,200
Current Receipts	6,156,831,053	7,875,207,575	8,807,196,900	9,530,147,400	10,244,510,200
Non-Revenue Receipts	3,657,111	19,118,434	13,014,800	116,464,300	106,936,200
Fund Transfers	(1,114,787)				
Total Restricted Funds	6,168,610,090	7,903,690,188	8,837,160,400	9,656,911,400	10,354,663,600
Federal Fund					
Balance Forward	(36,261)	21,536	(574,575)		
Current Receipts	1,237,702,761	991,636,967	1,216,108,975	1,240,551,400	1,278,157,000
Non-Revenue Receipts					
CRF Receipts	1,235,375				
Total Federal Fund	1,238,901,875	991,658,503	1,215,534,400	1,240,551,400	1,278,157,000
TOTAL SOURCE OF FUNDS	8,714,201,870	10,349,629,351	11,488,018,500	12,417,432,600	13,244,739,800
EXPENDITURES BY CLASS					
Personnel Costs	4,082,992,337	4,702,669,799	4,939,351,000	5,207,214,000	5,531,218,000
Operating Expenses	2,658,917,581	3,229,909,948	4,379,647,500	4,927,156,200	5,323,925,800
Grants Loans Benefits	962,104,638	1,020,741,970	1,530,997,100	1,480,536,700	1,492,264,500
Debt Service	174,074,095	189,657,341	174,936,900	245,147,700	309,793,700
Capital Outlay	178,239,103	243,611,987	452,355,300	553,899,400	585,713,900
TOTAL EXPENDITURES	8,056,327,755	9,386,591,045	11,477,287,800	12,413,954,000	13,242,915,900

EXPENDITURES BY FUND SOURCE

General Fund	1,237,273,426	1,409,525,339	1,428,642,700	1,513,865,200	1,605,669,200
Tobacco Fund	7,696,127	6,250,000	6,250,000	5,843,200	6,250,000
Restricted Funds	5,572,477,864	6,978,584,393	8,826,860,700	9,653,694,200	10,352,839,700
Federal Fund	1,238,880,339	992,231,313	1,215,534,400	1,240,551,400	1,278,157,000
TOTAL EXPENDITURES	<u>8,056,327,756</u>	<u>9,386,591,045</u>	<u>11,477,287,800</u>	<u>12,413,954,000</u>	<u>13,242,915,900</u>

EXPENDITURES BY UNIT

Council on Postsecondary Education	53,987,831	43,868,732	58,039,400	42,146,400	30,498,500
Kentucky Higher Education Assistance Authority	310,019,795	387,542,945	415,593,400	500,983,600	512,407,300
Postsecondary Education Institutions	<u>7,692,320,129</u>	<u>8,955,179,368</u>	<u>11,003,655,000</u>	<u>11,870,824,000</u>	<u>12,700,010,100</u>
TOTAL EXPENDITURES	<u>8,056,327,756</u>	<u>9,386,591,045</u>	<u>11,477,287,800</u>	<u>12,413,954,000</u>	<u>13,242,915,900</u>

Public Protection

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,324,200	8,572,200	8,298,100	8,967,600	9,196,000
State Salary and Compensation Allocation			292,700		
Current Year Appropriation	211,000		1,000,000		
Total General Fund	7,535,200	8,572,200	9,590,800	8,967,600	9,196,000
Restricted Funds					
Balance Forward	158,678,338	211,248,831	286,643,000	384,814,100	431,674,100
Current Receipts	140,540,382	160,304,166	161,752,600	162,835,200	166,201,200
Non-Revenue Receipts	76,194,934	94,252,944	91,465,300	93,552,000	96,968,600
Fund Transfers	(35,156,546)				
Total Restricted Funds	340,257,108	465,805,941	539,860,900	641,201,300	694,843,900
Federal Fund					
Balance Forward	(14,525)	(6,058)	61,600		
Current Receipts	1,259,228	76,167,616	1,816,400	1,986,100	1,990,400
Total Federal Fund	1,244,703	76,161,559	1,878,000	1,986,100	1,990,400
TOTAL SOURCE OF FUNDS	349,037,011	550,539,700	551,329,700	652,155,000	706,030,300
EXPENDITURES BY CLASS					
Personnel Costs	73,286,883	76,632,700	91,112,500	96,220,500	98,426,600
Operating Expenses	8,785,773	12,059,703	19,177,900	19,123,300	19,267,300
Grants Loans Benefits	55,692,480	173,693,149	55,504,200	104,507,100	103,374,300
Capital Outlay	28,664	1,449,755	721,000	630,000	470,000
Construction					
TOTAL EXPENDITURES	137,793,800	263,835,306	166,515,600	220,480,900	221,538,200
EXPENDITURES BY FUND SOURCE					
General Fund	7,534,762	8,572,200	9,590,800	8,967,600	9,196,000
Restricted Funds	129,008,277	179,163,170	155,046,800	209,527,200	210,351,800
Federal Fund	1,250,761	76,099,936	1,878,000	1,986,100	1,990,400
TOTAL EXPENDITURES	137,793,800	263,835,306	166,515,600	220,480,900	221,538,200
EXPENDITURES BY UNIT					
Secretary	10,165,949	98,898,112	27,428,000	13,230,800	12,346,600
Professional Licensing	3,634,631	4,017,586	5,637,700	5,654,200	5,766,600
Boxing and Wrestling Commission	154,899	184,842	193,500	241,500	247,100
Alcoholic Beverage Control	5,922,654	6,438,718	7,981,400	7,974,600	8,164,300
Charitable Gaming	3,384,707	3,865,274	4,206,900	4,264,300	4,380,000
Financial Institutions	13,020,090	13,676,521	15,730,400	18,310,600	18,675,300
Horse Racing Commission	61,781,707	93,507,614	55,820,800	120,117,500	120,346,500
Housing, Buildings and Construction	23,690,310	25,812,844	27,985,300	28,540,600	29,218,300
Insurance	13,947,823	14,644,314	17,385,100	17,845,800	18,060,300
Claims and Appeals	2,091,030	2,789,481	4,146,500	4,301,000	4,333,200
TOTAL EXPENDITURES	137,793,800	263,835,306	166,515,600	220,480,900	221,538,200

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

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

Attached to the Cabinet for administrative purposes only:

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

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

Tourism, Arts and Heritage
Tourism, Arts and Heritage

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	72,110,100	93,205,300	85,998,000	101,095,700	123,602,000
State Salary and Compensation Allocation			3,229,300		
Special Appropriation	50,000				
Current Year Appropriation	21,581,800				
Continuing Approp.-General Fund			6,251,000		
Reorganization Adjustment	(103,200)	(230,000)	(230,000)		
Other					
Total General Fund	93,638,700	92,975,300	95,248,300	101,095,700	123,602,000
Restricted Funds					
Balance Forward	204,389,140	193,432,351	158,013,700	150,813,900	138,516,900
Current Receipts	169,376,633	182,237,633	184,312,400	189,011,800	188,802,400
Non-Revenue Receipts	(37,282,952)	(41,424,709)	13,616,900	14,251,400	14,276,400
Total Restricted Funds	336,482,822	334,245,275	355,943,000	354,077,100	341,595,700
Federal Fund					
Balance Forward	8,294,743	325,530	3,227,100	6,130,500	4,991,600
Current Receipts	27,627,295	102,603,705	63,772,700	39,758,300	39,176,200
Non-Revenue Receipts	(1,304,323)	(5,683,322)	(2,123,800)	(2,123,800)	(2,123,800)
Total Federal Fund	34,617,716	97,245,913	64,876,000	43,765,000	42,044,000
TOTAL SOURCE OF FUNDS	464,739,238	524,466,488	516,067,300	498,937,800	507,241,700
EXPENDITURES BY CLASS					
Personnel Costs	158,827,843	168,190,446	217,146,900	220,209,800	224,543,800
Operating Expenses	92,060,438	98,617,825	115,611,300	103,038,100	107,090,000
Grants Loans Benefits	11,196,157	75,677,909	17,477,500	17,372,400	17,280,900
Debt Service	3,064,918	3,714,668	2,322,200	7,824,200	24,988,700
Capital Outlay	5,551,944	8,797,085	6,415,000	6,984,800	7,812,000
Construction	25,992	123,373			
TOTAL EXPENDITURES	270,727,291	355,121,306	358,972,900	355,429,300	381,715,400
EXPENDITURES BY FUND SOURCE					
General Fund	93,384,635	84,871,037	95,098,300	101,095,700	123,602,000
Restricted Funds	143,050,471	176,231,433	205,129,100	215,560,200	219,587,300
Federal Fund	34,292,186	94,018,836	58,745,500	38,773,400	38,526,100
TOTAL EXPENDITURES	270,727,291	355,121,306	358,972,900	355,429,300	381,715,400

EXPENDITURES BY UNIT

Secretary	30,357,913	93,420,918	40,850,500	26,580,500	29,158,000
Artisans Center	2,530,020	2,681,939	2,840,500	2,881,100	2,934,500
Kentucky Department of Tourism	3,104,266	2,966,140	3,595,900	3,647,600	3,732,100
Parks	95,595,576	103,364,779	113,015,200	118,058,500	125,085,800
Horse Park Commission	12,976,680	13,919,809	14,177,100	15,208,500	15,479,300
State Fair Board	49,867,264	57,842,967	61,638,100	66,131,700	80,855,900
Fish and Wildlife Resources	61,551,771	66,885,698	104,954,600	105,182,900	106,117,700
Historical Society	6,810,304	7,246,084	8,687,100	10,831,300	11,335,800
Arts Council	3,655,815	2,724,574	2,745,700	2,748,700	2,778,800
Heritage Council	2,194,087	3,510,097	5,909,900	3,536,000	3,615,000
Kentucky Center for the Arts	2,083,595	558,300	558,300	622,500	622,500
TOTAL EXPENDITURES	270,727,291	355,121,306	358,972,900	355,429,300	381,715,400

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

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

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

SOURCE OF FUNDS	Transportation Transportation				
	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
General Fund					
Regular Appropriation	14,489,000	294,839,800	16,075,800	17,225,800	17,225,800
Special Appropriation		(17,364,000)			
Current Year Appropriation	63,800				
Continuing Approp-General Fund	940,843	7,822,922	267,302,700		
Total General Fund	15,493,643	285,298,722	283,378,500	17,225,800	17,225,800
Restricted Funds					
Balance Forward	97,679,300	81,313,449	167,103,300	21,233,900	23,842,500
Current Receipts	145,784,082	171,279,122	192,752,300	203,011,900	357,329,900
Non-Revenue Receipts	30,511,638	148,549,947	237,691,300	32,315,000	32,318,000
Fund Transfers	(3,828,800)	(421,100)	(1,210,000)	(2,025,000)	(2,010,900)
Total Restricted Funds	270,146,220	400,721,418	596,336,900	254,535,800	411,479,500
Federal Fund					
Balance Forward	(151,581,368)	(131,868,877)	(155,472,200)		
Current Receipts	1,039,764,409	1,006,607,507	1,674,115,100	1,341,988,700	1,358,114,800
Non-Revenue Receipts	40	(40)			
Total Federal Fund	888,183,082	874,738,590	1,518,642,900	1,341,988,700	1,358,114,800
Road Fund					
Regular Appropriation	1,556,239,300	1,665,328,100	1,623,025,800	1,929,404,900	1,840,739,200
State Salary and Compensation Allocation			12,397,500		
Surplus Expenditure Plan	97,267,289	70,371,160	55,504,600		
Special Appropriation		1,000,000			
Current Year Appropriation	16,505,900		2,500,000		
Continuing Approp-Road Fund	613,457,963	678,330,961	43,811,800		
Other	1,679,218	(18,192,647)	42,462,200		
Total Road Fund	2,285,149,670	2,396,837,574	1,779,701,900	1,929,404,900	1,840,739,200
TOTAL SOURCE OF FUNDS	3,458,972,614	3,957,596,304	4,178,060,200	3,543,155,200	3,627,559,300
EXPENDITURES BY CLASS					
Personnel Costs	643,957,599	689,060,588	749,156,400	725,878,200	741,349,600
Operating Expenses	388,241,500	458,303,070	450,154,500	396,587,700	397,441,100
Grants Loans Benefits	257,249,420	293,211,240	566,900,800	353,528,500	368,300,900
Debt Service	216,867,683	210,828,986	209,353,700	216,593,500	215,978,300
Capital Outlay	19,256,883	41,379,228	89,992,700	21,676,600	16,352,500
Construction	1,269,750,918	1,435,628,838	2,091,268,200	1,802,779,500	1,859,775,800
TOTAL EXPENDITURES	2,795,324,002	3,128,411,950	4,156,826,300	3,517,044,000	3,599,198,200
EXPENDITURES BY FUND SOURCE					
General Fund	7,491,917	17,995,335	283,378,500	17,225,800	17,225,800

Restricted Funds	188,832,770	233,618,074	575,103,000	230,693,300	385,092,800
Federal Fund	1,020,051,958	1,030,210,666	1,518,642,900	1,341,988,700	1,358,114,800
Road Fund	1,578,947,356	1,846,587,874	1,779,701,900	1,927,136,200	1,838,764,800
TOTAL EXPENDITURES	<u>2,795,324,002</u>	<u>3,128,411,950</u>	<u>4,156,826,300</u>	<u>3,517,044,000</u>	<u>3,599,198,200</u>

EXPENDITURES BY UNIT

General Administration and Support	85,419,987	80,957,892	155,383,100	86,780,900	87,678,900
Aviation	13,594,251	37,595,336	61,658,600	21,404,300	21,479,400
Debt Service	130,275,641	131,857,642	136,855,100	134,937,700	116,708,700
Highways	2,095,872,668	2,366,598,530	3,030,515,500	2,689,127,000	2,764,638,500
Public Transportation	36,638,252	53,292,331	226,006,600	96,920,800	96,977,000
Revenue Sharing	367,145,929	359,285,092	451,134,800	389,335,000	416,771,700
Vehicle Regulation	56,187,275	65,296,126	76,722,600	79,138,300	80,594,000
Transfer to Capital Projects	10,190,000	33,529,000	18,550,000	19,400,000	14,350,000
TOTAL EXPENDITURES	<u>2,795,324,002</u>	<u>3,128,411,950</u>	<u>4,156,826,300</u>	<u>3,517,044,000</u>	<u>3,599,198,200</u>

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

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

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

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

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

Legislative Branch

Legislative Branch

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	79,653,300	85,040,600	88,016,800	89,669,800	91,940,400
State Salary and Compensation			1,874,400		
Current Year Appropriation	2,221,900				
Continuing Approp-General Fund	23,677,239	31,980,208	40,585,400		
Total General Fund	105,552,439	117,020,808	130,476,600	89,669,800	91,940,400
Restricted Funds					
Balance Forward	1,911,722	2,121,559	2,161,100	2,361,100	2,321,100
Current Receipts	209,837	39,503	200,000	35,000	200,000
Total Restricted Funds	2,121,559	2,161,062	2,361,100	2,396,100	2,521,100
Federal Fund					
Balance Forward	448,476	448,476	448,500	448,500	448,500
Total Federal Fund	448,476	448,476	448,500	448,500	448,500
TOTAL SOURCE OF FUNDS	108,122,474	119,630,346	133,286,200	92,514,400	94,910,000
EXPENDITURES BY CLASS					
Personnel Costs	58,172,560	59,233,932	71,634,600	70,229,400	71,993,700
Operating Expenses	14,380,859	15,908,492	17,256,600	18,515,400	19,121,700
Debt Service	364,000				
Capital Outlay	654,807	1,292,903	1,000,000	1,000,000	1,000,000
TOTAL EXPENDITURES	73,572,226	76,435,327	89,891,200	89,744,800	92,115,400
EXPENDITURES BY FUND SOURCE					
General Fund	73,572,226	76,435,327	89,891,200	89,669,800	91,940,400
Restricted Funds				75,000	175,000
Federal Fund					
TOTAL EXPENDITURES	73,572,226	76,435,327	89,891,200	89,744,800	92,115,400
EXPENDITURES BY UNIT					
Legislative Branch	73,572,226	76,435,327	89,891,200	89,744,800	92,115,400
TOTAL EXPENDITURES	73,572,226	76,435,327	89,891,200	89,744,800	92,115,400

Judicial Branch

Judicial Branch

	Actual FY 2022	Actual FY 2023	Revised FY 2024	Enacted FY 2025	Enacted FY 2026
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	392,981,100	412,732,400	421,664,700	504,367,900	466,739,100
State Salary and Compensation			21,594,600		
Special Appropriation	14,700,000				
Continuing Approp-General Fund	13,920,762	25,649,439	27,375,100		
Budget Reduction-General Fund	(10,000,002)	(3,403,800)			
Total General Fund	411,601,860	434,978,039	470,634,400	504,367,900	466,739,100
Restricted Funds					
Balance Forward	42,656,551	51,739,737	53,423,800	46,882,200	42,795,600
Current Receipts	23,952,891	23,861,523	22,820,000	24,846,600	25,237,500
Non-Revenue Receipts	24,296,546	23,122,990	22,841,600	23,127,400	23,179,500
Total Restricted Funds	90,905,988	98,724,250	99,085,400	94,856,200	91,212,600
Federal Fund					
Current Receipts	3,290,574	3,633,326	4,204,100	3,486,600	1,817,800
Total Federal Fund	3,290,574	3,633,326	4,204,100	3,486,600	1,817,800
TOTAL SOURCE OF FUNDS	505,798,422	537,335,615	573,923,900	602,710,700	559,769,500
EXPENDITURES BY CLASS					
Personnel Costs	271,386,556	287,585,428	330,831,000	335,853,600	346,288,000
Operating Expenses	155,628,531	164,278,166	189,959,600	169,691,500	173,641,400
Debt Service				570,000	1,140,000
Capital Outlay	1,394,159	4,673,143	6,251,100	53,800,000	300,000
TOTAL EXPENDITURES	428,409,246	456,536,737	527,041,700	559,915,100	521,369,400
EXPENDITURES BY FUND SOURCE					
General Fund	385,952,421	407,603,013	470,634,400	504,367,900	466,739,100
Restricted Funds	39,166,251	45,300,398	52,203,200	52,060,600	52,812,500
Federal Fund	3,290,574	3,633,326	4,204,100	3,486,600	1,817,800
TOTAL EXPENDITURES	428,409,246	456,536,737	527,041,700	559,915,100	521,369,400
EXPENDITURES BY UNIT					
Judicial Branch	428,409,246	456,536,737	527,041,700	559,915,100	521,369,400
TOTAL EXPENDITURES	428,409,246	456,536,737	527,041,700	559,915,100	521,369,400



Budget Address
GOVERNOR ANDY BESHEAR
December 18, 2023

Good evening, everyone. I'm speaking to you tonight from our state Capitol after being sworn in last week to my second term as your Governor.

I was honored to place my hand on our family Bible with Britainy, our amazing First Lady, and our kids, Will and Lila.

When I took the oath, I made a solemn pledge to continue to put politics aside, to bring our people together, and to move our state forward, so that we can leave a better Kentucky for all of our children.

Part of building that better Kentucky means leading by example – not tolerating or participating in hate or division but instead leading with empathy, kindness, and compassion. That is what my faith teaches me: to love my neighbor.

With the Christmas season upon us, our families are enjoying this special time of year, attending church services, spending time with loved ones, and enjoying giving to others.

Here in Frankfort, we're also preparing to usher in a new year, which requires that we pass a new state budget. That's why I am speaking to you tonight, to unveil my two-year budget plan, which is titled *Forward, Together*.

I want all Kentuckians and our lawmakers to know, it is critical that we work together, so that we pass a budget that invests in our families and turns the last four years of progress into decades of prosperity.

Right now, I see a bright future with more opportunity than at any time in my life, and it is within our grasp. The foundation of what we've built together over these past four years gives me great confidence that we can do just that. So, before we get to the new plan, let's think about how far we have come.

After facing some of the biggest challenges that anyone can remember – including a global health pandemic, and multiple historic natural disasters – we are rebuilding, revitalizing, and we are emerging stronger than ever.

No longer a “flyover state,” we have become a destination for global businesses. We've secured the best four-year period for economic growth in our history. We set a record for new private sector investment – more than \$28.5 billion – the most secured by any Governor.

We're building the two largest electric vehicle battery plants on planet Earth, and we've opened the cleanest, greenest recycled paper mill and the greenest steel plant in the country.

We're moving forward on huge infrastructure projects, like building the Brent Spence companion bridge without tolls, four-laning the entire Mountain Parkway, and pushing I-69 forward.

We secured federal funding to run high-speed internet to every community, and many families are getting clean drinking water for the first time.

We've expanded health care across the state; we've capped the price of insulin; and we've increased drug treatment and recovery services statewide. In fact, we now have the most drug treatment beds per capita in the country.

We've had the best years on record for our tourism and our bourbon industries.

And we passed sports betting and medical marijuana – two wins many said could never happen in a partisan environment.

But working together with lawmakers, we passed not only those but 627 bipartisan bills.

Folks, we have record high budget surpluses and record low unemployment.

We secured the largest General Fund surplus and largest Rainy Day Fund ever. And we did it all while cutting property and income taxes.

Best of all, more than 50,500 new jobs have been created these past four years at some of the highest wages we've ever seen. That's 50,500 more Kentuckians with the security of having a really good job.

And all this progress is proof that we have gotten good things done for our families by working together.

When you have historic win after historic win, there is enough credit to go around. So, thank you to the General Assembly, to our local leaders, to our private sector leaders, to our nonprofits. Thank you to everyone who has helped us accomplish so much for our people.

So now, it's time to do even more, and my *Forward, Together* budget proposal does just that.

This budget aims to meet our families where they are, to address the concerns they worry most about. Look, Kentuckians don't wake up every morning thinking about Democrat or Republican and neither does this budget.

Kentuckians wake up thinking about their jobs and whether they can provide for their families. They're thinking about the safety and the security of their children, their homes, and their communities. They're thinking about the condition of the roads and the bridges they travel on to get to school, to work, and to church. They're thinking about the public schools they send their kids to and how their kids are being prepared for the jobs and the opportunities of the future.

These are the things that actually matter to our people – not red, not blue – these are the things that are important to everyone.

This budget reflects our shared Kentucky values of family, faith, and community.

Let's start with the value we place on public education.

I have always been an “Education First” Governor. I'm a proud graduate of Kentucky public schools, and both of my kids are in our public schools, so Britainy and I, we understand the worries of our Kentucky parents.

So does your Lieutenant Governor, who is also a teacher.

That's why we have worked hard to protect educators' pensions, and why we've worked with the General Assembly to secure modest raises, fund full-day kindergarten, and invest over \$250 million in career and technical education.

We've also raised the per pupil elementary and secondary education funding by 7.5%, the biggest hike since 2008. And we've made the biggest increase in post-secondary education funding since before the Great Recession.

But more must be done. Our children deserve the very best education and all the opportunities coming their way.

So, to make sure we deliver on this promise, we must first provide an 11% raise to all public-school employees, including teachers, bus drivers, cafeteria workers, janitors – everyone.

The National Education Association currently ranks us, Kentucky, 44th in starting teacher pay and 40th in average teacher pay. We must do better.

It's simple: You cannot give a child every opportunity if they don't have a teacher in every classroom. We won't have enough bus drivers unless we pay a better wage. And we cannot remain competitive with other states if we don't pay our teachers and other employees what they are worth.

This pay raise would move us to 24th place in starting teacher pay and up to 25th place in average teacher salary. Acting now would go a long way to showing our educators that we care about them by paying them closer to what they deserve.

Our public schools are the backbone of every community. And in many counties, they also serve as the largest employer. In fact, teacher salaries make up 10% or more of all wages paid in 26 Kentucky counties – that's Bath, Bracken, Edmonson, Elliott, Estill, Gallatin, Garrard, Green, Henry, Hickman, Jackson, Knott, LaRue, Leslie, Lewis, Magoffin, McCreary, Menifee, Nicholas, Owen, Owsley, Pendleton, Robertson, Spencer, Trimble, and Wolfe.

So, just imagine the local economic impact of an 11% raise to every employee of the county's largest employer. And we have the funding to do it.

These raises will not only help us recruit but will have a major impact on local communities.

Eden Gabbard, a special education teacher at Bullitt Central High School, understands this and told us that an increase in pay would not just benefit her and her co-workers, but also their students and community.

Eden said, “We are at a crossroads in the world of education. We have teaching assistants, paraprofessionals, and teachers not making a living wage in some parts of the state. We have to step up to say that the future of Kentucky’s education is important enough to invest in now.”

We also heard from **Jolena Sizemore**, a 5th-grade teacher at Hazel Green Elementary in Laurel County. She told us an 11% raise would be life-changing, and it would make things a lot easier, and perhaps she and some of her co-workers wouldn’t have to look for second and third jobs just to make ends meet.

Making our teachers search for those extra jobs is unacceptable.

The states around us know how important increasing teacher pay is, and they’ve proven it is not about politics. The Republican governor of Tennessee signed a bill this year to provide their teachers the largest pay raise in state history.

This budget is our opportunity, our chance to make things right here in Kentucky.

Next, we must fund universal pre-K for all 4-year-olds, so that every Kentucky child is kindergarten-ready and we stop learning loss before it starts.

In the 2022-23 academic year, only 46% of kindergartners were considered kindergarten-ready. That’s why my budget will provide \$172 million each year to fund universal preschool for all 4-year-old children so that every child is kindergarten-ready.

The Department of Education estimates that, under this plan, about 34,000 additional Kentucky 4-year-olds would be provided with a preschool education. This would be an unprecedented investment for Kentucky’s children.

Imagine the difference it’ll make when every single Kentucky child enters kindergarten prepared to learn. Funding universal pre-K is also the No. 1 most effective action we can take to get more people back to work. It takes the burden of paying for an extra year of child care off the backs of working parents.

But to make universal pre-K work and to get more folks in the workplace, we have to support and invest in child care as well. These are the providers who are caring for and helping prepare our earliest learners. And we know that when parents cannot find quality child care, the stress and the anxiety they feel can just become too much and drives many out of the workforce.

To help, we’re making a major investment. I’m including about \$68 million in fiscal year 2025 and \$73 million in fiscal year 2026 for child care assistance. Of that amount, \$40 million a year allows us to retain the average per-day provider reimbursement rate for the Child Care

Assistance Program. And about \$13 million in existing federal child care development funds will be freed up due to universal preschool. And we're going to make that available to fund and target children from birth to 3 years old to make sure there are more child care slots for them.

It also allows us to encourage additional private child care slots, with an additional \$15 million in fiscal year 2025 and \$20 million in fiscal year 2026 from the General Fund that will be included for child care payments, again to providers who care for children from birth to 3 years old, so that we can have more slots right there as they move into universal pre-K.

These investments show our commitment to helping relieve the worries that parents face when it comes to their children getting quality care and the best education.

My *Forward, Together* budget also responds to recent bussing issues by fully funding student transportation. And this is on top of the pay raises for our drivers. We've seen the disruption that underfunding causes. If we're serious about fixing it, we need to give our schools the resources that they need.

My budget plan also funds student loan forgiveness, fully funds teacher pensions and again ensures there will be no health insurance premium increases for school employees. It further funds teacher professional development, new textbooks, student mental health services, and continued investment in career and technical education centers all across Kentucky.

And when it comes to higher education, my plan adds nearly 8% to the base budgets of our nine public institutions over two years. And in our current budget, we made sure that for the first time in several years, all eligible applicants for need-based student financial aid received it.

Like public education, public infrastructure is critical to building that better Kentucky we all want. In many ways, we are living through our Eisenhower Moment. We're not just repairing our roads, bridges, and water systems statewide, we're also pushing ahead with some of the largest, most important public works projects ever imagined.

We're building a true legacy of infrastructure in the commonwealth, with investments that will improve the lives of Kentuckians for many decades to come. Now is the time to follow through on important work we've started and to expand these projects to lift up every community.

Having access to clean drinking water is a basic human right, so let's start by providing even more clean water to our families. I'm proposing another \$500 million in grants to our counties and our local governments to continue to provide unserved families access to clean water and wastewater systems. If passed, it will build upon the \$500 million we have already allocated in federal dollars since 2021 through a bipartisan agreement with the General Assembly.

Seeing the impact of this program firsthand is incredible. Earlier this year, I visited with Ruth Baglin and June Vandiver, whose homes were part of the very first Cleaner Water Program project we announced.

Ruth and June lived in Mortons Gap for more than 60 years without running water. Just watching them turn on the tap and be able to trust what was coming out, it was really special. The

difference this made for this one family was life-changing, and it's something we owe to all of our people.

It is also time to make a final push to expand high-speed internet into every home and every business across Kentucky. We've already made historic investments totaling over \$590 million. Now, we've secured a nearly \$1.1 billion federal grant, which will be the largest public investment in high-speed internet in state history.

So, I'm asking the General Assembly to approve these funds for distribution. By combining federal and matching funds, we should see a nearly \$2 billion investment to finally make high-speed internet a reality in every Kentucky household.

Next, I am recommending investing \$10 million in General Fund dollars over the next two years in the Affordable Housing Trust Fund to provide more Kentuckians in need with affordable housing. This would mark the first investment of General Funds in this program in almost 20 years. The fund typically leverages about \$9 in private funds for every \$1 included in the Trust Fund, so this should generate around \$100 million in additional investment for affordable housing above and beyond what the Trust Fund normally does.

Moving forward, together also means making the investments to get major road projects done. In this budget proposal, I'm seeking \$300 million over two years to continue and speed up the work we've started on the four-laning of the Mountain Parkway and moving the I-69 River Crossing forward. These funds will further help our applications for federal grants.

We must also keep supporting local projects that help our families get to those ballgames, family gatherings, and to their houses of worship. That's why my new budget creates a \$50 million fund for grants to repair more city and county bridges across the state.

While the responsibility for repair and replacement of these bridges falls on local governments, the repair costs often far exceed available local resources; so it's time that we step up and help, to make sure the bridges and the roads we travel are reliable and safe.

I am also proposing to use one-time funds to underwrite a one-year tax credit for Kentuckians for the tolls they pay driving over the Louisville/Jefferson County bridges during the calendar year 2024.

We are also making sure our communities have an open door to the world by investing \$50 million to support the state's 58 general aviation airports for development, rehabilitation, and maintenance. Since we are no longer a fly-over state and are now the destination, we must ensure our airports are working and welcoming.

These investments help our families and keep our red-hot economy booming.

We've already cemented our status as the Electric Vehicle Battery Production Capital of the United States of America, and Kentuckians should expect even more wins as we build out the EV supply chain right here.

In addition to our great workers, companies looking to locate here are focused on speed-to-market as a critical deciding factor. And it's clear: When we have Build-Ready sites, we win the race for new jobs.

All we have to do is look at Ford and SK On's BlueOval SK project in Glendale. That is a \$5.8 billion, 5,000-job economic development project that is the largest in our state's history. And it was made possible because of decades of investment and hard work that prepared the Hardin County megasite to land such a game-changing, state-changing project.

To ensure even more communities get these opportunities, my new budget proposal invests another \$200 million over the next two years: \$100 million to prepare mega-development projects and another \$100 million for county and regional site development.

We know this works. Working with lawmakers, we've already dedicated \$100 million to this kind of site development through our successful Kentucky Product Development Initiative.

We've made key investments all across the state, including a site in Graves County's Hickory Industrial Park that has already secured a manufacturer, aiding the rebuilding efforts following tornadoes that devastated Mayfield.

To date, more than 47 counties have received funding to develop more Build-Ready sites, and a second round of funding is on its way. My budget adds urgency to this initiative and spreads the benefits to even more communities.

Finally, my plan provides \$15 million in the first year of the budget to help the state build a globally competitive talent development system. These funds will be used to launch a national marketing campaign as well as targeted regional campaigns to recruit and retain top talent in Kentucky.

Kentucky is attracting both more businesses and more visitors. 2022 was the best year on record for the state's tourism industry, with \$12.9 billion in economic impact that sustained more than 91,600 Kentucky jobs.

Now, to keep the momentum moving, we must invest more in our state parks. That is why this budget puts to use the \$71 million set aside by the 2022 legislative session for improvements and repairs to these properties. The release of these funds is vital to maintain and revitalize the parks that allow every citizen to enjoy some of the commonwealth's greatest treasures, like Cumberland Falls, Natural Bridge, Lake Barkley, and Carter Caves.

Additionally, I'm proposing \$184 million for another set of projects for the parks system, ranging from the reconstruction of marinas and new conference centers to updating critical electrical and water systems. These parks provide tourists from all over the nation and all over the world with unique opportunities to take in the unsurpassed beauty of this great commonwealth, and these funds will be used to ensure an experience that keeps them coming back.

For all of us in state government, public safety is more than just a top priority – it’s a sacred trust we have with the people we serve. As Governor, but also as a dad, I believe every single Kentuckian should be able to feel safe in their community, workplace, and school.

I have focused on these issues both as Attorney General and now as Governor, and I’m proud of the progress we’ve made. Just in the last two years, we have taken steps that have resulted in more than an \$18,800 pay bump for KSP troopers and officers. Due to these increases and the tireless efforts from the KSP recruitment branch, more than 1,000 troopers are now keeping us safe, the highest number since 2017.

We’ve also supported training for local law enforcement officers by raising the current training stipend to an all-time high during the last budget.

Like our educators, our law enforcement officers deserve to be respected and paid fairly for the incredibly difficult work they perform on our behalf every day. To achieve that, first I am proposing an additional \$2,500 raise for all KSP troopers and officers, and enough new funding to add 150 more troopers over the next two years.

My budget also raises that training stipend that the state pays local and state law enforcement officers and local firefighters, and for the first time adds certified, part-time local law enforcement officers to eligibility for the fund. Approximately 8,000 law enforcement officers and over 4,100 firefighters would receive this increase.

I’m proposing \$35 million to fund grants for body armor to protect our law enforcement officers and first responders. This investment was inspired by KSP Trooper Billy Ball. Trooper Ball’s life was saved by the protective gear he wore during a deadly shooting in Floyd County in 2022 that tragically took the lives of three of his fellow officers as well as a police K-9.

We’re also supporting law enforcement with a \$146.1 million investment to construct a Western Kentucky Regional Training Center to expand law enforcement training.

Our law enforcement officers and first responders provide Kentuckians with safety and security daily, and they deserve the same in return.

When it comes to helping our justice-involved youth and keeping them safe while in the state’s Juvenile Detention Centers, this budget provides funding for two new, female-only juvenile detention centers: one in Fayette County and the other one in Western Kentucky. It funds the renovation of the Jefferson County Youth Detention Center, and it retrofits detention centers in Breathitt, McCracken, and Fayette counties, as well as the Lyndon Detention Center in Jefferson County.

These projects are necessary, because we cannot have low-level male offenders in the same areas as more violent offenders, and we must separate males and females in custody for their safety.

But to keep more youth out of detention, we’re adding additional funding – \$3.9 million each year – to add approximately 450 additional placements so that more youth can be diverted from detention centers through programs like home detention.

We are also doing more to help our adult inmates by expanding support for them as they reenter society. My faith teaches me that second chances are not only possible, they're our responsibility, and we are our brothers' and sisters' keepers.

Currently, only half of the inmate population is receiving reentry services. To change this, we're proposing to add \$10.5 million over two years to increase reentry services in jails and to the entire adult correctional institution inmate population.

To do this we're going to build a reentry skilled training facility on the grounds of Eastern Kentucky Correctional Complex that will help us provide job-skills training so that those who have paid their debt to society can secure and keep a good job upon their release.

We currently have the lowest recidivism rate in our history. That makes us safer, and we want to keep it going.

Next, let's talk about access to affordable health care. Kentuckians deserve to be safe wherever they are. They also deserve to be cared for properly, and with compassion, when they're sick or injured.

Health care is a basic human right, and I've worked tirelessly to expand access to quality care in every corner of the commonwealth.

We've seen some amazing progress: We protected health care access for nearly 100,000 Kentuckians by removing governmental roadblocks; we relaunched and expanded the state insurance marketplace, called kynect; we expanded Medicaid coverage for new mothers; we boosted our workforce by adding dental, vision, and hearing coverage; we capped the cost of insulin; and we expanded health care all over Kentucky, including working to build the first hospital in West Louisville in 150 years.

To make sure we capitalize on these successes, in this budget, we fully fund Medicaid, including Medicaid expansion, to ensure that health care continues to be provided for over 1.5 million Kentuckians.

We are also including new funding for 500 additional slots in the Michelle P. waiver program and 250 additional slots in the Supports for Community Living waiver program. These are critical health care services that Kentuckians with mental or intellectual disabilities rely on.

Our administration has always treated mental health the same as physical health, so in this budget, we are taking a giant leap forward in helping Kentuckians. We're launching mobile crisis intervention services. These community-based programs will provide trained health care professionals to respond to Kentuckians battling addiction or a behavioral health crisis.

We're going to do all we can to help Kentuckians in need. Sending them to the emergency room or jail is not always the right answer, and this program provides people with the targeted help they need and deserve.

And to help our most vulnerable children, we are going to continue to fund the Pediatric Research Trust Fund by adding \$5 million additionally in each year. And when it comes to our children, each one deserves a safe and loving home. But the world we live in is tough, and when a parent loses the ability to care for their child, we need to do more to support relatives who want to step in as a primary caregiver.

That's why I'm proposing \$10 million from the General Fund each fiscal year to increase rates for relative caregivers who agree to take a child that is already in the state's custody. And we are also increasing foster care rates by 12% or \$9.8 million each year. We're doing more to support those who step up and provide a loving home for each child in need.

One great common element to many if not most of the projects included in my *Forward, Together* budget is support for our local governments and local communities.

The \$500 million in water and sewer grants go to local communities for projects they select. The Product Development Initiative grants fund local plans from local officials. The job site development grants fund local plans from local officials. The bridge grant supports county and city bridge repairs, all decided by them and not anyone in Frankfort.

That's as it should be. Being a good Team Kentucky partner means having the humility to know when others know better than you do and the trust that they will do right by the people they serve as well. That's why my administration works closely with county judge/executives, mayors, regional economic development groups, local councils, nonprofits, and other stakeholders to make sure the projects we fund have the most impact locally.

And when it comes to supporting our coal communities. My budget returns 100% of the state coal severance tax revenues back to our coal-producing counties. These communities fueled this country through two world wars, and they deserve our continued support. Just think about the counties hit by flooding and tornadoes and the needs they have right now. These are important dollars that will help these communities thrive.

So, in this budget, I'm also proposing more than 75 million additional dollars to the Eastern Kentucky SAFE Fund in the current fiscal year to shore up the fund and provide more resources for rebuilding our Eastern Kentucky communities. This funding builds off the good work by lawmakers and this administration to create this fund for both the East following the flooding and the West following the tornadoes.

This state and local collaboration is a key part of making sure we move forward, together.

Another key part are our state workers. I cannot thank them enough for the work they do to better people's lives. That's why I was happy to work with lawmakers and grateful that the General Assembly passed a 14% raise for our public servants over the past two years. This was their first significant pay raise in more than a decade.

Now, I'm recommending yet another raise for state employees. I am proposing another 6% across the board raise in the first year – fiscal year 2025 – and in fiscal year 2026, I'm proposing another 4% increase. Combined, we would see the largest four years of increases that we are

aware of. But remember, this is after no increases for 10 of the past 12 years, and we have seen, when we pay people closer to what they're worth, we can fill these critical jobs that provide services to our people.

I'm also proud that all of our budgets have fully funded state employee pensions, and they made extra payments to reduce the unfunded liability. A pension is a promise, and it's wrong to weaken or reduce benefits that people have worked for and they've planned for, and they planned their retirements around them.

I am going to continue to strengthen our families by ensuring retirements are lived with dignity by once again fully funding our state employees' pensions and including \$209 million over the biennium to continue to pay down the pension liability.

We want to thank our public servants for what you do for the people of Kentucky – we would not be building this brighter future without you.

All of these investments are necessary, and the good news is, we can afford them. Over the years, we have been responsible stewards of Kentuckians' dollars. The results speak for themselves. We have been efficient, consistently bringing many projects in under budget and on time, and we've built record surpluses.

We've secured the largest Rainy Day Fund and General Fund surplus in state history. And this new budget makes these great new investments without touching any of that record savings.

Even some of our toughest critics – the credit rating agencies – have recognized our strong fiscal management and have upgraded our financial outlook, and our credit ratings, for the first time in a long time. This means it's going to cost us less to make many of these investments, and folks, these are investments that we can't afford not to make.

In closing, I want Kentuckians to know that my priority is to work with your lawmakers to pass this plan, or something close to it, because these investments help you and your communities.

This plan does not focus on moving the state to the left or the right, just forward, together.

Last week, during the inauguration I talked about how our commonwealth is 231 years old and in December of our first year, "United We Stand, Divided We Fall" became our state motto. It's been with us every step of the way.

Our people, like the motto, have been tested over two centuries. We've gotten through the hard times together, and now we're going to get to the good times together. This is exactly how we must approach our shared future.

This next two-year budget period is our chance – Kentucky's chance – to be both an economic and moral leader of this country. To get there, we have to put partisanship, division, and anger politics aside and instead choose progress, cooperation, and continued economic momentum.

I know that we can do this. I know that we can continue building that better Kentucky that we all want – one where my children and yours can stay right here at home and chase their dreams.

So, to everyone out there: Thank you, Merry Christmas and happy holidays, and may God bless the Commonwealth of Kentucky.

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State of the Commonwealth Address
GOVERNOR ANDY BESHEAR
January 3, 2024

President Stivers, Speaker Osborne, members of the General Assembly, constitutional officers, justices of the Kentucky Supreme Court, General Lambertson, former Governor Steve Beshear and former First Lady Jane Beshear.

Lieutenant Governor Coleman: We are glad you are recovering and are with us tonight, along with Second Gentleman Chris O'Bryan.

First Lady Britanny Beshear, thank you for all you do for our family – and all Kentucky families.

And to all Kentuckians watching from home, good evening.

Tonight, I'm speaking from the House chambers, grateful for the invitation from our legislative leaders to offer this important annual review.

It is a new year, and everyone has something to be excited about. Many are excited that I will be serving as your Governor for the next four years, and the rest, you are excited that I am now term limited. Regardless, of your perspective, it gives us a chance to push politics aside and move our commonwealth forward, together.

Tonight, I'm proud to report that thanks to the strength of our people and our red-hot economy, the state of our commonwealth is stronger than it has ever been.

Over the past four years, we have gotten through so many hard times together. And now, we are getting to the good times together.

We have arrived here by leading with kindness, compassion and empathy for one another. That is what my faith teaches me – to love my neighbor as myself. It is that Golden Rule and the parable of the Good Samaritan that have guided and should guide us.

It is those who have stepped up, set politics and division aside to just help each other, because that is who we are as Kentuckians. No pandemic, no tornado, no flood – or any other challenge – will ever change that. How we dealt with these historic challenges wasn't red or blue. It wasn't "R" or "D." It was just us – Team Kentucky, where everybody matters.

Tonight, we are going to discuss how we can embrace a new era as an economic and moral leader in this country, and we will take time to highlight the amazing stories of those who are helping us turn the last four years of progress into decades of prosperity.

As we look forward to brighter days, I want you to hear about our Good Samaritans, our helpers and our heroes who are out there day-in and day-out making a difference – or as Poet Laureate Silas House described them: Those Who Carry Us.

First, let's talk about our record setting economy. We enter 2024 after just securing the best four-year period for economic growth in our history.

We set a record for new private sector investment – more than \$28.7 billion dollars – the most secured during the tenure of any Governor. Together, we created more than 51,200 new jobs for our communities and families – and at some of the highest wages we've ever seen, last year averaging \$26.67 an hour before benefits.

I say “we,” because economic development is a team sport. It takes both the executive and the legislative branches, along with so many hardworking local officials and business leaders. Because of **our** work – because of all of our work – the eyes of the world are on Kentucky and what we are doing.

Ford and its partner, SK On, are building the two largest electric vehicle battery plants on planet Earth in Glendale, Kentucky – that is the largest single economic development project in our state's history. It has cemented our status as the EV battery production capital of the United States and it ensures our future as an automotive leader with the chance to be **the** automotive leader.

The project is off to a fast start. As of last month, BlueOval SK had already hired approximately 400 Kentuckians, and they are just getting started. Beginning this year, BlueOval SK plans to hire approximately 2,000 more of our people to work in Hardin County.

Among those helping to get our people to work are Jamie Lowe and Ryan Wheeler, and both are here with us tonight.

Ryan grew up in E-town and had dreams of becoming a professional baseball player – and was even drafted by the New York Yankees. He started his career with Ford and has now come back home to lead as a plant manager.

Jamie is part of their HR team and has helped bring on engineers, production and maintenance supervisors, and she will not stop until she provides incredible career opportunities to 5,000 Kentuckians.

Thank you, Jamie, Ryan, SK On and Ford for choosing us ... and helping to lead Kentucky into the future.

Next, let's look to Henderson. There, Pratt Industries opened the cleanest, greenest recycled paper mill in the country. With over 320 jobs paying almost \$40 dollars an hour, Pratt is transformational for our Western Kentucky families.

Tonight, we have global CEO Brian McPheely with us. Brian sees what others are seeing more clearly every day: that Kentucky's workforce is second to none, and there's no better place to do business. Brian, thank you, and thanks to Executive Global Chairman Anthony Pratt for your investment in us. And if you think one Kentucky plant is great, imagine what two or three or even four would be like.

Tonight, we are also joined by Matt Vanderpool, who is Pratt's newest electrical and instrumentation supervisor. Matt is from Henderson and is helping to ensure Pratt is rooted in Western Kentucky. He serves as Henderson Community College's chapter president for a nationally recognized apprenticeship program. Pratt Industries is sponsoring two of his students who will start in the spring.

Thank you to Pratt for being such great Team Kentucky partners.

Creating this economy, making this happen, it takes all of us moving forward, together. I want to thank the General Assembly for coming together to pass legislation needed to secure major projects like AESC's \$2 billion dollar, 2,000-job EV gigafactory in Bowling Green. That's another project that shows we are on a roll, but also highlights the site preparation, the work that it takes to lead the country in speed-to-market and to secure these wins.

You, the General Assembly, recognized this work and invested in the last budget session, providing \$200 million dollars for site development across the commonwealth, as well as a closing fund to keep us competitive. It is paying off. We now have investments in over 85 counties stretching from Fulton to Pikeville; and the closing fund has been critical in landing projects like Ascend Elements, which is creating over 400 good-paying jobs in Hopkinsville.

In my budget proposal, I am asking that we move forward, together and re-up these good programs. This is our chance to build a Top-10 economy with good jobs for all our families. So, let's make it happen.

As our economy is growing stronger, so are our people. We have grown more resilient thanks to the Kentuckians who are helping us rebuild after the tornadoes that devastated the west and the historic flooding that ravaged the east.

Just over two years ago, the deadliest tornadoes in our state's history took the lives of 81 Kentuckians. Together, we mourned each one lost and wrapped our arms around each of those families. And just six months later, Eastern Kentucky was hit with the deadliest floods in my lifetime, which took the lives of 45 Kentuckians.

In both areas, we came together to lift up those families and we committed to be there every step of the way and to rebuild better than before. And that's exactly what we are doing.

So far, we have secured hundreds of millions of dollars in state and federal funding and raised millions more in donated funds for each region. We are rebuilding roads and bridges, water and wastewater systems, and we are building new homes for families that lost everything.

We have already pledged \$21.6 million dollars to build and repair 300 homes with the help of nonprofit partners in the west. 175 of them are completed, under construction or approved to start construction. We have projects in Caldwell, Christian, Fulton, Graves, Hickman, Hopkins, Marshall, Ohio and Warren counties.

In the east, we've now announced seven sites for new developments on higher ground. They include Skyview in Perry County; Chestnut Ridge and Olive Branch in Knott County; New Hope

and Wayland in Floyd County; and Grand View and The Cottages at Thompson Branch in Letcher County.

Each site gives us a chance to start anew, to build stronger and reimagine neighborhoods that brings revitalization. These homes aren't just a safe place to call home, they are symbols of hope.

And we could not be making this progress without leaders like Pastor Stephen Boyken, president at The Hope Initiative and lead pastor at His House Ministries, who is here with us tonight from Graves County. Pastor Boyken and his team are living The Word. And they are relentless in working to build the next and the next and the next home. They have helped so many families, like Jackie Willie, her son, Khyree, and her mom, Tami, who are also all here with us tonight.

The Willies' home was destroyed by the tornado, but the next morning, the Willie family began working to make a difference in the lives of others. Instead of focusing on her own needs, Jackie went to work at the distribution center that was set up to take care of her neighbors. Tami worked in both the distribution center and on the toy drive – even though she had recently been injured in a car crash and was not sure she'd ever walk again.

So, when their new home was built with funds from the Team West Kentucky Tornado Relief Fund, The Hope Initiative wanted to make sure that it was accessible. Today, we celebrate with the Willie family that they not only have a new home, but after many surgeries, Tami is able to walk again.

To Pastor Boyken, Jackie, Khyree and Tami: Thank you for your work and your strength.

We have also seen leaders in the east following the floods. Leaders like Scott McReynolds, executive director of the Housing Development Alliance out of Perry County. After the floods, Scott and his team got to work building houses for people like the White family, who are here with us tonight.

William, Cheyenne and their son, Caleb, were living in Troublesome Creek in Knott County. The family had just saved enough to start making their home their own, and William was starting to put new floors in as the flood hit their neighborhood. They watched as their home washed away.

But thanks to Scott and his team, as well as so many generous donors to the flood relief fund, William, Cheyenne, Caleb and their newest addition, Maggie, have their new home – and best of all, they don't have to worry about it flooding ever again. Let's thank Scott, this family and everyone in the east making sure we get the job done.

Pastor Boyken and Scott are just two among so many people, nonprofits and volunteers who came together to help their neighbors in need after these unimaginable natural disasters. Because of them, we are keeping our promise to help these families rebuild.

As part of keeping that promise, in my budget proposal I am adding \$75 million dollars to the Eastern Kentucky SAFE Fund to continue our rebuilding efforts and adding another \$10 million

dollars from the General Fund to the Affordable Housing Trust Fund. Our local communities need these additional funds, and with a record economy we can and should be there for them.

To our families in the east and in the west: We will be there every step of the way ... by working together, and leading with our Kentucky values of faith, family and community, and we will continue to march forward, together with you.

Our commonwealth's future grows brighter every day because of our public schools and our public school educators. Look, our school employees show up for our kids every single day. And that includes the toughest days.

When the tornadoes hit Western Kentucky, I visited Bremen to assess the damage. As I was walking down the road, there was a man driving a big dump truck. He stopped, and we talked for a minute. It turned out, he's an educator at Muhlenberg County High School. He has been a teacher for more than 20 years. He was volunteering with the cleanup efforts by driving that truck to haul the chaos, to haul away the debris. It was a special moment for me to meet one of our amazing teachers who was doing even more to help his community.

His name is Matthew Oates, and he is here with us tonight. Matthew was a fourth-generation coal miner before becoming a public school teacher. Matthew's wife, Jamie, is a 3rd-grade teacher in Muhlenberg County at Longest Elementary. She has also been a teacher for over 20 years. They both grew up attending public schools that they now teach in.

To support themselves and their two kids, Matthew and Jamie Oates are both working two jobs. Our public school employees deserve better than that. It is families like the Oates who need us to step up right now and pay our public school employees closer to what they deserve.

Our educators are difference-makers every day. Let's show them that we appreciate what they do by funding an 11% raise for every public school employee.

See, we have fallen behind – Kentucky ranks 44th in starting teacher pay and 40th in average teacher pay. That is unacceptable, and it is hard to understand why we have not been able to come together and get this done for our educators, especially when our neighbors are figuring it out.

The Republican governor of Tennessee signed a bill last year to provide their teachers the largest pay raise in their state's history, and Indiana is looking to do the same. Folks, that is our competition – both to the north and to the south.

This budget is our opportunity, our chance, to make things right here in Kentucky. Let's work together and get it done, in this session.

And while we are at it lets fully fund student transportation. If we want more bus drivers, let's pay them more and let's provide the support our schools districts need.

As for our youngest learners, it's time to pass universal pre-K for all our 4-year-olds.

We are rightfully concerned about learning loss. So, we should address it where it begins. In the last academic year, only 46% of kindergartners were considered kindergarten-ready. Instituting universal pre-K the right way ... means investing in both pre-K and our child-care providers. That's why my budget proposal provides record funding to help our child-care providers in their transition to serve both younger children and provide after school programs.

Funding both, together, can be transformational. If we pass universal pre-K plus our child-care plan, an additional 34,000 Kentucky children will receive pre-K services and thousands of additional child-care spots will open up. That, my friends, would make us more competitive and it would be a true legacy of this session of the General Assembly.

See, I believe, more than ever, that we can get this done, because we have already accomplished so much in so many other important areas – like building safer roads, bridges and water systems, and we're moving ahead on so many mega-projects.

We are truly in our Eisenhower moment. Look at what we are doing together: We're building the Brent Spence companion bridge without tolls, we're four-laning the entire Mountain Parkway and we're pushing I-69 forward.

Folks, we secured federal funding to make sure high-speed internet gets to every home in Kentucky. And families are getting clean drinking water – many of them for the first time.

Look to Pendleton County, one of those homes belongs to Tom and Lori Himmelsbach, who could not be here with us tonight because they own a restaurant in Butler called the Kentucky Millstone. They teach baking classes there and work to give back to their community – like when a neighbor's house burned down, they hosted a donation drive at the restaurant. For 34 years, Tom and Lori had been hauling water to their home, but thanks to the Cleaner Water Program we were able to bring public water directly to their house for the first time ever.

I've seen the difference the Cleaner Water Program makes. It's life-changing, and it's something we owe to all our people. That's why I'm proposing we invest another \$500 million dollars in grants to our counties and local governments to continue this vital work.

Folks, this is not a partisan issue. Clean drinking water is a basic human right, and this program is building on what we created together.

To build this better, stronger Kentucky, I'm also seeking \$300 million dollars to speed up the Mountain Parkway in the east and the I-69 River Crossing in the west, as well as \$50 million dollars to help repair local bridges. Those are bridges that get our people to school, to work and to church.

We will keep moving forward, together by strengthening the infrastructure that keeps our families healthy, safe and connected and by modernizing the infrastructure that businesses rely on to succeed. These investments are our pathway to progress. They help our communities bring in new investment and new opportunities.

Our future is also brighter thanks to the health-care heroes working in our communities.

Health care is also a basic human right, and I've spent my entire public career working to increase access to quality health care for our people. From keeping us safe during the global pandemic to caring for those affected by historic natural disasters, our health-care heroes have more than proven their worth these past four years.

And in that time, we've seen some amazing progress: We protected health care access for nearly 100,000 Kentuckians by removing governmental roadblocks; we relaunched and expanded the state insurance marketplace called kynect; we expanded Medicaid coverage for new moms; we boosted our workforce by adding dental, vision and hearing coverage; we capped the cost of insulin; and we've invested in our hospital systems across the state.

One important step was securing the first hospital in West Louisville in 150 years. See, we cannot move forward together until all of our people have access to quality, affordable health care in their own community. No one should have to drive two hours or take multiple busses just to see their doctor.

That's something Corenza Townsend recognized in her own community. In 2016, Corenza was working at a Norton Healthcare Center when she noticed West Louisville families didn't have a reliable place to get their health care. So, she got to work on the idea of starting a community health fair. But she also had bigger dreams – dreams of a hospital in the West End.

Ultimately, it was Corenza's pitch that got the ball rolling on what we now know as the Norton West Louisville Hospital. Today, Corenza has been named the chief administrative officer of this state-of-the art care center that is receiving its final touches as we speak.

Corenza views the new facility as, in her words, “a community-based hospital with no walls.” That's pretty special. Corenza is with us tonight, along with Russell Cox, president and CEO of Norton Healthcare.

Russ, we know that Corenza is a perfect example of our health-care heroes going above and beyond to move our commonwealth forward, together. Thank you both.

I also want to take a moment to talk about mental health care. Our administration has always treated mental health care the same as physical health. That is why we launched the 988-crisis hotline, which connects Kentuckians facing a risk of suicide, mental health distress or an addiction crisis with trained counselors who can help.

In Kentucky, we want people to know it's OK not to be OK, and 988 is available to help 24 hours a day, 7 days a week, 365 days a year. On the other end of the line, you'll find dedicated and compassionate Kentuckians like Haley Johnson.

Haley is a 988-crisis counselor from Lexington, and one of the first people hired there to answer calls. Haley has been there for Kentuckians in some of their darkest hours. She takes the time to talk to these individuals, and make referrals for services and follow-up calls to make sure people know someone cares.

Haley is with us tonight. I want to thank Haley and all of our mental health-care heroes for the amazing care they provide to our people. Thank you.

Tonight, let's commit to moving forward together on our people's mental and physical health. To do that, we need to fully fund Medicaid – including expanded Medicaid – to make sure we're continuing to care for more than 1.5 million Kentuckians. We should further fund the expansion of the Michelle P. and Supports for Community Living wavier programs – they help our most vulnerable citizens.

Because we're seeing more opportunity for us – more opportunity for our people – than at any time during my life. We need all of our people healthy enough to be a part of this future and the prosperity it will bring. So, let's continue to expand access to quality health care for all of our people.

We also have to thank those treating addiction and helping those in recovery. Across the nation the opioid epidemic continues to devastate communities and families, with fentanyl taking a deadly toll. We've lost too many parents, children, relatives and friends. All are all children of God, taken too soon.

We have worked hard to boost access to treatment while also reducing the stigma around asking for help. And in 2022, we saw the first reduction in overdose deaths since 2018 – we were one of only eight states to record a decrease.

Combatting this epidemic takes commitment – a commitment we have embraced by increasing treatment beds by over 50% in the last four years – and I am proud to say that we now have the more treatment beds per capita than any other state in the country.

This is thanks to so many who are committed to helping others recover. And it is due in large part to amazing organizations like Addiction Recovery Care, or ARC. With us today, we have Tim Robinson, founder and CEO of ARC, an essential partner in our fight against addiction.

We worked with ARC to transition the former St. Catherine's College in Springfield to Crown Recovery Center, a 575-bed drug treatment and recovery campus. To date, over 7,000 clients have walked through their doors. This facility is leading the way in helping many Kentuckians to get better and then helping them find a good job.

And there are some, like Joseph Bentley, who have completed the program and are now joining the addiction treatment field. Joseph, who is here with us tonight, faced active addiction for 20 years.

He entered Crown Recovery Center soon after it opened and was the first client there to obtain his GED, and then he began helping others to get theirs. He also started working there and has worked his way up to a program manager, where he is once again helping others.

This fall, Joseph is starting college and, most important, he's spending more quality time with his family. Joseph, we see you, we are proud of you, and I can't wait to see all the great things you are going to do.

Tonight, we are also joined by Debbie and Walt Rains. Sadly, Debbie and Walt lost their son Zac to addiction. I cannot imagine the depths of pain that comes from losing a child, but Debbie and Walt have turned it into purpose.

We are thankful for the work they are doing to educate our first responders on the importance of administering Narcan, and folks, the answer to how many times you should bring somebody back with Narcan is every single time. That is someone's son. That is someone's Zac.

They also have been helping to reduce recidivism by speaking with our inmates prior to their release. Debbie, Walt: We love you and thank you for helping your fellow Kentuckians. Thank you for being here with us tonight.

Every Kentuckian also deserves to feel safe in their community, and our commonwealth is stronger thanks to our brave law enforcement officers, first responders and our soldiers.

First, let me start by saying that we have the best National Guard in the entire country. From the tornadoes to the flooding, and every major weather event in-between, we have seen our Guard leave their own families – not knowing if it would be for a few days, a week or a month or longer to go help their neighbors.

Our Guard, with assistance from other first responders, conducted 1,400 rescues during the flooding alone. That is 1,400 Kentuckians that are still alive today.

No matter the difficulty or obstacle, we see the very best of who we are through our Kentucky National Guard. So tonight, we are honored to have representatives with us.

I want to recognize the achievements of Master Sgt. Rudy Parsons and his canine companion, Callie. Together, they achieved a historic milestone. See, Callie is the first live find-search canine in the Department of Defense – a program Sgt. Parsons started. Their exceptional service during natural disasters and the recent mine structure collapse has showcased their unwavering commitment to our commonwealth and its citizens.

I also want to commend Chief Warrant Officer 2 Kristen Beard. She is an aviator with our aviation medevac unit and was a key partner in our response to the Eastern Kentucky flooding. She is also an officer with the Lexington Police Department, serving as a pilot in the Air Support Unit. Chief Beard's dual role is a great example of the type of Soldiers that make up our National Guard.

Thank you both for your service. We are the home of the free because of the brave.

Thank you to all our soldiers and airmen at home and those serving abroad. Let's take a moment to pray for each and every one of them.

Those who serve in the armed forces, in law enforcement and first responders live out their faith and their values, often in the toughest of circumstances. For those whose service requires the ultimate sacrifice, that is a debt we can never fully repay.

For their boundless love and selflessness, they only ask of us that we remember them. So tonight, we once again remember those lost in service to their community, state and country.

It has been heartbreaking. Since 2022, we lost a Kentucky National Guard Service member while he was serving on the Southwest Border, and another Guardsman was severely injured.

We lost two active-duty Marines, one serving on a NATO mission in Europe; nine Soldiers from Fort Campbell who were lost to a helicopter training mission over Trigg County; and another five from Fort Campbell in a helicopter crash in the Mediterranean Sea.

Since 2022, we have lost eight Kentucky law enforcement officers in the line of duty. They all served their fellow Kentuckians honorably until the very end, and I know the commonwealth joins Brittainy and me in honoring them.

Tonight, we are pleased to have Savannah and Paisley Chaffins here with us. Paisley lost her dad and Savannah her husband when we all lost Prestonsburg Police Officer Jacob Chaffins in 2022 as he ran toward danger to protect his community.

Jacob was a true public servant – a member of the Prestonsburg Fire Department, a sergeant in our National Guard, an EMT, a U.S. Marshal. Jacob was selfless and is missed every day by his loved ones.

Today, I was blessed to spend time with Paisley to make sure she knew how much we all appreciate her dad's service and sacrifice – and how important she is. The least we can do to honor Jacob is to ensure Paisley has a big, bright future filled with love, happiness and success.

Thank you, Savannah and Paisley, for being here and letting us show you how much the commonwealth loves you. We will always be here for you.

Sadly, that same time we lost Jacob, we also lost Prestonsburg Police Captain Ralph Frasure, Floyd County Deputy William Petry and a K-9. We will never forget their sacrifices, nor the sacrifice of Scott County Sheriff's Deputy Caleb Conley, who we lost in 2023.

Our commitment is to remember them and to lift up their families and to make sure we do everything we can here in Frankfort to support our law enforcement.

That is why my budget increases the pay once again of our Kentucky State Police troopers and officers. We are also proposing a raise in the training stipend we pay local law enforcement officers and local firefighters – and for the first time, let's add certified, part-time local law enforcement officers to that fund.

I am further requesting \$35 million dollars to fund grants for body armor to better protect our law enforcement and first responders on those days when they are required to run toward danger.

On that tough night in Floyd County, we would have also lost a state trooper, Trooper Billy Ball, but for the newest in body armor. Let's make sure every single law enforcement officer has the very best protection.

Tonight, we have been reminded of those in our great commonwealth who help make us so strong, who are helping us build a better Kentucky.

During the inauguration, just over three weeks ago, we also heard from our very own Tyler Childers, who reminded us through his “Universal Sound” to use our time to focus on the things that really matter the most.

For me, as a dad and as your Governor, that means working tirelessly to leave a better world for our fellow Kentuckians, for my children, for all of our children.

To me, improving life right here at home is the most important focus that we can have. And these next four years are our chance – Kentucky’s chance – to be the difference, to be both an economic and a moral leader of this country.

This is our time to push away the division; to prove we can govern without name-calling or scapegoating; to do it without anger, fear or hatred. That we not only talk about our collective faith, but we actually live it.

Just think about what has happened when we have worked together. We passed medical marijuana, which is going to bring relief to so many. We finally gave our people what they want in sports betting. And we solidified our place as the Thoroughbred capital of the world after passing HHR.

Passing each of those measures took both Republicans and Democrats. They required us to move forward, together.

With this new year comes new opportunity for progress, to build that better, brighter Kentucky. That is what our children deserve. Children like those we mentioned tonight: Khyree, Caleb, Maggie and Paisley. We owe it them and all our children to make sure they can chase any dream they could ever imagine right here at home.

Scripture reminds us, “Our God is merciful and tender. He will cause the bright dawn of salvation to rise on us.” We’re walking into that bright dawn, and we’re doing it together.

Remember: Life is short, so do good things and be kind to each other.

God bless the Commonwealth of Kentucky and God bless each and every one of you. Good night.

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