

TEAM
KENTUCKY®

New
Kentucky
Home



2026-2028 EXECUTIVE BUDGET

Andy Beshear
GOVERNOR

John Hicks
STATE BUDGET DIRECTOR

Volume I

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Executive Branch

SOURCE OF FUNDS	Executive Branch				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
General Fund					
Regular Appropriation	13,553,948,300	14,841,746,500	15,266,489,800	15,028,184,800	16,356,990,800
Budget Reserve	504,700,000	1,554,915,746	1,047,406,500		
State Salary and Compensation Allocation					
Postsecondary Ed Performance Fund					
Surplus Expenditure Plan	1,452,921,410	15,044,859	251,340,200		
Special Appropriation	81,775,900	6,200,000	6,200,000		
Current Year Appropriation	2,034,616,900				
Continuing Approp-General Fund	2,942,668,227	6,192,228,845	5,717,397,500	3,884,706,500	2,969,834,400
Reorganization Adjustment					
Budget Reduction-General Fund			(77,722,900)		
Mandated Allotments	98,682,505	62,132,339			
Other	(495,654,867)	(1,554,394,239)	(1,124,371,400)	(795,650,000)	(166,500,000)
Budget Reserve Trust Fund					
Total General Fund	20,173,658,375	21,117,874,049	21,086,739,700	18,117,241,300	19,160,325,200
Tobacco Fund					
Tobacco Settlement - Phase I	106,078,200	99,118,000	94,224,700	82,800,000	77,400,000
Continuing Approp-Tob Settlement	110,858,534	91,913,249	48,816,300	5,112,200	2,556,100
Other	3,277,754	2,578,902			
Total Tobacco Fund	220,214,489	193,610,151	143,041,000	87,912,200	79,956,100
Restricted Funds					
Balance Forward	2,004,425,909	2,070,584,407	1,769,331,400	1,332,948,700	822,312,900
Current Receipts	11,391,055,837	12,777,793,386	14,708,382,100	15,519,718,800	16,363,937,800
Non-Revenue Receipts	1,165,771,800	1,112,453,146	1,338,503,500	1,098,805,200	1,152,913,600
Fund Transfers	(3,267,000)	(5,248,634)	(4,311,900)	(4,408,400)	(3,964,600)
Total Restricted Funds	14,557,986,546	15,955,582,305	17,811,905,100	17,947,064,300	18,335,199,700
Federal Fund					
Balance Forward	723,651,874	629,010,920	363,828,674	72,979,400	96,016,400
Current Receipts	21,568,759,055	22,193,399,381	26,765,748,726	24,254,214,600	25,197,956,600
Non-Revenue Receipts	(10,839,981)	(56,767,227)	(503,436,800)	(5,721,200)	(5,720,200)
Total Federal Fund	22,281,570,948	22,765,643,074	26,626,140,600	24,321,472,800	25,288,252,800
Road Fund					
Regular Appropriation	1,683,417,300	1,985,694,500	1,882,761,900	1,838,084,600	1,910,233,700
State Salary and Compensation Allocation					
Surplus Expenditure Plan	55,504,572		61,645,600		
Current Year Appropriation	2,500,000		5,035,600		
Continuing Approp-Road Fund	531,452,211	422,266,201	348,283,600		
Budget Reduction-Road Fund					
Other	41,562,845	(2,991,839)	(56,584,300)		
Total Road Fund	2,325,818,328	2,404,968,862	2,241,142,400	1,838,084,600	1,910,233,700
TOTAL SOURCE OF FUNDS	59,559,248,686	62,437,678,441	67,908,968,800	62,311,775,200	64,773,967,500

EXPENDITURES BY CLASS

Personnel Costs	10,029,501,979	10,550,327,156	11,582,590,600	11,545,034,900	12,022,664,500
Operating Expenses	4,975,919,478	5,423,652,362	6,615,633,700	7,003,716,900	7,457,992,800
Grants Loans Benefits	30,752,017,965	33,098,022,141	37,405,644,900	36,134,238,000	37,591,515,600
Debt Service	973,114,324	956,598,068	1,329,187,400	1,215,578,300	1,344,880,400
Capital Outlay	944,439,039	1,781,857,937	1,408,820,500	699,123,400	769,597,400
Construction	1,559,287,448	1,436,777,568	4,247,403,200	1,797,764,900	1,864,537,700
TOTAL EXPENDITURES	49,234,280,232	53,247,235,231	62,589,280,300	58,395,456,400	61,051,188,400

**EXPENDITURES BY FUND
SOURCE**

General Fund	13,656,729,254	15,254,089,803	17,179,216,200	15,121,807,900	16,289,615,000
Tobacco Fund	126,802,339	143,396,920	136,804,100	85,356,100	79,956,100
Restricted Funds	11,913,179,173	13,567,279,535	16,478,956,400	17,124,751,400	17,603,884,900
Federal Fund	21,652,560,028	22,401,828,932	26,553,161,200	24,225,456,400	25,167,498,700
Road Fund	1,885,009,438	1,880,640,041	2,241,142,400	1,838,084,600	1,910,233,700
TOTAL EXPENDITURES	49,234,280,232	53,247,235,231	62,589,280,300	58,395,456,400	61,051,188,400

EXPENDITURES BY UNIT

General Government	2,667,218,582	2,925,584,086	3,918,328,300	3,076,767,000	2,983,281,700
Economic Development	75,533,992	98,620,234	241,931,400	35,223,200	35,488,500
Department of Education	6,413,845,324	6,310,710,592	6,016,202,200	6,568,419,000	6,717,865,300
Education and Labor	715,451,780	786,966,821	880,835,700	855,953,400	860,966,900
Energy and Environment	321,600,022	324,533,733	503,028,000	510,938,700	515,573,900
Finance and Administration	819,190,672	825,383,354	1,240,972,500	1,141,447,800	1,314,487,700
Health and Family Services	21,883,075,837	23,900,891,047	26,616,051,100	26,085,827,900	27,474,608,600
Justice and Public Safety	1,577,855,164	1,567,982,071	1,644,432,100	1,674,629,700	1,717,143,400
Personnel	138,856,279	130,555,357	136,035,800	136,963,100	137,468,600
Postsecondary Education	10,637,252,189	11,611,794,467	13,725,870,500	14,515,989,600	15,419,398,700
Public Protection	185,188,281	209,394,632	109,842,700	104,267,800	105,512,800
Tourism, Arts and Heritage	342,241,527	339,235,695	334,460,800	323,405,100	325,239,800
Transportation	3,151,671,767	3,105,867,397	6,499,682,700	3,365,624,100	3,444,152,500
Statewide	305,298,815	1,109,715,746	721,606,500		
TOTAL EXPENDITURES	49,234,280,232	53,247,235,231	62,589,280,300	58,395,456,400	61,051,188,400

General Government

	General Government				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,528,382,500	1,733,399,400	1,889,073,000	1,751,141,300	1,831,841,500
Budget Reserve		119,050,000	120,500,000		
State Salary and Compensation Allocation	9,547,000	116,300	206,200		
Surplus Expenditure Plan					
Special Appropriation	67,674,900	1,200,000	1,200,000		
Current Year Appropriation	1,282,700				
Continuing Approp-General Fund	48,504,339	19,849,881	29,191,500		
Reorganization Adjustment	1,799,700				
Budget Reduction-General Fund			(3,674,300)		
Mandated Allotments	82,914,400	54,991,700			
Other	6,855,233	(14,186,374)	(9,240,200)		
Total General Fund	1,746,960,772	1,914,420,907	2,027,256,200	1,751,141,300	1,831,841,500
Tobacco Fund					
Tobacco Settlement - Phase I	41,862,000	39,117,100	40,111,000	31,299,900	28,709,600
Continuing Approp-Tob Settlement	56,946,519	55,422,214	22,389,200		
Other	1,638,877	1,289,451			
Total Tobacco Fund	100,447,396	95,828,765	62,500,200	31,299,900	28,709,600
Restricted Funds					
Balance Forward	337,515,400	322,712,797	314,160,400	246,586,500	170,886,000
Current Receipts	258,221,860	249,528,727	253,331,100	275,009,300	274,646,400
Non-Revenue Receipts	60,803,244	175,572,402	87,360,400	81,842,800	101,375,100
Fund Transfers		(374,200)			
Total Restricted Funds	656,540,504	747,439,726	654,851,900	603,438,600	546,907,500
Federal Fund					
Balance Forward	912,453,547	721,309,874	444,219,900	11,639,600	9,416,400
Current Receipts	420,972,321	293,636,818	1,482,170,300	859,550,000	709,862,100
Non-Revenue Receipts	(36,732,157)	(12,618,020)	(494,444,100)		
Total Federal Fund	1,296,693,712	1,002,328,673	1,431,946,100	871,189,600	719,278,500
TOTAL SOURCE OF FUNDS	3,800,642,384	3,760,018,071	4,176,554,400	3,257,069,400	3,126,737,100
EXPENDITURES BY CLASS					
Personnel Costs	516,018,025	535,456,491	593,581,700	593,330,200	605,587,100
Operating Expenses	188,560,978	180,612,231	206,631,500	194,957,300	193,924,100
Grants Loans Benefits	1,811,631,802	2,054,322,430	2,983,043,900	2,164,628,800	2,054,622,000
Debt Service	136,041,036	123,171,777	122,539,500	111,605,100	116,836,000
Capital Outlay	14,840,306	20,830,238	12,531,700	12,245,600	12,312,500
Construction	126,435	11,190,919			
TOTAL EXPENDITURES	2,667,218,582	2,925,584,086	3,918,328,300	3,076,767,000	2,983,281,700

EXPENDITURES BY FUND SOURCE

General Fund	1,712,981,767	1,860,831,110	2,027,256,200	1,751,141,300	1,831,841,500
Tobacco Fund	45,025,270	73,360,677	62,500,200	31,299,900	28,709,600
Restricted Funds	333,827,707	433,279,044	408,265,400	432,552,600	411,864,000
Federal Fund	575,383,838	558,113,254	1,420,306,500	861,773,200	710,866,600
TOTAL EXPENDITURES	2,667,218,582	2,925,584,086	3,918,328,300	3,076,767,000	2,983,281,700

EXPENDITURES BY UNIT

Office of the Governor	7,149,677	7,723,971	7,058,300	7,039,100	7,160,000
Office of State Budget Director	3,986,893	3,793,269	4,288,400	4,252,600	4,268,300
Homeland Security	9,503,905	16,033,514	19,979,400	21,890,900	20,858,200
Department of Veterans' Affairs	102,712,096	106,890,525	134,151,200	142,748,800	145,387,400
Kentucky Infrastructure Authority	68,706,704	102,350,396	1,028,665,200	450,198,800	301,282,100
Military Affairs	542,260,271	516,722,775	165,031,200	139,249,700	140,016,800
Commission on Human Rights	2,397,748	2,217,695	2,519,100	2,435,200	2,483,800
Commission on Women					
Department for Local Government	146,997,727	117,022,347	257,803,800	256,491,600	256,636,100
Local Government Economic Assistance Fund	38,295,457	32,156,996	29,567,500	27,926,600	25,211,700
Local Government Economic Development Fund	42,905,475	33,574,130	21,724,800	20,494,700	15,059,000
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	1,018,690	1,153,801	1,217,200	1,371,300	1,396,500
Secretary of State	6,092,742	5,705,453	6,759,700	6,564,000	6,652,600
Board of Elections	7,655,843	7,857,127	9,714,000	9,637,300	9,669,400
Registry of Election Finance	1,541,601	1,565,915	1,794,600	1,723,600	1,757,900
Attorney General	141,180,089	151,374,943	167,809,200	176,152,700	177,308,100
Unified Prosecutorial System	144,481,164	153,905,037	169,336,100	160,512,200	164,000,000
Treasury	5,537,008	6,069,415	7,071,400	6,785,300	6,872,100
Agriculture	92,950,121	121,338,151	115,231,600	77,691,300	75,621,400
Auditor of Public Accounts	19,999,670	33,930,199	41,062,200	36,074,500	36,785,500
Personnel Board	884,771	872,119	1,231,100	1,034,700	1,049,400
Kentucky Public Pensions Authority	286,400,055	371,800,445	375,115,600	52,407,500	54,022,700
Occupational & Professional Boards & Commissions	30,685,368	31,376,482	36,390,400	38,468,600	37,973,700
Kentucky River Authority	5,648,373	5,074,335	6,550,400	6,556,700	6,573,300
School Facilities Construction Commission	138,773,036	117,389,800	118,813,900	105,468,800	108,222,200
Teachers' Retirement System	747,169,946	906,543,447	1,099,365,600	1,248,665,300	1,302,043,300
Judgments	1,867,405	815,000	14,597,300		
Appropriations Not Otherwise Classified	19,439,821	19,963,326	16,750,300	17,653,300	17,653,300
KY Communications Network Authority	44,976,923	44,363,473	52,728,800	51,271,900	51,316,900
TOTAL EXPENDITURES	2,667,218,582	2,925,584,086	3,918,328,300	3,076,767,000	2,983,281,700

**General Government
Office of the Governor**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,476,300	6,728,400	6,872,700	6,751,000	6,871,900
State Salary and Compensation Allocation	217,800				
Budget Reduction-General Fund			(206,200)		
Total General Fund	6,694,100	6,728,400	6,666,500	6,751,000	6,871,900
Restricted Funds					
Balance Forward	160,828	314,998	597,900	401,000	202,200
Non-Revenue Receipts	173,800	288,100	91,200	89,300	85,900
Total Restricted Funds	334,628	603,098	689,100	490,300	288,100
Federal Fund					
Balance Forward	(40)	(68,635)	(429,600)		
Current Receipts	367,352	629,435	533,300		
Total Federal Fund	367,312	560,800	103,700		
TOTAL SOURCE OF FUNDS	7,396,040	7,892,298	7,459,300	7,241,300	7,160,000
EXPENDITURES BY CLASS					
Personnel Costs	5,945,849	6,456,680	5,720,200	5,317,900	5,438,800
Operating Expenses	1,134,202	1,248,342	1,318,100	1,721,200	1,721,200
Capital Outlay	69,626	18,950	20,000		
TOTAL EXPENDITURES	7,149,677	7,723,971	7,058,300	7,039,100	7,160,000
EXPENDITURES BY FUND SOURCE					
General Fund	6,694,100	6,728,400	6,666,500	6,751,000	6,871,900
Restricted Funds	19,630	5,187	288,100	288,100	288,100
Federal Fund	435,947	990,384	103,700		
TOTAL EXPENDITURES	7,149,677	7,723,971	7,058,300	7,039,100	7,160,000
EXPENDITURES BY UNIT					
Governor	5,316,325	5,392,900	5,548,300	5,609,000	5,705,300
Governor's Office Expense	31,107	27,968	27,200	27,200	27,200
Lieutenant Governor	1,020,797	992,286	1,003,100	1,014,100	1,033,400
Lieutenant Governor's Expense	17,373	15,631	15,100	15,100	15,100
Secretary of the Cabinet	29,821	31,617	31,600	31,600	31,600
Kentucky Commission on Military Affairs	563,980	1,099,547	267,200	170,100	171,900
Faith Based Initiatives	85,137	82,012	82,800	85,900	87,600
Office of Minority Empowerment	85,137	82,012	83,000	86,100	87,900
TOTAL EXPENDITURES	7,149,677	7,723,971	7,058,300	7,039,100	7,160,000

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

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

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

The Military Affairs Commission (KRS 154.12-203) has been a part of the Office of the Governor since 1996. The Commission serves in an advisory capacity to the Governor, the General Assembly, the Kentucky Congressional Delegation, and other appropriate government officials. This commission is designed to support the U.S. military's widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

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

The Office for Faith-Based and Community Nonprofit Social Services was established in 2005 pursuant to KRS 12.510. The Office has lead responsibility in the Executive Branch to establish policies, priorities, and objectives for State Government's comprehensive effort to enlist, equip, enable, empower, and expand the work of faith-based and other community organizations to the extent permitted by law. The office is patterned closely with a similar effort at the federal government level begun in 2001.

Policy

The Governor's budget includes additional General Fund in the amount of \$99,600 in fiscal year 2027 and \$204,200 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

**General Government
Office of State Budget Director**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,865,600	3,976,400	4,073,900	3,806,600	3,884,300
State Salary and Compensation Allocation	144,500	9,500	13,600		
Budget Reduction-General Fund			(122,600)		
Total General Fund	4,010,100	3,985,900	3,964,900	3,806,600	3,884,300
Restricted Funds					
Balance Forward	568,423	678,423	788,400	637,000	363,000
Non-Revenue Receipts	110,000	110,000	110,000	110,000	110,000
Total Restricted Funds	678,423	788,423	898,400	747,000	473,000
Federal Fund					
Balance Forward	906,658,805	732,524,353	494,437,900	62,000	
Current Receipts	(137,332,501)	(225,311,714)			
Non-Revenue Receipts	(36,732,157)	(12,704,269)	(494,313,800)		
Total Federal Fund	732,594,147	494,508,371	124,100	62,000	
TOTAL SOURCE OF FUNDS	737,282,671	499,282,694	4,987,400	4,615,600	4,357,300
EXPENDITURES BY CLASS					
Personnel Costs	3,644,860	3,468,547	3,935,100	3,889,400	3,896,400
Operating Expenses	342,033	324,722	353,300	363,200	371,900
TOTAL EXPENDITURES	3,986,893	3,793,269	4,288,400	4,252,600	4,268,300
EXPENDITURES BY FUND SOURCE					
General Fund	3,917,099	3,722,799	3,964,900	3,806,600	3,884,300
Restricted Funds			261,400	384,000	384,000
Federal Fund	69,794	70,471	62,100	62,000	
TOTAL EXPENDITURES	3,986,893	3,793,269	4,288,400	4,252,600	4,268,300
EXPENDITURES BY UNIT					
Budget & Policy Analysis	2,920,640	2,740,909	3,238,200	3,245,900	3,236,400
Policy Research	406,340	400,956	405,100	387,600	396,500
Economic Analysis	659,913	651,404	645,100	619,100	635,400
TOTAL EXPENDITURES	3,986,893	3,793,269	4,288,400	4,252,600	4,268,300

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

The Governor's Office for Policy and Management (GOPM) prepares the Executive Budget, the Governor's financial plan for Kentucky state government and submits it to the General Assembly by the tenth legislative day. The preparation of the budget includes the transmittal of information and necessary budget request forms and instructions to state agencies, assisting agencies in the preparation of their budget requests, analyzing the requests, and making recommendations to the Governor. The Governor's budget recommendation is prepared by GOPM and consists of several volumes of detailed financial and programmatic information that transparently presents the Governor's operating and capital budget decisions and provides substantial amounts of historical spending and revenue information. Following enactment of the budget by the General Assembly, GOPM prepares the Budget of the Commonwealth, another multiple set of volumes which compiles the entirety of the Commonwealth's enacted biennial budget. GOPM is also responsible for the budget execution requirements for the Executive branch in accordance with

provisions of KRS chapter 48. The implementation of the Executive branch's capital projects, in accordance with KRS 45.750-800, is assisted by GOPM for all project increases, new project establishments, and associated monthly reporting to the Capital Projects and Bond Oversight Committee. The continuous monitoring of the Commonwealth's financial situation is performed by GOPM in concert with the Governor's Office of Economic Analysis in accordance with KRS 48.400.

The Governor's Office for Policy Research (GOPR) performs research and analysis on public policy issues important to the Commonwealth. In accordance with KRS 154.30-030, the Office provides input into the methodology and assumptions used in the independent consultant's reports for the tax increment financing program and for tourism development projects, pursuant to KRS 148.850, and supports the Office of State Budget Director's certification for each project. The Phase I Tobacco Master Settlement Agreement calculations are monitored and prepared by this Office, and GOPR convenes the state agency participants involved in the enforcement mechanisms necessary to stay in compliance with the Settlement Agreement. Expenditure forecasting for several key areas of state government is led or is contributed to by GOPR, including the incarcerated felon population, Medicaid benefit expenditures, and the elementary and secondary education funding formula inputs.

The Governor's Office for Economic Analysis (GOEA) assists the State Budget Director and the Consensus Forecasting Group in providing timely and accurate estimates of General Fund and Road Fund receipts used to build and implement the Budget of the Commonwealth. On September 30 of each odd-numbered year, a preliminary detailed estimate of revenues for the next two fiscal years is presented to the head of the budgeting agency for each branch of state government. To inform the Governor and the General Assembly for the biennial budget process, an official estimate is made by December 20 of each odd-numbered year and is presented along with the Governor's Executive Budget recommendation to the General Assembly. In accordance with KRS 48.400, GOEA prepares a Quarterly Economic and Revenue report which provides a forecast of state tax revenues for the next three quarters as well as a forecast of the Commonwealth's economic conditions. The Commonwealth's Tax Expenditure analysis is prepared by GOEA on an annual basis, incorporating the entirety of all statutory tax expenditures with specific computations of the amount of tax revenues foregone. In accordance with KRS 141.020, GOEA reviews the individual income tax reduction conditions each fiscal year and reports whether the statutory conditions have been met.

Policy

The Governor's budget includes additional General Fund in the amount of \$62,700 in fiscal year 2027 and \$128,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

	General Government Homeland Security				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	618,700	5,645,900	5,658,600	7,441,400	7,058,700
State Salary and Compensation Allocation	26,600				
Budget Reduction-General Fund			(169,800)		
Total General Fund	645,300	5,645,900	5,488,800	7,441,400	7,058,700
Restricted Funds					
Balance Forward	5,159,687	5,524,787	7,699,400	6,202,500	4,715,300
Current Receipts	3,891,488	4,189,880	3,000,000	3,006,900	3,014,100
Non-Revenue Receipts	45,371	43,479			
Total Restricted Funds	9,096,546	9,758,146	10,699,400	9,209,400	7,729,400
Federal Fund					
Balance Forward	(69,385)	(36,740)	(168,500)		
Current Receipts	5,319,491	8,250,883	10,206,300	9,955,400	9,983,700
Non-Revenue Receipts			(44,100)		
Total Federal Fund	5,250,106	8,214,143	9,993,700	9,955,400	9,983,700
TOTAL SOURCE OF FUNDS	14,991,953	23,618,189	26,181,900	26,606,200	24,771,800
EXPENDITURES BY CLASS					
Personnel Costs	2,752,473	2,796,218	2,806,700	3,628,100	3,626,800
Operating Expenses	2,036,064	5,147,379	7,714,200	8,784,300	7,772,900
Grants Loans Benefits	4,685,071	8,059,188	9,325,000	9,325,000	9,325,000
Capital Outlay	30,297	30,729	133,500	153,500	133,500
TOTAL EXPENDITURES	9,503,905	16,033,514	19,979,400	21,890,900	20,858,200
EXPENDITURES BY FUND SOURCE					
General Fund	645,300	5,592,196	5,488,800	7,441,400	7,058,700
Restricted Funds	3,571,759	2,058,690	4,496,900	4,494,100	3,815,800
Federal Fund	5,286,846	8,382,628	9,993,700	9,955,400	9,983,700
TOTAL EXPENDITURES	9,503,905	16,033,514	19,979,400	21,890,900	20,858,200
EXPENDITURES BY UNIT					
Office of Homeland Security	5,932,146	9,026,095	10,482,500	12,396,800	12,042,400
Law Enforcement Protection Program	937,172	986,727	1,125,000	1,125,000	1,125,000
Commercial Mobile Radio Service	2,634,587	6,020,692	8,371,900	8,369,100	7,690,800
TOTAL EXPENDITURES	9,503,905	16,033,514	19,979,400	21,890,900	20,858,200

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

The Kentucky 911 Services Board is administratively attached to the Kentucky Office of Homeland Security pursuant to KRS 65.7623, and KOHS maintains responsibility and oversight of the Board's daily operations. The 911 Services Board collects more than \$40 million annually in 911 user fees from wireless prepaid, postpaid, and Lifeline subscribers of the approximately 35 telecommunication carriers providing wireless telephone service in Kentucky. These fees are used to fund operations and technology upgrades at Kentucky's 117 Board-certified 911 emergency call centers.

Policy

The base budget includes General Fund of \$5,000,000 to complete the Next Generation 911 System, support on-going operational costs and system enhancements. The Next Generation 911 System will deploy statewide 911 call routing including wireless devices.

The budget includes additional General Fund in the amount of \$1,755,000 in fiscal year 2027 and \$1,360,900 in fiscal year 2028 to establish the Kentucky Cyber Resilience Task Force which will enhance the ability to detect, respond to and recover from cyber incidents statewide.

The budget also includes additional General Fund in the amount of \$200,000 in each fiscal year for the Kentucky Intelligence Fusion Center to provide technology enhancements which increase information sharing capabilities and meet minimum national standards.

The Governor's budget includes additional funding in the amount of \$34,400 in fiscal year 2027 and \$70,500 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$7,900 and \$16,200, respectively.

**General Government
Veterans' Affairs**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	31,333,500	46,058,400	39,853,000	36,067,100	37,556,600
State Salary and Compensation Allocation	1,635,800				
Budget Reduction-General Fund			(1,195,600)		
Total General Fund	32,969,300	46,058,400	38,657,400	36,067,100	37,556,600
Restricted Funds					
Balance Forward	24,330,765	19,713,435	25,605,900	13,025,100	3,871,200
Current Receipts	63,332,864	73,115,385	82,603,000	97,227,800	104,509,500
Non-Revenue Receipts	(254,299)	(68,431)	10,000		
Total Restricted Funds	87,409,331	92,760,388	108,218,900	110,252,900	108,380,700
Federal Fund					
Balance Forward	3,061,492	1,014,592	81,200		
Current Receipts			305,000	300,000	300,000
Non-Revenue Receipts		86,249	(86,200)		
Total Federal Fund	3,061,492	1,100,842	300,000	300,000	300,000
TOTAL SOURCE OF FUNDS	123,440,123	139,919,630	147,176,300	146,620,000	146,237,300
EXPENDITURES BY CLASS					
Personnel Costs	82,655,624	84,087,922	101,289,700	111,678,900	114,317,500
Operating Expenses	12,430,771	13,532,357	20,820,000	20,808,400	20,808,400
Grants Loans Benefits	6,282,345	8,447,019	11,803,500	10,023,500	10,023,500
Debt Service		616,500			
Capital Outlay	1,343,357	206,728	238,000	238,000	238,000
TOTAL EXPENDITURES	102,712,096	106,890,525	134,151,200	142,748,800	145,387,400
EXPENDITURES BY FUND SOURCE					
General Fund	32,969,300	38,716,430	38,657,400	36,067,100	37,556,600
Restricted Funds	67,695,896	67,154,524	95,193,800	106,381,700	107,530,800
Federal Fund	2,046,900	1,019,571	300,000	300,000	300,000
TOTAL EXPENDITURES	102,712,096	106,890,525	134,151,200	142,748,800	145,387,400
EXPENDITURES BY UNIT					
Kentucky Veterans' Centers	93,118,371	96,629,670	121,798,400	131,799,300	134,271,300
Veterans Cemeteries	3,600,307	3,632,772	4,653,100	4,520,300	4,593,300
Veterans Services	5,993,419	6,628,084	7,699,700	6,429,200	6,522,800
TOTAL EXPENDITURES	102,712,096	106,890,525	134,151,200	142,748,800	145,387,400

The Kentucky Department of Veterans' Affairs (KDVA) is established by KRS 40.300. Pursuant to KRS 40.317, KDVA assists over 295,000 Kentucky veterans and their families in applying for federal, state, and local veteran's benefits. Services include: benefits counseling and claims processing regarding the existence or availability of educational, training, and retraining facilities; health, medical rehabilitation, and housing services and facilities; employment and reemployment services; and provision of services under federal, state, and local laws affording rights, privileges, and benefits to eligible veterans and their dependents. These services are supported by a cooperative network of veterans' benefits field representatives, volunteers, and personal service contracts with major veterans' organizations.

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

The Thomson-Hood Veterans' Center, located in Wilmore in Jessamine County, is a 285-bed long-term nursing care facility opened in 1991 specifically for Kentucky's elderly veteran population. The Eastern Kentucky Veterans' Center a 120-bed facility located in Hazard (Perry County) and the Western Kentucky Veterans' Center a 120-bed facility in Hanson (Hopkins County), both opened in 2002 and include in-house physician care, nurse practitioners, 24-hour nursing staff, and staffing for a rehab therapy department, barbershop, library, gift shop, laundry facility, and a dietary department. In April 2013, KDVA opened a 36-bed expansion at the Western Kentucky Veterans' Center that utilizes the "Community Living Center (CLC) Concept" required by the federal Veterans' Administration. Three 12-bed buildings provide a more personalized care for its residents and brings the total capacity to 156 beds. In July 2017, a fourth 120-bed Veterans' Center, in Hardin County, the Carl M. Brashear Radcliff Veterans Center opened utilizing the Community Living Center Concept. The Robert E. Spiller Bowling Green Veterans Center, the Commonwealth's fifth state veterans home, is a 60-bed CLC model currently under construction. It is expected to begin admitting veterans in early 2026.

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

KRS 40.600 established the Women Veterans Program to ensure Kentucky women veterans have equitable access to federal and state veterans' services and benefits. KRS 40.350 established the Wounded or Disabled Veterans Program to assist wounded or disabled veterans in the transition from active service and ensure they receive the federal, state and private benefits to which they are entitled as wounded or disabled veterans. KRS 40.312 established the Kentucky Service Members, Veterans, and their Families Suicide Prevention Program to raise awareness of and reduce death by suicide within the population of service members, veterans, and their families.

Policy

The General Fund base budget in each fiscal year includes:

- \$93,700 for grants to the Brain Injury Association of America, Kentucky Chapter and \$93,700 for grants to the Epilepsy Foundation for Kentuckiana.
- \$187,500 for grants to Veterans' Service Organization programs.
- \$200,000 for the Homeless Veterans Programs.
- \$320,000 each fiscal year to support interment costs for veterans of the National Guard and Reserves, and eligible family members.
- \$152,000 each fiscal year to support military funeral honors for veterans.

The Governor's budget includes additional funding in the amount of \$1,191,700 in fiscal year 2027 and \$2,446,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$500,500 and \$1,027,700, respectively.

The Governor's budget includes additional Restricted Funds in the amount of \$5,110,800 in fiscal year 2027 and \$5,488,400 in fiscal year 2028 for additional staffing at Thomson-Hood Veterans Center to increase projected census to 154 by the end of fiscal year 2028.

The Governor's budget includes additional Restricted Funds in the amount of \$6,397,400 in fiscal year 2027 and \$6,778,600 in fiscal year 2028 for additional staffing at Western Kentucky Veterans Center to increase projected census to 124 by end of fiscal year 2028.

**General Government
Kentucky Infrastructure Authority**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,260,600	22,254,000	1,940,700	1,772,000	1,789,600
Budget Reserve		800,000			
State Salary and Compensation Allocation	11,500	900	1,800		
Continuing Approp-General Fund			13,085,500		
Budget Reduction-General Fund			(58,300)		
Total General Fund	4,272,100	23,054,900	14,969,700	1,772,000	1,789,600
Restricted Funds					
Balance Forward	1,338,906	532,759	403,200		
Current Receipts	32,063	17,818	20,000	20,000	20,000
Non-Revenue Receipts	(352,976)	597,478	5,396,500	8,355,200	10,894,300
Total Restricted Funds	1,017,993	1,148,055	5,819,700	8,375,200	10,914,300
Federal Fund					
Balance Forward	(793,311)	(1,322,487)	(5,000,800)		
Current Receipts	63,420,193	88,053,174	1,012,876,600	440,051,600	288,578,200
Total Federal Fund	62,626,883	86,730,687	1,007,875,800	440,051,600	288,578,200
TOTAL SOURCE OF FUNDS	67,916,976	110,933,642	1,028,665,200	450,198,800	301,282,100
EXPENDITURES BY CLASS					
Personnel Costs	3,780,665	5,037,653	5,845,600	5,784,900	5,904,500
Operating Expenses	709,253	862,979	614,100	644,600	644,600
Grants Loans Benefits	61,881,786	91,183,958	1,022,205,500	441,283,300	289,761,000
Debt Service	2,335,000	340,500		2,486,000	4,972,000
Capital Outlay		22,724			
Construction		4,902,582			
TOTAL EXPENDITURES	68,706,704	102,350,396	1,028,665,200	450,198,800	301,282,100
EXPENDITURES BY FUND SOURCE					
General Fund	4,272,100	9,873,988	14,969,700	1,772,000	1,789,600
Restricted Funds	485,235	744,921	5,819,700	8,375,200	10,914,300
Federal Fund	63,949,369	91,731,487	1,007,875,800	440,051,600	288,578,200
TOTAL EXPENDITURES	68,706,704	102,350,396	1,028,665,200	450,198,800	301,282,100
EXPENDITURES BY UNIT					
Kentucky Infrastructure Authority	66,258,146	92,400,509	155,648,700	196,693,800	50,513,900
Broadband Development	2,448,558	9,949,887	873,016,500	253,505,000	250,768,200
TOTAL EXPENDITURES	68,706,704	102,350,396	1,028,665,200	450,198,800	301,282,100

The Kentucky Infrastructure Authority (KIA) pursuant to KRS Chapter 224A funds the acquisition and construction of infrastructure projects as defined in KRS 224A.011(23) and owned by governmental agencies. The Authority also coordinates regional infrastructure planning to promote higher levels of technical, managerial and financial capacity of water based utilities. The Authority with the assistance of the Area Development Districts coordinates water and wastewater planning by the Area Water Management Councils. The Councils establish water planning areas, develop and maintain the regional water management plan and identify and prioritize water and wastewater projects, and provide system and project information to the Water Resource Information System (WRIS). KIA is responsible to operate, maintain and update the information database (Water Resource Information System) for statewide water and wastewater planning in accordance with KRS 224A.300. This database tracks, maps, and houses infrastructure project details for regional planning efforts and for utilities that are seeking funding. The Authority is administratively attached to the Department for Local Government.

KIA is the administrator for the US EPA's Clean Water and Drinking Water State Revolving Funds, and Commonwealth funded revolving loan and grant programs, and state appropriated line-item funding for various water and wastewater projects. Infrastructure funding substantially improves human and environmental factors and supports economic growth. For the federal programs, priority is given to projects to correct enforcement issues, consolidation or regionalization of facilities, and underserved/unserved areas of the Commonwealth. The Authority is administratively attached to the Department for Local Government.

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

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

Fund A Clean Water State Revolving Fund (Base, Supplemental, and Emerging Contaminants) – Is a 20 or 30 year loan program for planning, design and construction of wastewater infrastructure projects, storm water projects and nonpoint source projects. Fund A also provides assistance to small communities in financing the preliminary costs prior to construction, commonly referred to as a Planning and Design loan. Planning and Design loans have a 5 year term and are set at the standard interest rate, and may be rolled into a subsequent construction loan.

Fund F Drinking Water State Revolving Loan Fund (Base, Supplemental, Lead Service Line Replacement, and Emerging Contaminants) – Is a 20 or 30 year loan program for planning, design and construction of water infrastructure projects that qualify under EPA requirements. Projects must be recommended by the Kentucky Division of Water in the Energy and Environment Cabinet from the Project Priority List and must be financially feasible as determined by KIA staff.

Fund B Infrastructure Revolving Fund – Is a low-interest state funded loan program that provides for construction or acquisition of infrastructure projects including water and wastewater. Loans are made to governmental entities that are unable to wholly finance a project through other public grant or loan programs, through commercial credit at reasonable rates, or from their own resources. The loans are offered at or below market interest rates for a term not to exceed 30 years. Grants are available, but are reserved for borrowers facing both a financial hardship and an extreme health hazard.

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

Fund C Governmental Agencies Program – This program provides access to local governmental for funding at better terms than could be obtained on an independent basis. Loans are available at terms of up to thirty years for any eligible infrastructure project owned by governmental entities in the Commonwealth.

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

Local Government Economic Development Fund – (Coal Severance Tax Projects) – These funds were authorized by the 2014 General Assembly from the respective single county fund for projects in coal-producing counties. The Authority coordinates the process of implementation and provides project administration for the water and sewer related projects funded in this program. The program is administered jointly with the Department for Local Government.

Cleaner Water Program Fund – This program was funded by federal appropriation through the American Rescue Plan Act (ARPA). Funds were made available to utilities within counties, based on county population through appropriations in the 2021 and 2022 sessions of the General Assembly. Funding must be fully expended by recipients by December 31, 2026.

KY WWATERS Fund – The Kentucky Water and Wastewater Assistance for Troubled or Economically Restrained Systems program was funded in the 2024 Session of the General Assembly to assist utilities with financial challenges. Qualifying events are specified in statute. Projects submitted by utilities will be scored and ranked by the Authority. Funding commitments will be made by the General Assembly.

The Broadband Deployment Fund was established in 2020 and the Office of Broadband Development was created in 2022 as the central broadband planning and coordination entity to encourage, foster, develop, and improve broadband within the Commonwealth. The Office aims to improve broadband accessibility for unserved and underserved communities and populations, drive job creation, promote innovation, and expand markets for Kentucky businesses and industries, and serve the needs of Kentucky's agricultural, educational, health care, and public safety systems, governmental operations, and citizens.

The Broadband Deployment Fund received \$300 million federal funds through the American Rescue Plan Act (ARPA) to award grants from internet service providers and local governments to construct broadband infrastructure and bring high-speed internet to unserved and underserved homes and businesses. Funds were awarded to internet service providers to construct broadband infrastructure and must be fully expended by recipients by December 31, 2026.

The Broadband Deployment Fund received a \$5 million Planning Fund grant in 2023 for the Broadband Equity, Access, and Deployment program (BEAD) to support planning and mapping efforts and building the capacity of the Office through 2027. The Planning funds will finance the required activities necessary for Kentucky to access the \$1.086 billion allocated to Kentucky to achieve universal access to high-speed internet by funding broadband deployment.

Policy

The budget includes Federal Funds appropriation in the amount of \$75,502,000 in fiscal year 2027 and \$20,223,000 in fiscal year 2028 to support the Clean Water State Revolving Fund and \$109,906,000 in fiscal year 2027 and \$18,294,000 in fiscal year 2028 to support the Drinking Water State Revolving Fund.

The budget includes Restricted Funds appropriation in the amount of \$2,486,000 in fiscal year 2027 and \$4,972,000 in fiscal year 2028 to support bonds included in the capital budget.

**General Government
Military Affairs**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	17,765,300	34,327,500	34,897,300	29,493,100	29,856,700
State Salary and Compensation Allocation	436,700	38,300	62,900		
Continuing Approp.-General Fund	4,437,209	4,428,604			
Budget Reduction-General Fund			(913,800)		
Mandated Allotments	82,644,000	49,192,900			
Total General Fund	105,283,209	87,987,304	34,046,400	29,493,100	29,856,700
Restricted Funds					
Balance Forward	144,361,391	109,139,963	54,663,000	27,469,900	21,744,400
Current Receipts	38,387,637	20,530,338	18,389,200	18,427,500	17,757,600
Non-Revenue Receipts	(19,016,091)	27,057,748	(2,921,900)	(2,703,500)	(2,702,800)
Total Restricted Funds	163,732,936	156,728,049	70,130,300	43,193,900	36,799,200
Federal Fund					
Balance Forward	(15,189,433)	(23,611,992)	(52,533,400)		
Current Receipts	378,439,355	300,026,670	140,857,800	88,307,100	88,806,100
Total Federal Fund	363,249,922	276,414,678	88,324,400	88,307,100	88,806,100
TOTAL SOURCE OF FUNDS	632,266,068	521,130,031	192,501,100	160,994,100	155,462,000
EXPENDITURES BY CLASS					
Personnel Costs	66,658,088	44,555,839	47,353,800	46,206,000	46,973,200
Operating Expenses	75,036,175	58,409,201	35,514,800	34,639,100	34,639,100
Grants Loans Benefits	388,182,965	394,121,501	72,419,000	48,632,700	48,632,600
Debt Service	1,879,668	2,110,303	65,000	65,000	65,000
Capital Outlay	10,500,691	17,521,635	9,678,600	9,706,900	9,706,900
Construction	2,685	4,297			
TOTAL EXPENDITURES	542,260,271	516,722,775	165,031,200	139,249,700	140,016,800
EXPENDITURES BY FUND SOURCE					
General Fund	100,805,383	85,709,646	34,046,400	29,493,100	29,856,700
Restricted Funds	54,592,974	102,065,098	42,660,400	21,449,500	21,566,600
Federal Fund	386,861,914	328,948,031	88,324,400	88,307,100	88,593,500
TOTAL EXPENDITURES	542,260,271	516,722,775	165,031,200	139,249,700	140,016,800
EXPENDITURES BY UNIT					
Statutory State Operations	4,614,361	5,248,116	5,919,900	5,207,100	5,090,200
FEMA Disaster Grants	343,075,605	303,888,519	37,119,600	37,121,800	37,183,600
Emergency Management Operations	40,245,269	30,681,022	32,482,400	32,259,800	32,520,400
National Guard Operations	329,810	540,000	200,000	200,000	200,000
NG Public Safety Operations NGE	1,608,190	2,186,101	2,434,400	2,389,400	2,389,400
Emergency & Public Safety Operations	61,276,421	31,287,299	1,947,600	1,910,000	1,910,000
Self-Sustaining, Semi-Commercial Operations	23,757,339	14,217,055	14,388,200	14,404,500	14,486,200
EKY SAFE Fund	17,342,446	44,118,910	5,557,800		
SAFE 4860		29,499,812	17,915,200		

SAFE Fund	7,577,754	10,803,341	299,200		
Youth Challenge	10,394,447	11,223,400	11,904,500	12,003,400	12,077,300
Federal & Grant Operations	32,038,630	33,029,200	34,862,400	33,753,700	34,159,700
TOTAL EXPENDITURES	542,260,271	516,722,775	165,031,200	139,249,700	140,016,800

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

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

Pursuant to KRS 36.010 and KRS Chapter 39A, the Department consists of the following organizational units: The Division of Emergency Management; and the Office of Management and Administration, which contains the Division of Administrative Services, Division of Facilities, Bluegrass Station Division, and the Youth Challenge Program.

The Division of Emergency Management is responsible for all aspects of emergency management including planning, assessment, mitigation, response, and recovery in the Commonwealth. The Division works with local emergency management programs to maintain a coordinated program and operates field offices across the state. The Emergency Operations Center in Frankfort is the hub for coordination during an emergency and is operated by the Division. The Center operates on a twenty-four hour basis and serves as a warning point, communications and command center.

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

The Department also operates Bluegrass Station in Fayette County, formerly the AVON Army Depot. The property was acquired by the Commonwealth in 1989 under the Base Re-alignment and Closure Act. This 780 acre facility includes more than 2.4 million square feet and houses 22 tenants that employ over 2,200 Kentuckians. Bluegrass Station is a state-owned industrial complex that supports global logistics contracts for the Department of Defense (DOD) and Homeland Security (DOHS). It is known in the DOD and DOHS communities for its flexibility to build and modify mission specific facilities efficiently and rapidly.

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

Policy

The Governor's budget includes additional funding in the amount of \$565,900 in fiscal year 2027 and \$1,162,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$237,700 and \$488,300, respectively.

**General Government
Commission on Human Rights**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,971,900	2,065,200	2,127,900	1,980,200	2,028,800
State Salary and Compensation Allocation	71,800				
Budget Reduction-General Fund			(63,800)		
Total General Fund	2,043,700	2,065,200	2,064,100	1,980,200	2,028,800
Restricted Funds					
Balance Forward	18,578	19,215	19,200	19,200	19,200
Current Receipts	686	100	10,000	10,000	10,000
Total Restricted Funds	19,265	19,315	29,200	29,200	29,200
Federal Fund					
Balance Forward	676,873	482,758	796,300	451,300	181,300
Current Receipts	159,925	466,017	100,000	175,000	263,700
Total Federal Fund	836,798	948,774	896,300	626,300	445,000
TOTAL SOURCE OF FUNDS	2,899,762	3,033,289	2,989,600	2,635,700	2,503,000
EXPENDITURES BY CLASS					
Personnel Costs	2,157,809	1,961,412	2,202,500	2,135,400	2,184,000
Operating Expenses	218,838	255,952	316,600	299,800	299,800
Grants Loans Benefits		330			
Capital Outlay	21,101				
TOTAL EXPENDITURES	2,397,748	2,217,695	2,519,100	2,435,200	2,483,800
EXPENDITURES BY FUND SOURCE					
General Fund	2,043,659	2,065,082	2,064,100	1,980,200	2,028,800
Restricted Funds	50	127	10,000	10,000	10,000
Federal Fund	354,040	152,485	445,000	445,000	445,000
TOTAL EXPENDITURES	2,397,748	2,217,695	2,519,100	2,435,200	2,483,800
EXPENDITURES BY UNIT					
General Administration and Support	772,750	797,225	990,400	925,200	941,700
Enforcement Branch	683,109	553,749	668,700	658,700	673,100
Research and Information	369,392	179,971	352,200	355,200	362,100
Legal Affairs	572,497	686,750	507,800	496,100	506,900
TOTAL EXPENDITURES	2,397,748	2,217,695	2,519,100	2,435,200	2,483,800

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

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

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

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

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

Policy

The Governor's budget includes additional General Fund in the amount of \$35,500 in fiscal year 2027 and \$73,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

**General Government
Department for Local Government**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	83,969,800	12,847,600	12,761,800	10,278,100	12,395,100
State Salary and Compensation Allocation	194,800	6,400	9,500		
Special Appropriation	2,000,000				
Continuing Approp.-General Fund	25,000,000				
Budget Reduction-General Fund			(383,100)		
Total General Fund	111,164,600	12,854,000	12,388,200	10,278,100	12,395,100
Restricted Funds					
Balance Forward	3,593,133	3,400,471	3,737,100	2,906,600	439,700
Current Receipts	916,965	2,352,836	773,600	777,000	780,200
Non-Revenue Receipts		54,501,005	1,385,000	482,800	499,900
Total Restricted Funds	4,510,098	60,254,312	5,895,700	4,166,400	1,719,800
Federal Fund					
Balance Forward	2,910,788	1,734,231	(4,083,000)	841,100	
Current Receipts	43,427,179	43,018,797	247,350,600	241,645,700	242,521,200
Total Federal Fund	46,337,967	44,753,028	243,267,600	242,486,800	242,521,200
TOTAL SOURCE OF FUNDS	162,012,664	117,861,340	261,551,500	256,931,300	256,636,100
EXPENDITURES BY CLASS					
Personnel Costs	6,543,736	6,712,936	8,942,100	8,872,600	9,028,300
Operating Expenses	2,072,572	1,981,695	3,813,300	3,474,100	3,462,900
Grants Loans Benefits	137,728,920	101,983,716	245,048,400	244,144,900	244,144,900
Debt Service	652,500	244,000			
Construction		6,100,000			
TOTAL EXPENDITURES	146,997,727	117,022,347	257,803,800	256,491,600	256,636,100
EXPENDITURES BY FUND SOURCE					
General Fund	101,284,365	11,668,862	12,388,200	10,278,100	12,395,100
Restricted Funds	1,109,626	56,517,306	2,989,100	3,726,700	1,719,800
Federal Fund	44,603,736	48,836,178	242,426,500	242,486,800	242,521,200
TOTAL EXPENDITURES	146,997,727	117,022,347	257,803,800	256,491,600	256,636,100
EXPENDITURES BY UNIT					
Operations	69,055,803	5,455,410	6,714,300	6,284,000	6,356,000
Grants	77,941,924	111,566,937	251,089,500	250,207,600	250,280,100
TOTAL EXPENDITURES	146,997,727	117,022,347	257,803,800	256,491,600	256,636,100

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

The Commissioner's Office formulates policy that governs programs administered by the Department. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 411 cities, 2,013 special districts and the 15 Area Development Districts.

The Office of Federal Grants administers the Community Development Block Grant (CDBG) program (including the CDBG - Disaster Recovery, the Recovery Housing program, and the PRICE program), Appalachian Regional Commission, Delta Regional Authority, the Land and Water Conservation Fund, and the Kentucky Recreational Trails program. The office maintains the Commonwealth's Clearinghouse for all federal grants and is responsible for disseminating information to local governments regarding program purposes and eligibility, evaluating applications for need and eligibility, and making recommendations to the commissioner or appropriate board for funding. The office also prepares grant agreements, disperses funds, reviews program records for compliance, provides technical assistance, and ensures program close out.

The Office Field Services supports the Governor's mission to deliver good government to all constituents across the state. Field service representatives travel throughout the Commonwealth of Kentucky and answer citizens' questions, resolve problems, and aid local government officials with their government duties.

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

Within the Office of Financial Management and Administration are the:

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

The Office of State Grants promotes economic development in Kentucky's localities. It is responsible for financial management, accounting, and fund allocation and reporting of the Local Government Economic Development Fund (LGEDF) and the Local Government Economic Assistance Fund (LGEAF). The agency also reviews and approves LGEDF statutory grant applications; and administers the Regional Development Agency Assistance program, Flood Control Local Match Participation program, Area Development funds, Joint Funding Administration program, and administers line item projects identified in the Enacted Budget.

The Office of Legal Services provides technical and compliance assistance to local government officials regarding various federal and state laws and assists local governments with a broad range of administrative and legal matters, including finance, budget preparation, procurement and surplus property, debts, interlocal cooperation agreements, ethics, conflicts of interest, administrative and personnel policies, roads and road aid, and annexation. The Office of Legal Services is also available to advise local governments concerning the various legal requirements of the state and federal grant programs administered by the department. The Office of Legal Services serves as legal counsel for the State Local Finance Officer/Debt Officer (SLDO/SLFO) and assists the SLDO/SLFO in performing his or her statutory duties.

Policy

The base budget includes Restricted Funds in the amount of \$500,000 in each fiscal year to the Kentucky Mountain Regional Recreation Authority to increase economic development, tourism, and outdoor recreation for residents and visitors. The funds are from the statewide transient room taxes collected pursuant to KRS 142.400(2).

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

- \$3,984,000 for the Joint Funding Administration Program in support of the area development districts
- \$257,800 for the support of the Mary Kendall Homes
- \$257,800 for the support of Gateway Juvenile Diversion
- \$250,000 for Area Development Districts to match increased Appalachian Regional Commission grants.
- \$250,000 for Area Development Districts to match increased Delta Regional Authority grants.

**General Government
Local Government Economic Assistance Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	35,214,200	37,228,200	31,983,900	27,926,600	25,211,700
Other	3,081,257	(5,071,204)	(2,416,400)		
Total General Fund	<u>38,295,457</u>	<u>32,156,996</u>	<u>29,567,500</u>	<u>27,926,600</u>	<u>25,211,700</u>
TOTAL SOURCE OF FUNDS	38,295,457	32,156,996	29,567,500	27,926,600	25,211,700
EXPENDITURES BY CLASS					
Grants Loans Benefits	38,295,457	32,156,996	29,567,500	27,926,600	25,211,700
TOTAL EXPENDITURES	<u>38,295,457</u>	<u>32,156,996</u>	<u>29,567,500</u>	<u>27,926,600</u>	<u>25,211,700</u>
EXPENDITURES BY FUND SOURCE					
General Fund	38,295,457	32,156,996	29,567,500	27,926,600	25,211,700
TOTAL EXPENDITURES	<u>38,295,457</u>	<u>32,156,996</u>	<u>29,567,500</u>	<u>27,926,600</u>	<u>25,211,700</u>
EXPENDITURES BY UNIT					
County Coal Severance	16,506,299	12,950,022	8,379,500	7,905,100	5,808,500
Cities Coal Severance	1,828,191	1,438,891	931,100	878,300	645,400
County Mineral Severance	18,008,019	15,553,464	18,231,200	17,228,900	16,882,000
Cities Mineral Severance	1,952,949	2,214,619	2,025,700	1,914,300	1,875,800
TOTAL EXPENDITURES	<u>38,295,457</u>	<u>32,156,996</u>	<u>29,567,500</u>	<u>27,926,600</u>	<u>25,211,700</u>

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

The LGEAF program is funded from 50 percent of minerals taxes (oil, natural gas, and other minerals) and a share of coal severance tax receipts. The portion of the program funded from coal severance funds currently returns funds to an estimated 22 counties and 60 cities at the end of each fiscal quarter. While Kentucky statute directs that 15 percent of the coal severance tax receipts to the LGEAF, recent appropriation bills have authorized that 30 percent of coal severance tax receipts are transferred to the LGEAF to be distributed to local governments. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and coal severance taxes collected from producers in the county.

The LGEAF minerals severance tax program currently returns funds to an estimated 99 counties and approximately 254 cities. Quarterly allocations are made to localities according to taxes collected from producers in the county.

KRS 42.455(2)(3)(4) governs the allowable uses of LGEAF funds and specifically prohibits the expenditure of LGEAF for the expenses related to the administration of government. Kentucky statute directs that coal “impact” counties must expend 100 percent of funds in the transportation category in accordance with KRS 42.470(1)(c), and that thirty percent of all funds given to coal “producer” counties must be expended on the county coal haul road system. The remaining 70 percent of the fund shall be spent on priority categories limited to the following but in no event shall grants obtained under this program be used for expenses related to administration of government:

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

Policy

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

Before allocations to either Local Government Economic Assistance Fund or Local Government Economic Development Fund, a number of specified uses of General Fund coal severance tax revenues are outlined as follows:

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

- \$669,700 for the Department for Local Government to administer Local Government Economic Development Fund and Local Government Economic Assistance Fund programs
- \$17,747,700 in fiscal year 2027 and \$16,786,600 in fiscal year 2028 for debt service to the Finance and Administration Cabinet equating to 100 percent of the debt service needed to support bonds authorized in the 2008, and 2010 sessions of the General Assembly.

**General Government
Local Government Economic Development Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,816,600	42,689,300	28,548,600	20,494,700	15,059,000
Other	2,963,875	(9,115,170)	(6,823,800)		
Total General Fund	42,780,475	33,574,130	21,724,800	20,494,700	15,059,000
Restricted Funds					
Non-Revenue Receipts	125,000				
Total Restricted Funds	125,000				
TOTAL SOURCE OF FUNDS	42,905,475	33,574,130	21,724,800	20,494,700	15,059,000
EXPENDITURES BY CLASS					
Grants Loans Benefits	42,905,475	33,574,130	21,724,800	20,494,700	15,059,000
TOTAL EXPENDITURES	42,905,475	33,574,130	21,724,800	20,494,700	15,059,000
EXPENDITURES BY FUND SOURCE					
General Fund	42,780,475	33,574,130	21,724,800	20,494,700	15,059,000
Restricted Funds	125,000				
TOTAL EXPENDITURES	42,905,475	33,574,130	21,724,800	20,494,700	15,059,000
EXPENDITURES BY UNIT					
Economic Development Fund	42,905,475	33,574,130	21,724,800	20,494,700	15,059,000
TOTAL EXPENDITURES	42,905,475	33,574,130	21,724,800	20,494,700	15,059,000

The Local Government Economic Development Fund (LGEDF) in KRS 42.458-42.495 is a revenue-sharing program that was created by the 1992 General Assembly to provide coal-producing counties with a means to attract new industry.

The Executive budget provides \$20,494,700 in General Fund in fiscal year 2027 and \$15,059,000 in fiscal year 2028 coal severance tax revenues to the LGEDF. These funds will be transferred to the LGEDF Single-County accounts to be allocated to projects with the concurrence of the respective county judge/executive, state senator(s), and state representative(s) of each county. Currently, 30 counties receive allocations to their Single-County account.

Policy

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

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

- \$669,700 for the Department for Local Government to administer Local Government Economic Development Fund and Local Government Economic Assistance Fund programs
- \$17,747,700 in fiscal year 2027 and \$16,786,600 in fiscal year 2028 for debt service to the Finance and Administration Cabinet equating to 100 percent of the debt service needed to support bonds authorized in the 2008, and 2010 sessions of the General Assembly.

Severance Tax Dedicated Programs 2026-2028 Biennium
Using Consensus Forecast Estimate

	FY 2026 Revised	FY 2027 Recommended	FY 2028 Recommended
Coal Severance Tax Resources			
Coal Severance Tax	49,804,800	47,695,600	38,969,200
Less: DLG LGEDF Admin cost	(669,700)	(669,700)	(669,700)
Less: Debt Service (Past Bond Appropriations)	(18,099,700)	(17,747,700)	(16,786,600)
Total coal severance tax resources to be distributed	31,035,400	29,278,200	21,512,900
Local Government Economic Assistance Fund (LGEAF) Total Funds			
Coal Severance Tax Revenue	9,310,600	8,783,400	6,453,900
Other Mineral Severance Tax Revenue	20,256,900	19,143,200	18,757,800
Total LGEAF	29,567,500	27,926,600	25,211,700
Local Government Economic Development Fund (LGEDF)			
Coal Severance Tax Revenue	21,724,800	20,494,700	15,059,000
Total LGEDF	21,724,800	20,494,700	15,059,000

**General Government
Regional Development Agency Assistance Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1	1			
Current Receipts	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Total Restricted Funds	6,000,001	6,000,001	6,000,000	6,000,000	6,000,000
TOTAL SOURCE OF FUNDS	6,000,001	6,000,001	6,000,000	6,000,000	6,000,000
EXPENDITURES BY CLASS					
Personnel Costs	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
TOTAL EXPENDITURES	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
TOTAL EXPENDITURES	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
EXPENDITURES BY UNIT					
Regional Development Agency Assistance Fund	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
TOTAL EXPENDITURES	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000

The Regional Development Agency Assistance Fund receives \$6 million each year from the Tennessee Valley Authority in-lieu-of payment and is administered by the Department for Local Government for the purpose of providing funding to agencies that are designated to receive funding in a given fiscal year by the fiscal court of each fund-eligible county through the Regional Development Agency Assistance Fund (RDAAF). The funds are distributed to Industrial Development Authorities (IDAs) established under KRS 154.50-301 to 154.50-346. The funds are used for: economic development and job creation activities; acquiring federal, state, or private matching funds to the extent possible; and debt service for approved projects; that the agency is empowered to undertake in that county. Grants obtained under this program shall not be used for salaries, consulting fees, or operational expenses.

Applications for grants from funds provided for in KRS 96.895 shall be made by the legislative bodies of one or more counties entitled to receive money from the RDAAF; include any recipient agency as a co-applicant on the application; and include a concurrence letter from each legislative body entitled to receive the money.

**General Government
Executive Branch Ethics Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	624,600	681,900	701,300	673,400	688,200
State Salary and Compensation Allocation	39,200				
Budget Reduction-General Fund			(21,000)		
Total General Fund	663,800	681,900	680,300	673,400	688,200
Restricted Funds					
Balance Forward	106,886	165,688	204,800	255,500	145,200
Current Receipts	413,692	511,044	587,600	587,600	587,600
Total Restricted Funds	520,578	676,732	792,400	843,100	732,800
TOTAL SOURCE OF FUNDS	1,184,378	1,358,632	1,472,700	1,516,500	1,421,000
EXPENDITURES BY CLASS					
Personnel Costs	917,255	919,491	962,600	1,103,100	1,122,400
Operating Expenses	101,434	234,311	254,600	268,200	274,100
TOTAL EXPENDITURES	1,018,690	1,153,801	1,217,200	1,371,300	1,396,500
EXPENDITURES BY FUND SOURCE					
General Fund	663,800	681,900	680,300	673,400	688,200
Restricted Funds	354,890	471,901	536,900	697,900	708,300
TOTAL EXPENDITURES	1,018,690	1,153,801	1,217,200	1,371,300	1,396,500
EXPENDITURES BY UNIT					
Executive Branch Ethics Commission	1,018,690	1,153,801	1,217,200	1,371,300	1,396,500
TOTAL EXPENDITURES	1,018,690	1,153,801	1,217,200	1,371,300	1,396,500

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

Policy

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

The Governor's budget includes additional funding in the amount of \$16,500 in fiscal year 2027 and \$33,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$11,900 and \$24,400, respectively.

**General Government
Secretary of State**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	8,080,662	8,770,156	10,735,900	11,781,000	3,108,400
Current Receipts	6,782,236	7,671,178	7,804,800	7,891,400	7,967,600
Non-Revenue Receipts				(10,000,000)	
Total Restricted Funds	14,862,898	16,441,334	18,540,700	9,672,400	11,076,000
TOTAL SOURCE OF FUNDS	14,862,898	16,441,334	18,540,700	9,672,400	11,076,000
EXPENDITURES BY CLASS					
Personnel Costs	4,397,778	4,514,757	5,092,400	4,948,500	5,037,100
Operating Expenses	1,440,890	1,161,377	1,665,300	1,615,500	1,615,500
Grants Loans Benefits			2,000		
Capital Outlay	252,088	29,319			
Construction	1,986				
TOTAL EXPENDITURES	6,092,742	5,705,453	6,759,700	6,564,000	6,652,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	6,092,742	5,705,453	6,759,700	6,564,000	6,652,600
TOTAL EXPENDITURES	6,092,742	5,705,453	6,759,700	6,564,000	6,652,600
EXPENDITURES BY UNIT					
General Administration	76,286	36,796	266,900	187,500	255,700
General Operations	6,016,457	5,668,657	6,492,800	6,376,500	6,396,900
TOTAL EXPENDITURES	6,092,742	5,705,453	6,759,700	6,564,000	6,652,600

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

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

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

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

The Office of Elections is responsible for candidate filings and collection of filing fees.

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

Policy

The Governor's budget includes additional funding in the amount of \$63,300 in fiscal year 2027 and \$130,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**General Government
Board of Elections**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,361,000	6,780,500	6,808,500	7,709,300	7,741,400
State Salary and Compensation Allocation	42,400	10,800	16,500		
Special Appropriation		1,200,000	1,200,000		
Budget Reduction-General Fund			(240,800)		
Mandated Allotments	14,300	14,900			
Total General Fund	6,417,700	8,006,200	7,784,200	7,709,300	7,741,400
Restricted Funds					
Balance Forward	479,833	472,435	490,000	452,100	414,200
Current Receipts	62,958	57,244	60,300	60,300	60,300
Total Restricted Funds	542,791	529,679	550,300	512,400	474,500
Federal Fund					
Balance Forward	10,427,997	11,121,738	10,742,500	9,747,500	8,706,900
Current Receipts	1,887,812	784,756	836,600	789,200	789,200
Total Federal Fund	12,315,810	11,906,494	11,579,100	10,536,700	9,496,100
TOTAL SOURCE OF FUNDS	19,276,301	20,442,373	19,913,600	18,758,400	17,712,000
EXPENDITURES BY CLASS					
Personnel Costs	2,581,118	2,788,024	2,472,200	2,401,200	2,433,300
Operating Expenses	1,252,255	1,077,620	2,441,000	2,435,300	2,435,300
Grants Loans Benefits	3,822,469	3,991,483	4,800,800	4,800,800	4,800,800
TOTAL EXPENDITURES	7,655,843	7,857,127	9,714,000	9,637,300	9,669,400
EXPENDITURES BY FUND SOURCE					
General Fund	6,391,416	6,653,508	7,784,200	7,709,300	7,741,400
Restricted Funds	70,356	39,587	98,200	98,200	98,200
Federal Fund	1,194,072	1,164,033	1,831,600	1,829,800	1,829,800
TOTAL EXPENDITURES	7,655,843	7,857,127	9,714,000	9,637,300	9,669,400
EXPENDITURES BY UNIT					
General Administration and Support	2,562,541	2,584,235	2,373,200	2,296,500	2,328,600
State Share of County Election Expenses	1,897,200	1,763,693	3,083,000	3,083,000	3,083,000
State Share of Voter Registration Expenses	1,717,769	1,717,746	1,717,800	1,717,800	1,717,800
Presidential Electors		2,723			
Election Fund	1,478,332	1,788,731	2,540,000	2,540,000	2,540,000
TOTAL EXPENDITURES	7,655,843	7,857,127	9,714,000	9,637,300	9,669,400

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

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

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

The State Board of Elections will provide unofficial election results on all candidates who file in the state.

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

The state currently has 3,243 precincts with over 3 million registered voters. The number of precincts increases as voter registration totals increase and as reapportionment of county commissioner/magisterial districts and congressional and state redistricting occur.

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

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

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

Policy

The Governor's budget includes additional General Fund in the amount of \$20,700 in fiscal year 2027 and \$42,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028

**General Government
Registry of Election Finance**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,713,600	1,798,200	1,839,800	1,723,600	1,757,900
State Salary and Compensation Allocation	60,100		10,300		
Budget Reduction-General Fund			(55,500)		
Total General Fund	1,773,700	1,798,200	1,794,600	1,723,600	1,757,900
TOTAL SOURCE OF FUNDS	1,773,700	1,798,200	1,794,600	1,723,600	1,757,900
EXPENDITURES BY CLASS					
Personnel Costs	1,434,539	1,447,808	1,669,600	1,598,900	1,633,300
Operating Expenses	107,062	118,107	125,000	124,700	124,600
TOTAL EXPENDITURES	1,541,601	1,565,915	1,794,600	1,723,600	1,757,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,541,601	1,565,915	1,794,600	1,723,600	1,757,900
TOTAL EXPENDITURES	1,541,601	1,565,915	1,794,600	1,723,600	1,757,900
EXPENDITURES BY UNIT					
Registry of Election Finance	1,541,601	1,565,915	1,794,600	1,723,600	1,757,900
TOTAL EXPENDITURES	1,541,601	1,565,915	1,794,600	1,723,600	1,757,900

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

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

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

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

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

Policy

The Governor's budget includes additional funding in the amount of \$26,100 in fiscal year 2027 and \$53,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**General Government
Attorney General**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	33,696,800	38,663,500	40,655,700	24,714,200	40,289,600
Budget Reserve		2,500,000	500,000		
State Salary and Compensation Allocation	626,200	9,100	13,600		
Current Year Appropriation	933,200				
Mandated Allotments	256,100	2,261,900			
Total General Fund	35,512,300	43,434,500	41,169,300	24,714,200	40,289,600
Tobacco Fund					
Tobacco Settlement - Phase I	150,000	150,000	150,000	150,000	150,000
Total Tobacco Fund	150,000	150,000	150,000	150,000	150,000
Restricted Funds					
Balance Forward	55,314,740	80,278,866	92,361,500	80,302,100	57,807,500
Current Receipts	73,750,777	46,023,858	42,490,500	47,446,200	47,519,800
Non-Revenue Receipts	6,503,652	18,468,175	17,209,700	17,214,100	17,249,900
Total Restricted Funds	135,569,170	144,770,899	152,061,700	144,962,400	122,577,200
Federal Fund					
Balance Forward	4,792,589	1,671,235	1,856,200		
Current Receipts	47,106,131	56,925,427	52,874,100	64,133,600	64,415,700
Total Federal Fund	51,898,720	58,596,661	54,730,300	64,133,600	64,415,700
TOTAL SOURCE OF FUNDS	223,130,190	246,952,061	248,111,300	233,960,200	227,432,500
EXPENDITURES BY CLASS					
Personnel Costs	42,510,900	57,118,541	55,332,200	62,271,000	63,426,400
Operating Expenses	11,364,582	15,040,160	22,451,800	24,105,600	24,019,200
Grants Loans Benefits	85,908,605	78,662,527	89,475,200	89,476,200	89,476,200
Debt Service	1,353,000				
Capital Outlay	43,002	553,715	550,000	299,900	386,300
TOTAL EXPENDITURES	141,180,089	151,374,943	167,809,200	176,152,700	177,308,100
EXPENDITURES BY FUND SOURCE					
General Fund	35,512,300	42,075,190	41,169,300	24,714,200	40,289,600
Tobacco Fund	150,000	150,000	150,000	150,000	150,000
Restricted Funds	55,290,304	52,409,272	71,759,600	87,154,900	72,452,800
Federal Fund	50,227,485	56,740,481	54,730,300	64,133,600	64,415,700
TOTAL EXPENDITURES	141,180,089	151,374,943	167,809,200	176,152,700	177,308,100
EXPENDITURES BY UNIT					
Administrative Services	2,795,647	4,144,837	4,017,600	4,388,500	4,469,300
Criminal Services	13,725,800	17,140,623	27,865,600	27,840,200	28,175,000
Uninsured Employers Fund	6,271,906	6,309,423	7,074,500	7,104,400	7,121,500
Reliability Defense Program		1,140,690	500,000	496,200	500,700
Solicitor General	4,124,618	3,816,860	4,490,000	4,536,800	4,619,500
Civil Division	10,968,354	17,417,027	18,813,900	17,603,000	17,932,300

Opioid Abatement Advisory Commission	32,449,803	26,190,365	24,200,000	24,200,000	24,200,000
Child Support Enforcement	70,843,962	75,215,117	80,847,600	89,983,600	90,289,800
TOTAL EXPENDITURES	141,180,089	151,374,943	167,809,200	176,152,700	177,308,100

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

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

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

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

The Office of Solicitor General centralizes and provides a detailed level of oversight for appellate litigation.

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

The Office of Child Support Enforcement moved from the Cabinet for Health and Family Services to the Office of the Attorney General in Fiscal Year 2026. The functions of this Office include enforcing Kentucky child support laws and serving as the state agency to administer Part D of Title IV of the Social Security Act. (KRS 15.802)

The Kentucky Opioid Abatement Advisory Commission was established in KRS 15.291(1) and is tasked with distributing the Commonwealth's portion of the global settlements with pharmacies, opioid manufacturers and distributors and other opioid-related entities for their contributory role in the opioid epidemic.

Policy

The Governor's budget includes additional funding in the amount of \$813,600 in fiscal year 2027 and \$1,671,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$406,800 and \$835,900, respectively.

Excess unexpended Restricted funds from the consumer protection program carried forward from fiscal year 2025 in the amount of \$15 million are used in fiscal year 2027 as a one-year replacement of General Fund dollars.

The budget includes Restricted Funds for the training incentive stipend for Attorney General investigators. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund.

**General Government
Commonwealth's Attorneys**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	69,940,100	77,365,400	80,019,400	75,751,600	77,355,000
State Salary and Compensation Allocation	2,608,100				
Total General Fund	72,548,200	77,365,400	80,019,400	75,751,600	77,355,000
Restricted Funds					
Balance Forward	4,702,803	4,456,441	4,781,800	3,626,600	2,815,800
Current Receipts	4,581,559	5,075,951	4,675,000	4,869,600	4,954,100
Non-Revenue Receipts	72,243	101,475	90,000	90,000	90,000
Total Restricted Funds	9,356,604	9,633,867	9,546,800	8,586,200	7,859,900
Federal Fund					
Balance Forward	(219,383)	(121,429)	(139,800)		
Current Receipts	532,468	255,130	499,000	359,200	359,200
Total Federal Fund	313,085	133,701	359,200	359,200	359,200
TOTAL SOURCE OF FUNDS	82,217,890	87,132,969	89,925,400	84,697,000	85,574,100
EXPENDITURES BY CLASS					
Personnel Costs	69,202,346	70,012,958	75,851,300	71,452,200	73,157,900
Operating Expenses	8,308,741	8,897,239	10,317,000	10,298,500	10,298,500
Grants Loans Benefits	343	42,543	80,500	80,500	80,500
Capital Outlay		143,409	50,000	50,000	50,000
TOTAL EXPENDITURES	77,511,429	79,096,149	86,298,800	81,881,200	83,586,900
EXPENDITURES BY FUND SOURCE					
General Fund	72,176,752	73,970,575	80,019,400	75,751,600	77,355,000
Restricted Funds	4,900,163	4,852,050	5,920,200	5,770,400	5,872,700
Federal Fund	434,515	273,523	359,200	359,200	359,200
TOTAL EXPENDITURES	77,511,429	79,096,149	86,298,800	81,881,200	83,586,900
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	77,511,429	79,096,149	86,298,800	81,881,200	83,586,900
TOTAL EXPENDITURES	77,511,429	79,096,149	86,298,800	81,881,200	83,586,900

Established by Section 99 of the Kentucky Constitution, the Commonwealth's Attorneys program is made up of 57 elected Commonwealth's Attorneys and their staffs, one for each judicial circuit. Currently 56 circuits have full-time Commonwealth's Attorneys, with only the 36th Judicial Circuit designated as part-time. Commonwealth's Attorneys are responsible for all felony prosecutions, including those prosecutions in which the penalty of death may be imposed upon the defendant. The prosecution of each felony requires a thorough investigation that involves extensive research and trial preparation by the prosecutor. Witness interviews, grand jury presentations, motions (including post-conviction motions), conferences, plea-bargaining, case studies, continuing legal education and participation on multi-disciplinary teams are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

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

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

Policy

The Governor's budget includes additional funding in the amount of \$1,272,600 in fiscal year 2027 and \$2,613,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$1,196,200 and \$2,456,900, respectively.

The budget includes Restricted Funds in the amount of \$2,000,000 in each fiscal year to support the Rocket Docket program.

**General Government
County Attorneys**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	65,134,300	78,783,900	81,980,400	77,602,100	79,366,400
State Salary and Compensation Allocation	2,301,300				
Total General Fund	67,435,600	78,783,900	81,980,400	77,602,100	79,366,400
Restricted Funds					
Balance Forward	1,338,561	1,114,254	1,097,500	902,600	752,300
Current Receipts	721,086	918,005	740,000	756,600	773,600
Non-Revenue Receipts		4,618	6,900	6,900	6,900
Total Restricted Funds	2,059,647	2,036,877	1,844,400	1,666,100	1,532,800
Federal Fund					
Balance Forward	118,181	114,265	220,200	256,400	258,000
Current Receipts	195,743	226,521	151,300	116,700	118,700
Total Federal Fund	313,924	340,786	371,500	373,100	376,700
TOTAL SOURCE OF FUNDS	69,809,171	81,161,563	84,196,300	79,641,300	81,275,900
EXPENDITURES BY CLASS					
Personnel Costs	63,902,970	71,320,508	78,680,500	74,274,200	76,056,300
Operating Expenses	3,066,765	3,488,380	4,356,800	4,356,800	4,356,800
TOTAL EXPENDITURES	66,969,735	74,808,888	83,037,300	78,631,000	80,413,100
EXPENDITURES BY FUND SOURCE					
General Fund	65,824,683	73,748,950	81,980,400	77,602,100	79,366,400
Restricted Funds	945,393	939,340	941,800	913,800	931,600
Federal Fund	199,658	120,598	115,100	115,100	115,100
TOTAL EXPENDITURES	66,969,735	74,808,888	83,037,300	78,631,000	80,413,100
EXPENDITURES BY UNIT					
County Attorneys	66,969,735	74,808,888	83,037,300	78,631,000	80,413,100
TOTAL EXPENDITURES	66,969,735	74,808,888	83,037,300	78,631,000	80,413,100

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

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

Policy

The Governor's budget includes additional funding in the amount of \$1,258,100 in fiscal year 2027 and \$2,584,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$1,245,500 and \$2,558,200, respectively.

**General Government
Treasury**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,520,000	3,709,700	3,672,000	3,437,200	3,500,000
State Salary and Compensation Allocation	93,700	17,300	25,900		
Total General Fund	3,613,700	3,727,000	3,697,900	3,437,200	3,500,000
Restricted Funds					
Balance Forward	374,186	536,215	338,300	335,800	354,000
Current Receipts	17,780	1,525			
Non-Revenue Receipts	1,532,800	1,594,700	2,159,600	2,159,600	2,159,600
Total Restricted Funds	1,924,766	2,132,440	2,497,900	2,495,400	2,513,600
Federal Fund					
Balance Forward	197,962	72,045	221,800	221,800	215,000
Current Receipts	1,188,138	1,276,010	1,211,400	1,199,900	1,207,900
Total Federal Fund	1,386,099	1,348,054	1,433,200	1,421,700	1,422,900
TOTAL SOURCE OF FUNDS	6,924,565	7,207,495	7,629,000	7,354,300	7,436,500
EXPENDITURES BY CLASS					
Personnel Costs	3,456,513	3,951,381	4,717,700	4,449,400	4,526,800
Operating Expenses	1,134,477	1,296,660	1,565,900	1,562,300	1,561,800
Grants Loans Benefits	865,595	705,235	737,400	732,700	742,100
Capital Outlay	80,423	116,139	50,400	40,900	41,400
TOTAL EXPENDITURES	5,537,008	6,069,415	7,071,400	6,785,300	6,872,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,834,403	3,148,997	3,697,900	3,437,200	3,500,000
Restricted Funds	1,388,550	1,794,179	2,162,100	2,141,400	2,165,400
Federal Fund	1,314,055	1,126,239	1,211,400	1,206,700	1,206,700
TOTAL EXPENDITURES	5,537,008	6,069,415	7,071,400	6,785,300	6,872,100
EXPENDITURES BY UNIT					
General Administration and Support	1,734,699	1,926,458	2,380,400	2,178,500	2,214,400
Disbursements and Accounting	907,405	1,032,939	1,125,100	1,067,600	1,092,800
Abandoned Property Administration	1,388,550	1,794,179	2,162,100	2,140,900	2,164,500
Commonwealth Council on Developmental Disabilities	1,506,355	1,315,839	1,403,800	1,398,300	1,400,400
TOTAL EXPENDITURES	5,537,008	6,069,415	7,071,400	6,785,300	6,872,100

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

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

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

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

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

The Kentucky Commonwealth Council on Developmental Disabilities is administratively attached to the Kentucky State Treasurer. The Council is made up of 26 members (individuals with developmental disabilities and family/guardian/siblings) appointed by the Governor and state agency representatives as defined in P.L. 106-405 and KRS 41.410(3).

The Council promotes systems change, capacity building and advocacy for individuals with developmental disabilities . The Council on Developmental Disabilities represents the interests of an estimated 84,886 Kentuckians who have developmental disabilities. The Council funds time-limited demonstration projects and engages in outreach activities to assist individuals with developmental disabilities and their families.

Policy

Restricted Funds are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$2,140,900 in fiscal year 2027 and \$2,164,500 in fiscal year 2028. This action reflects the movement of available off-budget Restricted Funds to on-budget status to support ongoing activities of the program.

The Governor's budget includes additional funding in the amount of \$65,500 in fiscal year 2027 and \$134,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$47,200 and \$97,000, respectively.

**General Government
Agriculture**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,390,900	21,691,600	22,741,000	11,607,800	22,085,200
Budget Reserve			5,000,000		
State Salary and Compensation Allocation	568,900	24,000	41,500		
Current Year Appropriation	153,900				
Continuing Approp-General Fund	6,035	9,024	8,700		
Total General Fund	21,119,735	21,724,624	27,791,200	11,607,800	22,085,200
Tobacco Fund					
Tobacco Settlement - Phase I	41,712,000	38,967,100	39,961,000	31,149,900	28,559,600
Continuing Approp-Tob Settlement	56,946,519	55,422,214	22,389,200		
Other	1,638,877	1,289,451			
Total Tobacco Fund	100,297,396	95,678,765	62,350,200	31,149,900	28,559,600
Restricted Funds					
Balance Forward	20,002,401	21,458,614	23,712,700	21,042,900	8,292,900
Current Receipts	8,151,762	8,515,960	9,466,700	9,252,400	8,249,500
Non-Revenue Receipts	2,192,215	2,540,644	775,000	758,000	740,000
Total Restricted Funds	30,346,378	32,515,218	33,954,400	31,053,300	17,282,400
Federal Fund					
Balance Forward	(107,114)	(2,239,762)	(1,785,400)	55,200	55,200
Current Receipts	15,943,728	18,729,142	14,019,300	12,173,200	12,173,200
Total Federal Fund	15,836,614	16,489,380	12,233,900	12,228,400	12,228,400
TOTAL SOURCE OF FUNDS	167,600,123	166,407,987	136,329,700	86,039,400	80,155,600
EXPENDITURES BY CLASS					
Personnel Costs	25,416,274	25,269,290	33,880,100	27,667,900	28,227,300
Operating Expenses	6,705,732	7,481,366	9,308,200	9,266,800	9,266,300
Grants Loans Benefits	59,531,038	87,859,325	71,285,800	40,006,600	37,377,800
Capital Outlay	1,187,658	661,619	757,500	750,000	750,000
Construction	109,419	66,552			
TOTAL EXPENDITURES	92,950,121	121,338,151	115,231,600	77,691,300	75,621,400
EXPENDITURES BY FUND SOURCE					
General Fund	21,110,711	21,050,109	27,791,200	11,607,800	22,085,200
Tobacco Fund	44,875,270	73,210,677	62,350,200	31,149,900	28,559,600
Restricted Funds	8,887,764	8,802,492	12,911,500	22,760,400	12,803,400
Federal Fund	18,076,376	18,274,873	12,178,700	12,173,200	12,173,200
TOTAL EXPENDITURES	92,950,121	121,338,151	115,231,600	77,691,300	75,621,400
EXPENDITURES BY UNIT					
Strategic Planning and Administration	7,427,899	7,868,321	8,239,600	7,345,600	7,453,100
Motor Fuel Inspection and Testing	177,054	177,371	183,400	182,500	185,800
Consumer and Environmental Programs	26,317,331	26,215,875	22,312,700	22,194,600	22,348,400
State Veterinarian	5,312,079	5,107,723	7,049,400	6,894,000	7,011,600

Animal Control	74,941	63,562	93,700	85,000	85,000
Agriculture Development - Statewide MSA Admin	28,812,939	58,309,061	52,117,900	19,000,400	17,316,700
Agriculture Development - Counties MSA	15,051,607	13,389,508	13,285,300	10,202,500	9,295,900
Farmland Preservation	107,032	112,548	6,800	6,800	6,800
Agriculture Marketing and Product Promotion	9,669,238	10,094,183	11,942,800	11,779,900	11,918,100
Small Winery Support Fund					
TOTAL EXPENDITURES	92,950,121	121,338,151	115,231,600	77,691,300	75,621,400

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

The Office of the Commissioner provides leadership and management for the Department. The office assists the Commissioner in promoting and encouraging the organization of agricultural organizations and associations.

The Office for Agricultural Marketing develops and manages programs which promote Kentucky- produced agricultural products, including grading and inspecting specific products and commodities and reporting market news. The divisions that make up this office include the Promotion and Development Division, the Shows and Fairs Division, the Livestock Division, the Plant Division, the Education and Outreach Division, and the Direct Farm Marketing Division. Responsibilities of this office include the research, development, and promotion of new and expanded outlets for Kentucky's agricultural products, agricultural education, agritourism development, livestock, farm safety, and farmland preservation. The Office is also responsible for providing testing services for hay and other forages essential for Kentucky's livestock industries and sponsoring district, state, and national livestock shows and sales.

The Office for Consumer and Environmental Protection directs programs which have a direct bearing on agricultural revenue. The divisions in this office include, the Division of Regulation and Inspection, the Division of Food Distribution, and the Division of Environmental Services. The Office conducts the grain regulation program, certifies all sales made by solid weight or liquid volume, licenses egg wholesalers, and inspects amusement rides operating within the Commonwealth. Duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the United States Department of Agriculture. This office is responsible for conducting various pest and noxious weed control programs, enforcing federal and state laws and regulations pertaining to the control of pesticide use and application, and liaison between the regulator and those being regulated.

The Office of State Veterinarian protects the livestock industry pursuant to KRS Chapter 257. The primary function of this office is the prevention and eradication of animal disease, and to ensure the health of the state's multi-billion dollar animal agriculture industries. The Office enforces Kentucky's statutes on animal importation and movement, and provides numerous other services to the livestock and poultry industries. The Office of State Veterinarian includes the Division of Regulatory Field Services, the Division of Animal Health Programs, and the Division of Emergency Preparedness and Response.

The Office of Administrative Services deals with the budget preparation and administration, handles legislative tracking duties, interacts with government agencies, provides technology systems infrastructure, oversees purchasing and accounting, and ensures fairness for all Department of Agriculture employees. The Office is comprised of the Division of Human Resources, the Division of Administrative Services, and the Division of Information Technology.

The Office of Communications informs the public on news about Kentucky agriculture and shares stories about the Kentucky farm families and agribusinesses that are responsible for the goods provided.

The Office of Legal Services handles the legal needs of the Department as well as serving as the legislative liaison to members of the Kentucky General Assembly, representing the Department and its employees in administrative hearing and court proceedings, and responding to open records requests from the public.

Senate Bill 3 from the 2021 Regular Session of the General Assembly abolished the Governor's Office of Agriculture Policy and established the Kentucky Office of Agricultural Policy within the Department of Agriculture. The office is comprised of two boards, The Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation, which are staffed by the employees in this Office. The Kentucky Agricultural Development Board employs an Executive Director to carry out the duties of the board, while also serving as the Executive Director of the Kentucky Agricultural Finance Corporation.

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

Pursuant to KRS 248.703 half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account for county level grants and a state account for investments that have a regional or statewide purpose. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, livestock diagnostic lab design and construction, improvements to 4-H camps and FFA Leadership Center, and funding for land conservation programs. A portion of funds received into the Agriculture Development Fund are allocated for projects at the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several programs in which counties may participate. Funds are provided as matching grants.

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

Policy

The Governor's budget includes additional funding in the amount of \$397,400 in fiscal year 2027 and \$816,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$302,000 and \$620,300, respectively.

Excess unexpended Restricted funds from the consumer and environmental program carried forward from fiscal year 2025 in the amount of \$10 million are used in fiscal year 2027 as a one-year replacement of General Fund dollars.

**General Government
Auditor of Public Accounts**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,335,300	14,435,400	13,151,000	9,598,500	9,911,300
Budget Reserve		750,000			
State Salary and Compensation Allocation	322,400		4,200		
Current Year Appropriation	40,000				
Continuing Approp.-General Fund	500,000		1,500,000		
Total General Fund	12,197,700	15,185,400	14,655,200	9,598,500	9,911,300
Restricted Funds					
Balance Forward	3,945,007	2,028,944	6,564,900	6,564,900	6,495,900
Current Receipts	5,885,907	24,839,239	26,407,000	26,407,000	26,407,000
Total Restricted Funds	9,830,914	26,868,183	32,971,900	32,971,900	32,902,900
TOTAL SOURCE OF FUNDS	22,028,614	42,053,583	47,627,100	42,570,400	42,814,200
EXPENDITURES BY CLASS					
Personnel Costs	19,024,790	32,177,342	37,799,300	33,151,000	33,862,000
Operating Expenses	974,880	1,752,857	3,262,900	2,923,500	2,923,500
TOTAL EXPENDITURES	19,999,670	33,930,199	41,062,200	36,074,500	36,785,500
EXPENDITURES BY FUND SOURCE					
General Fund	12,197,700	13,626,846	14,655,200	9,598,500	9,911,300
Restricted Funds	7,801,970	20,303,354	26,407,000	26,476,000	26,874,200
TOTAL EXPENDITURES	19,999,670	33,930,199	41,062,200	36,074,500	36,785,500
EXPENDITURES BY UNIT					
Auditor of Public Accounts	1,833,200	2,775,327	3,419,400	3,253,100	3,303,200
State & Local Government Audits	18,166,470	18,026,350	19,350,400	14,615,400	14,970,900
Ombudsman		13,128,522	18,292,400	18,206,000	18,511,400
TOTAL EXPENDITURES	19,999,670	33,930,199	41,062,200	36,074,500	36,785,500

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

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

The Auditor of Public Accounts has three program areas: Administration, Financial Audits, and Ombudsman.

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

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

The Office of Ombudsman, established by KRS 43.035, provides independent oversight of the Cabinet for Health and Family Services (CHFS). The Office investigates citizen complaints, advises on service delivery issues and conducts comprehensive reviews of CHFS programs and administrative actions.

Policy

The Governor's budget includes additional funding in the amount of \$542,700 in fiscal year 2027 and \$1,114,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$238,800 and \$490,400, respectively.

**General Government
Personnel Board**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		255,000	245,300		
Budget Reduction-General Fund			(5,400)		
Total General Fund		255,000	239,900		
Restricted Funds					
Balance Forward	53,649	115,282	323,600	352,100	332,500
Current Receipts	946,404	1,021,286	1,019,700	1,015,100	1,015,100
Total Restricted Funds	1,000,053	1,136,568	1,343,300	1,367,200	1,347,600
TOTAL SOURCE OF FUNDS	1,000,053	1,391,568	1,583,200	1,367,200	1,347,600
EXPENDITURES BY CLASS					
Personnel Costs	768,964	707,798	1,000,800	820,300	846,100
Operating Expenses	115,584	164,774	230,300	214,400	203,300
Grants Loans Benefits	224	(453)			
TOTAL EXPENDITURES	884,771	872,119	1,231,100	1,034,700	1,049,400
EXPENDITURES BY FUND SOURCE					
General Fund		59,164	239,900		
Restricted Funds	884,771	812,955	991,200	1,034,700	1,049,400
TOTAL EXPENDITURES	884,771	872,119	1,231,100	1,034,700	1,049,400
EXPENDITURES BY UNIT					
Personnel Board	884,771	872,119	1,231,100	1,034,700	1,049,400
TOTAL EXPENDITURES	884,771	872,119	1,231,100	1,034,700	1,049,400

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

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

Policy

The Governor's budget includes additional funding in the amount of \$12,700 in fiscal year 2027 and \$26,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

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

**General Government
Kentucky Public Pensions Authority**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	135,000,000	250,000,000	250,000,000		
Budget Reserve		75,000,000	75,000,000		
Special Appropriation	105,000,000				
Total General Fund	240,000,000	325,000,000	325,000,000		
Restricted Funds					
Current Receipts	55	445			
Non-Revenue Receipts	46,400,000	46,800,000	50,115,600	52,407,500	54,022,700
Total Restricted Funds	46,400,055	46,800,445	50,115,600	52,407,500	54,022,700
TOTAL SOURCE OF FUNDS	286,400,055	371,800,445	375,115,600	52,407,500	54,022,700
EXPENDITURES BY CLASS					
Personnel Costs	42,393,890	42,097,849	43,386,100	45,547,000	46,921,400
Operating Expenses	3,998,249	4,702,596	6,729,500	6,860,500	7,101,300
Grants Loans Benefits	240,001,571	325,000,000	325,000,000		
Construction	6,345				
TOTAL EXPENDITURES	286,400,055	371,800,445	375,115,600	52,407,500	54,022,700
EXPENDITURES BY FUND SOURCE					
General Fund	240,000,000	325,000,000	325,000,000		
Restricted Funds	46,400,055	46,800,445	50,115,600	52,407,500	54,022,700
TOTAL EXPENDITURES	286,400,055	371,800,445	375,115,600	52,407,500	54,022,700
EXPENDITURES BY UNIT					
Kentucky Public Pensions Authority	286,400,055	371,800,445	375,115,600	52,407,500	54,022,700
TOTAL EXPENDITURES	286,400,055	371,800,445	375,115,600	52,407,500	54,022,700

Kentucky Public Pensions Authority is the administrative arm of three retirement systems which are qualified governmental defined benefit plans under Section 401(a) of the Internal Revenue Code: County Employees Retirement System (cities, counties, local government entities, and classified employees of school boards) governed by KRS 78.510-78.990, Kentucky Employees Retirement System (state employees, universities, health departments, and certain boards) governed by KRS 61.510-61.705 and, State Police Retirement System (uniformed officers of Kentucky State Police) governed by KRS 16.505-16.652 Medical insurance benefits are governed by KRS 61.701-61.702 and KRS 78.5536. The systems were established in the 1950s to provide a pension that, when coupled with Social Security, would provide the career employee with sufficient income to maintain his or her pre-retirement standard of living.

Kentucky Public Pensions Authority is administered by a 8-member board that is composed of trustees from the County Employees Retirement System and the Kentucky Retirement System. The County Employees Retirement System is governed by a separate 9 member board of trustees called the County Employees Retirement System Board. Another 9 member board of trustees called the Kentucky Retirement System Board oversees the Kentucky Employees Retirement System and the State Police Retirement System. The boards are responsible for the collection and investment of contributions. Members of the boards are considered fiduciaries and are required to administer the funds in the sole interest of the members and beneficiaries of the systems. All three boards are required to invest the funds under the "prudent person" rule. Investments are diversified among common stocks, government and private bonds, real estate and cash equivalents. An actuarial valuation is conducted each year to determine the funding status of the three systems, and an annual independent audit is performed as well.

Employers contribute a percentage of gross payroll recommended by the actuarial valuation. Kentucky Employees Retirement System non-hazardous employers contribute normal cost plus an additional flat amount based on their assigned percentage of the total unfunded liability calculated within the annual valuation. Pursuant to KRS 61.565 the General Assembly shall pay the full actuarially required contribution rate. Employees contribute at a fixed rate set in the statutes. The assets of the system are considered trust funds. All expenses are paid from the trust.

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

Policy

The Governor's budget includes additional funding in the amount of \$644,900 in fiscal year 2027 and \$1,320,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

The Governor's budget includes additional Restricted Funds in the amount of \$750,000 in fiscal year 2027 and \$1,500,000 in fiscal year 2028 to fund ancillary costs associated with the planned modernization of the Kentucky Public Pension Authority's Pension Administration System.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		2,679,600	2,718,100	2,571,100	2,602,900
State Salary and Compensation Allocation	38,400		6,400		
Current Year Appropriation	155,600				
Reorganization Adjustment	1,799,700				
Budget Reduction-General Fund			(81,700)		
Total General Fund	1,993,700	2,679,600	2,642,800	2,571,100	2,602,900
Restricted Funds					
Balance Forward	40,953,912	42,598,803	45,704,000	43,795,100	43,751,300
Current Receipts	30,007,428	31,894,093	31,489,700	35,510,300	30,251,100
Fund Transfer		(374,200)			
Total Restricted Funds	70,961,340	74,118,695	77,193,700	79,305,400	74,002,400
Federal Fund					
Balance Forward	(12,474)	(24,299)			
Current Receipts	317,306	306,571	349,000	343,400	345,300
Total Federal Fund	304,832	282,272	349,000	343,400	345,300
TOTAL SOURCE OF FUNDS	73,259,872	77,080,568	80,185,500	82,219,900	76,950,600
EXPENDITURES BY CLASS					
Personnel Costs	25,097,527	25,552,565	28,655,500	29,863,000	30,336,600
Operating Expenses	4,171,239	4,231,212	5,549,800	6,542,800	5,574,300
Grants Loans Benefits	1,298,540	1,483,290	2,037,300	2,062,300	2,062,300
Capital Outlay	112,062	1,820	147,800	500	500
Construction	6,001	107,596			
TOTAL EXPENDITURES	30,685,368	31,376,482	36,390,400	38,468,600	37,973,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,993,700	2,679,600	2,642,800	2,571,100	2,602,900
Restricted Funds	28,362,537	28,414,609	33,398,600	35,554,100	35,025,500
Federal Fund	329,131	282,272	349,000	343,400	345,300
TOTAL EXPENDITURES	30,685,368	31,376,482	36,390,400	38,468,600	37,973,700
EXPENDITURES BY UNIT					
Accountancy	613,418	690,103	720,800	739,700	751,100
Certification of Alcohol and Drug	206,587	191,807	275,200	405,400	405,400
Applied Behavior Analysis	56,396	41,363	70,600	70,800	70,800
Architects	426,256	404,930	480,700	485,500	493,200
Certification for Professional Art	8,406	9,974	11,200	11,200	11,200
Barbering	357,123	458,498	499,100	513,400	521,500
Chiropractic Examiners	264,961	288,556	300,000	299,800	299,800
Dentistry	755,682	782,961	980,100	1,000,000	1,012,900
Diabetes Educators	20,807	18,485	29,300	29,300	29,300

Emergency Medical Services	2,878,828	3,003,529	3,960,800	3,858,200	3,893,400
Licensure & Cert. for Dietitians & Nutritionists	74,308	81,583	93,900	94,100	94,100
Embalmers and Funeral Directors	521,956	572,150	620,000	642,300	652,000
Licensure for Prof. Engineers and Certification of Fee-Based Pastoral Counselors	1,541,057	1,549,219	2,176,900	2,239,500	2,270,500
Registration for Professional Geologists	2,545	2,026	3,600	3,600	3,600
Kentucky Board of Cosmetology	88,050	92,727	109,000	109,000	109,000
Specialists in Hearing Instruments	1,948,439	1,958,843	2,522,000	3,605,900	2,657,900
Interpreters for the Deaf and Hard of Hearing	43,630	68,999	78,000	77,900	77,900
Examiners & Registration of Landscape Architects	46,756	47,972	49,200	51,800	51,800
Licensure of Marriage and Family Therapists	78,359	76,434	88,200	92,800	95,300
Licensure for Massage Therapy	133,277	132,800	133,600	141,300	141,300
Medical Imaging and Radiation Therapy	140,330	145,249	150,500	150,700	150,700
Medical Licensure	418,708	575,356	498,400	518,100	526,800
Nursing	4,009,982	3,891,197	4,590,300	4,697,000	4,751,300
Licensure for Nursing Home	9,519,695	9,789,541	10,624,200	10,879,800	11,069,400
Licensure for Occupational Therapy	82,128	83,705	101,100	101,100	101,100
Ophthalmic Dispensers	211,554	211,176	241,600	241,600	241,600
Optometric Examiners	61,846	69,008	71,400	71,200	71,200
Pharmacy	311,400	247,907	306,500	312,700	316,500
Physical Therapy	3,022,570	2,762,711	2,956,800	3,255,300	3,308,600
Podiatry	569,692	584,967	733,400	753,500	766,100
Private Investigators	46,461	58,948	46,500	58,100	58,100
Licensed Professional Counselors	84,446	85,082	113,700	113,700	113,700
Prosthetics, Orthotics and Pedorthics	385,345	390,094	460,800	460,800	460,800
Examiners of Psychology	42,484	41,087	46,200	46,300	46,300
Veterinary Examiners	302,971	295,205	306,400	311,400	311,400
Respiratory Care	511,031	575,184	759,700	816,900	813,600
Social Work	256,016	296,046	321,300	329,900	335,300
Speech-Language Pathology and Audiology	448,606	588,148	636,500	653,500	663,700
TOTAL EXPENDITURES	193,262	212,911	222,900	225,500	225,500
	30,685,368	31,376,482	36,390,400	38,468,600	37,973,700

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

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

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

**General Government
Kentucky River Authority**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	311,400	398,400	407,500	393,700	399,200
State Salary and Compensation Allocation	9,900				
Budget Reduction-General Fund			(12,200)		
Total General Fund	321,300	398,400	395,300	393,700	399,200
Restricted Funds					
Balance Forward	11,385,950	14,498,273	18,173,800	10,155,600	9,242,500
Current Receipts	8,439,396	8,351,532	6,941,000	7,245,600	7,250,300
Non-Revenue Receipts			(8,804,100)	(2,000,000)	(6,200,000)
Total Restricted Funds	19,825,346	22,849,805	16,310,700	15,401,200	10,292,800
Federal Fund					
Balance Forward			4,300	4,300	
Total Federal Fund			4,300	4,300	
TOTAL SOURCE OF FUNDS	20,146,646	23,248,205	16,710,300	15,799,200	10,692,000
EXPENDITURES BY CLASS					
Personnel Costs	830,448	786,865	906,500	901,300	916,800
Operating Expenses	272,795	478,276	413,900	425,400	426,500
Grants Loans Benefits	243,862	280,499	300,000	300,000	300,000
Debt Service	3,101,268	1,997,374	4,100,000	4,000,000	4,000,000
Capital Outlay	1,200,000	1,523,450	830,000	930,000	930,000
Construction		7,870			
TOTAL EXPENDITURES	5,648,373	5,074,335	6,550,400	6,556,700	6,573,300
EXPENDITURES BY FUND SOURCE					
General Fund	321,300	398,400	395,300	393,700	399,200
Restricted Funds	5,327,073	4,675,935	6,155,100	6,158,700	6,174,100
Federal Fund				4,300	
TOTAL EXPENDITURES	5,648,373	5,074,335	6,550,400	6,556,700	6,573,300
EXPENDITURES BY UNIT					
General Operations	1,025,806	1,180,356	1,255,100	1,258,700	1,274,100
Locks and Dams Construction/ Maintenance	4,301,268	3,495,579	4,900,000	4,900,000	4,900,000
Locks and Dams Operations	321,300	398,400	395,300	398,000	399,200
TOTAL EXPENDITURES	5,648,373	5,074,335	6,550,400	6,556,700	6,573,300

The Kentucky River Authority, created by act of the 1986 General Assembly, and now codified as KRS 151.700-730, is charged with managing the water resources of the Kentucky River watershed. The watershed covers all the drainage area to the Kentucky River. This area includes parts of 42 counties and has over 780,000 residents. The primary focus of the Kentucky River Authority is to protect and develop the water supply sources of the area to meet future demands. The primary water source is the main stem of the Kentucky River, extending 256 miles, from Beattyville to Carrollton where it flows to the Ohio River. There are 14 dams creating water supply pools on the Kentucky River. The Authority has title to all 14 locks, dams and adjacent properties and obtained those from the U.S. Army Corps of Engineers who constructed, maintained, and operated the facilities until they gradually abandoned operations between 1985 to 2001. There is a reservation at each dam comprising approximately 15 acres of land and buildings, which once housed the resident lock-master of Corps of Engineers. All commercial traffic on the Kentucky River stopped in 2001 and had not existed upstream of Frankfort for many years. Maintenance has varied widely, and all facilities have outlived their design life. The purpose of these facilities currently is to provide water supply and facilitate recreational use of the river.

The Authority collects a water withdrawal fee from each water utility and business user in the watershed that supports programs which benefit the entire watershed. In addition, a second fee is collected from users who withdraw water from the main stem of the river. Those funds support the lock and dam renovation and reconstruction projects the Authority undertakes from time to time.

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

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

Policy

The Governor's budget includes additional funding in the amount of \$11,500 in fiscal year 2027 and \$23,500 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$3,000 and \$6,100, respectively.

**General Government
School Facilities Construction Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	127,169,800	117,389,800	118,827,500	105,468,800	108,222,200
State Salary and Compensation Allocation	11,700				
Continuing Approp-General Fund	1,281,436				
Budget Reduction-General Fund			(13,600)		
Other	810,100				
Total General Fund	129,273,036	117,389,800	118,813,900	105,468,800	108,222,200
Restricted Funds					
Balance Forward	10,095,958	4,624,779	7,676,400	8,453,400	
Non-Revenue Receipts	4,028,822	3,051,636	777,000	(8,453,400)	
Total Restricted Funds	14,124,779	7,676,415	8,453,400		
TOTAL SOURCE OF FUNDS	143,397,815	125,066,215	127,267,300	105,468,800	108,222,200
EXPENDITURES BY CLASS					
Personnel Costs	423,200	400,700	398,800	373,100	381,600
Operating Expenses	38,700	40,500	40,600	41,600	41,600
Grants Loans Benefits	11,591,536				
Debt Service	126,719,600	116,948,600	118,374,500	105,054,100	107,799,000
TOTAL EXPENDITURES	138,773,036	117,389,800	118,813,900	105,468,800	108,222,200
EXPENDITURES BY FUND SOURCE					
General Fund	129,273,036	117,389,800	118,813,900	105,468,800	108,222,200
Restricted Funds	9,500,000				
TOTAL EXPENDITURES	138,773,036	117,389,800	118,813,900	105,468,800	108,222,200
EXPENDITURES BY UNIT					
School Facilities Construction Commission	136,681,500	117,389,800	118,813,900	105,468,800	108,222,200
SFCC Construction Grants	2,091,536				
TOTAL EXPENDITURES	138,773,036	117,389,800	118,813,900	105,468,800	108,222,200

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

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

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

Policy

The budget includes sufficient funds to support debt service necessary to fulfill commitments made by previous sessions of the General Assembly in authorizing additional bonded indebtedness and related offers of assistance to local school districts. Restricted Funds from the Emergency and Targeted Investment Fund in the amount of \$8,453,400 are included to support debt service on previously issued bonds in fiscal year 2027.

The budget authorizes the School Facilities Construction Commission to make an additional \$100,000,000 in new offers of assistance during the 2026-2028 biennium in anticipation of debt service availability during the 2028-2030 biennium.

New General Fund debt service in the amount of \$1,503,000 in fiscal year 2027 and \$3,006,000 in fiscal year 2028 is included to support new bonds authorized in the capital budget.

The Governor's budget directs unallocated bond funds from the School Facility Assistance Fund appropriated in the 2024-2026 biennial budget to Augusta Independent school system in the amount of \$2,679,000 and to Marion County schools in the amount of \$9,870,000 in fiscal year 2027 to supplement funding received in the 2024-26 budget needed to complete their capital projects.

The Governor's budget includes additional General Fund in the amount of \$5,200 in fiscal year 2027 and \$10,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

**General Government
Teachers' Retirement System**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	767,731,100	846,740,700	1,037,231,200	1,225,339,000	1,277,624,600
Budget Reserve		40,000,000	40,000,000		
Special Appropriation	(39,325,100)				
Total General Fund	728,406,000	886,740,700	1,077,231,200	1,225,339,000	1,277,624,600
Restricted Funds					
Balance Forward	184,366	607,508	1,174,500		
Current Receipts	118,756	(109,944)			
Non-Revenue Receipts	19,068,332	20,479,686	20,959,900	23,326,300	24,418,700
Total Restricted Funds	19,371,455	20,977,251	22,134,400	23,326,300	24,418,700
TOTAL SOURCE OF FUNDS	747,777,455	907,717,951	1,099,365,600	1,248,665,300	1,302,043,300
EXPENDITURES BY CLASS					
Personnel Costs	14,834,993	15,606,391	17,477,800	17,763,000	18,055,400
Operating Expenses	3,928,954	4,163,888	4,580,700	5,487,400	6,287,400
Grants Loans Benefits	728,406,000	886,771,143	1,077,231,200	1,225,339,000	1,277,624,600
Capital Outlay			75,900	75,900	75,900
Construction		2,024			
TOTAL EXPENDITURES	747,169,946	906,543,447	1,099,365,600	1,248,665,300	1,302,043,300
EXPENDITURES BY FUND SOURCE					
General Fund	728,406,000	886,740,700	1,077,231,200	1,225,339,000	1,277,624,600
Restricted Funds	18,763,946	19,802,747	22,134,400	23,326,300	24,418,700
TOTAL EXPENDITURES	747,169,946	906,543,447	1,099,365,600	1,248,665,300	1,302,043,300
EXPENDITURES BY UNIT					
Teachers' Retirement System	747,169,946	906,543,447	1,099,365,600	1,248,665,300	1,302,043,300
TOTAL EXPENDITURES	747,169,946	906,543,447	1,099,365,600	1,248,665,300	1,302,043,300

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

Administration of the System is the responsibility of the eleven member Board of Trustees. Two of the members, the Commissioner of Education and the State Treasurer, are ex officio, serving by reason of their constitutional offices. Two members with investment experience are appointed by the Governor and subject to Senate confirmation. The members of the Retirement System elect the remaining seven trustees for four year terms and cannot exceed three consecutive terms. Four of these must be active members of the Retirement System, one must be a retired member, and two must be persons from outside the teaching profession. The Board of Trustees appoints an Executive Secretary who is responsible for the administration of the affairs of the Retirement System under policies established by the Board.

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

Benefits are financed through member contributions, contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member contribution rate for non-university members at 12.855 percent of gross salary for members that joined the system prior to January 1, 2022 and 14.75 percent of gross salary on or after that date. Employers contribute 13.105 percent of gross salary for persons that joined the system prior to July 1, 2008, 14.105 percent for members that joined on or after July 1, 2008 but prior to January 1, 2022 and 10.75 percent for persons that joined on or after January 1, 2022.

University faculty members who joined the system prior to January 1, 2022 contribute 10.4 percent of gross salary and their employer contribute 13.65 percent. University faculty members joining on or after January 1, 2022 contribute 9.775 percent of gross salary with the employer matching that amount.

The employer match for Department of Education, Department of Workforce Development, and university employees is budgeted within these respective budget units and is then transferred to the Teachers' Retirement System.

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

Policy

The Governor's budget fully funds the teachers' pension and medical benefits. An additional \$128,289,000 from the General Fund is provided in fiscal year 2027 over the current budget and an additional \$212,193,400 in fiscal year 2028.

The system's actuary has determined that the medical insurance trust fund's unfunded liability will be fully funded after fiscal year 2027. The Governor's budget honors the promise made when the Shared Responsibility plan began in 2010 when active local school district certified employees began contributing a portion of their paycheck to the fund, by suspending KRS 161.540(1)(e) to permit them to return the 3.75 percent to their family budgets beginning July 1, 2027 since it is no longer needed to help finance the trust fund's liabilities. In fiscal year 2025, active certified local school district employees paid in \$153 million to the fund which will now be retained by them.

The budget includes an additional \$43,418,800 from the General Fund in fiscal year 2027 to cover the actuarially determined shortfall in employer match from prior years.

The budget includes additional General Fund to support the State Cost of Shared Responsibility in the amount of \$16,400,000 in fiscal year 2027 and \$28,200,000 in fiscal year 2028 for a total of \$100,600,000 in fiscal year 2027 and \$112,400,000 in fiscal year 2028.

The Governor's budget includes additional funding in the amount of \$286,600 in fiscal year 2027 and \$579,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

The Governor's budget includes additional Restricted Funds in the amount of \$900,000 in fiscal year 2027 and \$1,700,000 in fiscal year 2028 to fund ongoing security upgrades and required system enhancements, to the Teacher's Retirement Pathway System.

General Government Judgments					
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Continuing Approp-General Fund	17,279,659	15,412,253	14,597,300		
Total General Fund	17,279,659	15,412,253	14,597,300		
TOTAL SOURCE OF FUNDS	17,279,659	15,412,253	14,597,300		
EXPENDITURES BY CLASS					
Operating Expenses	1,867,405	815,000	14,597,300		
TOTAL EXPENDITURES	1,867,405	815,000	14,597,300		
EXPENDITURES BY FUND SOURCE					
General Fund	1,867,405	815,000	14,597,300		
TOTAL EXPENDITURES	1,867,405	815,000	14,597,300		
EXPENDITURES BY UNIT					
Judgments	1,867,405	815,000	14,597,300		
TOTAL EXPENDITURES	1,867,405	815,000	14,597,300		

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

Policy

The payment of judgments above the appropriated amount shall be paid first from the General Fund Surplus, if available, or from the Budget Reserve Trust Fund, subject to the conditions and procedures provided in the appropriations act. Also included is continuing appropriation language allowing the current year appropriation balance to carry forward through the end of the biennium to the extent that there is any balance available.

**General Government
Appropriations Not Otherwise Classified**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	20,526,400	16,750,300	16,750,300	17,653,300	17,653,300
Mandated Allotments		3,522,000			
Total General Fund	20,526,400	20,272,300	16,750,300	17,653,300	17,653,300
TOTAL SOURCE OF FUNDS	20,526,400	20,272,300	16,750,300	17,653,300	17,653,300
EXPENDITURES BY CLASS					
Personnel Costs	12,864,568	14,640,547	12,782,400	12,782,400	12,782,400
Operating Expenses	6,575,253	5,322,779	3,967,900	4,870,900	4,870,900
TOTAL EXPENDITURES	19,439,821	19,963,326	16,750,300	17,653,300	17,653,300
EXPENDITURES BY FUND SOURCE					
General Fund	19,439,821	19,963,326	16,750,300	17,653,300	17,653,300
TOTAL EXPENDITURES	19,439,821	19,963,326	16,750,300	17,653,300	17,653,300
EXPENDITURES BY UNIT					
Attorney General Expense	257,650	236,911	370,700	370,700	370,700
Board of Claims	715,284	166,757	245,200	245,200	245,200
Guardian Ad Litem	12,502,733	14,276,837	12,348,300	12,348,300	12,348,300
Prior Year Claims			253,000	253,000	253,000
Unredeemed Checks Refunded	3,384,299	3,152,039	2,461,800	2,461,800	2,461,800
Involuntary Commitments-ICF/MR	104,185	126,800	63,400	63,400	63,400
Frankfort In Lieu of Taxes	846,000	200,000	200,000	903,000	903,000
Survivor Benefits	1,532,384	1,692,384	690,900	690,900	690,900
Med Malpractice Liability Ins Reimb	59,891	74,256	77,900	77,900	77,900
Blanket Employee Bonds	37,396	37,343	39,100	39,100	39,100
Frankfort Independent Schools In Lieu of Taxes				100,000	100,000
Franklin County Schools In Lieu of Taxes				100,000	100,000
TOTAL EXPENDITURES	19,439,821	19,963,326	16,750,300	17,653,300	17,653,300

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

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

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

Guardians ad Litem appointed by the court under KRS 26A.140, 620.100, 625.080, 403.100, 403.727, 456.035, and 199.502 to represent minors in neglect and abuse cases and certain child custody cases are paid the statutory rate of \$500 per case from the General Fund.

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

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

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

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

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

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

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

Policy

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

Additional General Fund in the amount of \$703,000 is included in each fiscal year to increase the Commonwealth's payment to the city of Frankfort in lieu of property taxes. This will bring the 1975 value in the current budget up to a current amount.

Kentucky state government occupies a significant amount of property in Franklin county and the city of Frankfort which is exempt from property taxes that are the primary local funding source for the public schools. The Governor's budget includes \$100,000 each year from the General Fund as a partial offset to the Franklin County and Frankfort Independent school systems in lieu of those taxes.

**General Government
Kentucky Communications Network Authority**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,634,700	41,454,600	42,605,600	40,886,900	40,931,900
State Salary and Compensation Allocation	85,200				
Budget Reduction-General Fund			(130,900)		
Total General Fund	39,719,900	41,454,600	42,474,700	40,886,900	40,931,900
Restricted Funds					
Balance Forward	964,731	1,662,443	7,306,600	7,905,500	6,018,500
Current Receipts	5,780,360	8,550,954	10,853,000	8,498,000	7,519,000
Non-Revenue Receipts	174,375	2,090			
Total Restricted Funds	6,919,466	10,215,486	18,159,600	16,403,500	13,537,500
TOTAL SOURCE OF FUNDS	46,639,366	51,670,086	60,634,300	57,290,400	54,469,400
EXPENDITURES BY CLASS					
Personnel Costs	5,820,850	5,066,470	8,420,200	8,449,500	8,494,500
Operating Expenses	39,156,073	38,382,503	44,308,600	42,822,400	42,822,400
Debt Service		914,500			
TOTAL EXPENDITURES	44,976,923	44,363,473	52,728,800	51,271,900	51,316,900
EXPENDITURES BY FUND SOURCE					
General Fund	39,719,900	41,454,600	42,474,700	40,886,900	40,931,900
Restricted Funds	5,257,023	2,908,873	10,254,100	10,385,000	10,385,000
TOTAL EXPENDITURES	44,976,923	44,363,473	52,728,800	51,271,900	51,316,900
EXPENDITURES BY UNIT					
KY Communications Network	44,976,923	44,363,473	52,728,800	51,271,900	51,316,900
TOTAL EXPENDITURES	44,976,923	44,363,473	52,728,800	51,271,900	51,316,900

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

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

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

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

Policy

The Governor's budget includes additional General Fund in the amount of \$35,300 in fiscal year 2027 and \$72,500 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

Funds are appropriated in an amount sufficient to cover the Availability Payment of \$39,200,000 in fiscal year 2027 and \$40,179,000 in fiscal year 2028.

Economic Development

**Economic Development
Economic Development**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	30,482,200	30,251,000	29,851,200	29,297,500	30,933,800
State Salary and Compensation Allocation	259,800	1,600	2,400		
Current Year Appropriation	4,000,000				
Continuing Approp-General Fund	272,076,472	233,788,785	208,756,500		
Reorganization Adjustment	230,000				
Budget Reduction-General Fund			(895,600)		
Total General Fund	307,048,472	264,041,385	237,714,500	29,297,500	30,933,800
Restricted Funds					
Balance Forward	26,711,208	26,601,542	1,664,100	1,555,200	352,200
Current Receipts	2,542,571	2,672,011	3,556,900	4,036,700	4,101,500
Non-Revenue Receipts		(25,000,000)	250,000	250,000	250,000
Total Restricted Funds	29,253,779	4,273,553	5,471,000	5,841,900	4,703,700
Federal Fund					
Balance Forward	4,673	29,030	(35,900)		
Current Receipts	329,380	41,033,818	336,900	436,000	401,000
Total Federal Fund	334,053	41,062,848	301,000	436,000	401,000
TOTAL SOURCE OF FUNDS	336,636,304	309,377,786	243,486,500	35,575,400	36,038,500
EXPENDITURES BY CLASS					
Personnel Costs	12,236,262	13,539,167	14,630,700	16,758,000	17,023,300
Operating Expenses	2,244,501	2,329,311	2,684,900	2,605,900	2,605,900
Grants Loans Benefits	58,155,329	82,117,256	224,615,800	15,859,300	15,859,300
Debt Service	1,698,000	634,500			
Capital Outlay	1,199,900				
TOTAL EXPENDITURES	75,533,992	98,620,234	241,931,400	35,223,200	35,488,500
EXPENDITURES BY FUND SOURCE					
General Fund	72,576,732	54,912,015	237,714,600	29,297,500	30,933,800
Restricted Funds	2,652,237	2,609,482	3,915,800	5,489,700	4,153,700
Federal Fund	305,024	41,098,737	301,000	436,000	401,000
TOTAL EXPENDITURES	75,533,992	98,620,234	241,931,400	35,223,200	35,488,500
EXPENDITURES BY UNIT					
Economic Development	75,533,992	98,620,234	241,931,400	35,223,200	35,488,500
TOTAL EXPENDITURES	75,533,992	98,620,234	241,931,400	35,223,200	35,488,500

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 into six programs within a single appropriation unit. The Office of the Secretary provides strategic direction for Cabinet activities and administrative services such as legal, fiscal, budget, personnel and asset management. 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 Science and Technology Program captures the Science and Technology Funding Programs outlined in KRS 154.12-278, which include the Kentucky Innovation Network HUBS, the Kentucky Commercialization Ventures, the Kentucky Enterprise Fund, the Kentucky Small Business Innovation Research and Technology Transfer programs including the administration of the matching funds (SBIR/STTR), the Experimental Program to Stimulate Competitive Research (EPSCoR), and the Kentucky Science and Engineering Foundation (KSEF). The Kentucky Film Office provides guidance and assistance to the film and entertainment industry to choose locations in the Commonwealth for the filming and production of motion picture and entertainment productions and encourages the development of the film and entertainment industry in Kentucky.

Policy

The budget includes additional General Fund of \$2,500,000 in each fiscal year for a Talent Attraction initiative to establish a strategy around talent attraction and retention. This initiative will be used to promote and market Kentucky's employment opportunities throughout the United States. These funds will be used to develop a strategy around talent attraction and retention, to leverage local chambers of commerce and private funding to target the jobs available within those communities, to develop a promotional campaign to attract talent, and to establish online and other resources that are readily available for individuals seeking more information on skilled job opportunities and the quality of life in Kentucky.

The budget includes additional General Fund of \$225,000 in each fiscal year to contract with representation in South Korea to assist with the attraction of new projects, expansion opportunities, and retention of South Korean companies located in or considering Kentucky.

The base budget includes \$250,000 in Restricted Funds from the statewide transient room tax each fiscal year for the new Kentucky Film Office established in SB 1 from the 2025 Regular Session of the General Assembly. The Governor's budget includes additional General Fund of \$285,000 in each fiscal year for the Office for staffing and operating costs.

The Governor's budget includes additional funding in the amount of \$179,600 in fiscal year 2027 and \$368,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$136,500 and \$279,900, respectively.

Department of Education

**Department of Education
Department of Education**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,528,254,500	4,717,497,800	4,958,948,100	5,300,249,200	5,524,109,700
State Salary and Compensation Allocation	3,564,400	42,100	114,400		
Special Appropriation	(3,330,000)	5,000,000	5,000,000		
Continuing Approp-General Fund	29,560,153	31,350,889	39,508,700	98,310,700	
Reorganization Adjustment	(2,500,000)				
Budget Reduction-General Fund			(2,473,200)		
Other	(810,100)	14,707,881			
Total General Fund	4,554,738,953	4,768,598,670	5,001,098,000	5,398,559,900	5,524,109,700
Restricted Funds					
Balance Forward	56,563,696	51,168,897	12,650,400	10,939,600	7,427,700
Current Receipts	2,668,211	3,121,160	6,079,700	8,206,700	8,746,700
Non-Revenue Receipts	17,072,421	(11,471,158)	19,789,500	72,650,300	92,953,100
Total Restricted Funds	76,304,328	42,818,898	38,519,600	91,796,600	109,127,500
Federal Fund					
Balance Forward	2,855,185	2,481,027	(4,794,800)	2,523,700	1,940,700
Current Receipts	2,023,329,611	1,550,560,697	1,093,214,700	1,084,907,200	1,084,973,200
Non-Revenue Receipts	600,000		(61,300)		
Total Federal Fund	2,026,784,797	1,553,041,723	1,088,358,600	1,087,430,900	1,086,913,900
TOTAL SOURCE OF FUNDS	6,657,828,078	6,364,459,291	6,127,976,200	6,577,787,400	6,720,151,100
EXPENDITURES BY CLASS					
Personnel Costs	148,375,433	154,886,968	169,925,700	171,724,800	176,290,500
Operating Expenses	69,991,094	68,861,291	67,103,500	65,609,200	64,582,000
Grants Loans Benefits	6,194,153,315	6,086,381,328	5,779,173,000	6,331,085,000	6,476,992,800
Debt Service	1,168,000	536,500			
Capital Outlay	64,482	44,505			
Construction	93,000				
TOTAL EXPENDITURES	6,413,845,324	6,310,710,592	6,016,202,200	6,568,419,000	6,717,865,300
EXPENDITURES BY FUND SOURCE					
General Fund	4,364,406,123	4,722,705,611	4,902,787,300	5,398,559,900	5,524,109,700
Restricted Funds	25,135,431	30,168,453	27,580,000	84,368,900	108,217,900
Federal Fund	2,024,303,770	1,557,836,529	1,085,834,900	1,085,490,200	1,085,537,700
TOTAL EXPENDITURES	6,413,845,324	6,310,710,592	6,016,202,200	6,568,419,000	6,717,865,300
EXPENDITURES BY UNIT					
Support Education Excellence in Kentucky (SEEK)	3,038,244,651	3,275,328,343	3,402,457,000	3,759,644,300	3,756,331,600
Operations and Support Services	605,994,286	606,550,963	536,867,400	537,070,600	538,825,200
Learning and Results Services	2,769,606,387	2,428,831,287	2,076,877,800	2,271,704,100	2,422,708,500
TOTAL EXPENDITURES	6,413,845,324	6,310,710,592	6,016,202,200	6,568,419,000	6,717,865,300

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

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,195,808,600	3,261,950,500	3,365,742,000	3,759,644,300	3,756,331,600
Other		14,707,881	36,715,000		
Total General Fund	3,195,808,600	3,276,658,381	3,402,457,000	3,759,644,300	3,756,331,600
Federal Fund					
Balance Forward	59,959	59,959	59,900		
Non-Revenue Receipts			(59,900)		
Total Federal Fund	59,959	59,959			
TOTAL SOURCE OF FUNDS	3,195,868,559	3,276,718,340	3,402,457,000	3,759,644,300	3,756,331,600
EXPENDITURES BY CLASS					
Grants Loans Benefits	3,038,244,651	3,275,328,343	3,402,457,000	3,759,644,300	3,756,331,600
TOTAL EXPENDITURES	3,038,244,651	3,275,328,343	3,402,457,000	3,759,644,300	3,756,331,600
EXPENDITURES BY FUND SOURCE					
General Fund	3,038,244,651	3,275,328,343	3,402,457,000	3,759,644,300	3,756,331,600
Federal Fund					
TOTAL EXPENDITURES	3,038,244,651	3,275,328,343	3,402,457,000	3,759,644,300	3,756,331,600
EXPENDITURES BY UNIT					
Base Funding	1,938,679,617	1,949,201,898	2,058,682,500	2,101,969,500	2,120,831,000
Pupil Transportation	274,446,300	358,996,100	398,884,500	398,884,500	398,884,500
Equalized Facilities	190,575,818	259,751,241	232,575,900	298,930,200	273,117,100
Tier I Equalization	172,584,047	235,688,542	224,613,500	251,849,500	238,638,400
National Board Certification Salary Supplement	3,548,676	3,385,360	4,655,500	4,655,500	4,655,500
Vocational Education Transportation	7,833,100	7,833,100	7,833,100	7,833,100	7,833,100
Audiologist & Speech Language Pathologists	2,047,093	2,252,102	2,312,000	2,312,000	2,312,000
Local District Teachers' Retirement Match	448,530,000	458,220,000	467,900,000	529,410,000	541,260,000
SEEK - Star Academy			5,000,000	5,000,000	10,000,000
Certified and Classified Salary Increase				158,800,000	158,800,000
TOTAL EXPENDITURES	3,038,244,651	3,275,328,343	3,402,457,000	3,759,644,300	3,756,331,600

Over the 2026-2028 biennium, the funding for the SEEK program will increase by 11.6 percent over the enacted fiscal year 2026 budget. The majority of the increase is directed to base per pupil guarantee, salary increases for certified and classified staff, and teachers' retirement contributions.

The budget includes an increase in the base per pupil guarantee by 2.5 percent each year, or 5 percent over the biennium, from \$4,586 per student to \$4,701 per student in fiscal year 2027 and \$4,818 per student in fiscal year 2028.

The Governor's budget includes \$158.8 million each year to fund a 3 percent pay increase in fiscal year 2026-27 for all full-time school district employees. For certified staff, the combination of this 3 percent pay increase and the retention of their 3.75 percent payroll contribution in fiscal year 2028 to the Teachers' Retirement medical insurance fund will result in a 6.9 percent pay increase over the two years.

The equalization of school district local tax levies dedicated to capital improvements continues to be a growing part of the SEEK budget. An additional \$66.9 million in fiscal year 2027 and \$41.1 million in fiscal year 2028 is included in Equalized Facilities Funding.

The base budget includes General Fund in the amount of \$5,000,000 in each fiscal year to support a three-year pilot program of five Star Academy schools. The budget includes an additional \$5,000,000 for a total of \$10,000,000 in fiscal year 2028 for the three-year pilot program of five Star Academy schools.

The following elements comprise the SEEK budget for fiscal years 2027 and 2028:

Category	FY 2027		FY 2028	
Base Funding	\$	2,101,969,500	\$	2,120,831,000
Pupil Transportation	\$	398,884,500	\$	398,884,500
Tier I Funding	\$	251,849,500	\$	238,638,400
Teachers' Retirement Contributions	\$	529,410,000	\$	541,260,000
Equalized Facilities Funding	\$	298,930,200	\$	273,117,100
Vocational Transportation	\$	7,833,100	\$	7,833,100
National Board Salary Supplement	\$	4,655,500	\$	4,655,500
Audio/Speech Path Salary Supplement	\$	2,312,000	\$	2,312,000
Star Academy	\$	5,000,000	\$	10,000,000
Certified and Classified Salary Increase	\$	158,800,000	\$	158,800,000

**Department of Education
Operations and Support Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	64,606,600	66,455,800	67,042,600	64,912,600	66,972,500
State Salary and Compensation Allocation	850,900	33,400	77,600		
Special Appropriation	(3,500,000)				
Continuing Approp-General Fund	12,364,712	3,506,943	448,500		
Budget Reduction-General Fund			(825,600)		
Other	(810,100)				
Total General Fund	73,512,112	69,996,143	66,743,100	64,912,600	66,972,500
Restricted Funds					
Balance Forward	42,618,173	39,196,766	3,864,400	2,491,600	1,348,600
Current Receipts	54,705	710,303	2,429,700	4,281,700	4,296,700
Non-Revenue Receipts	290,656	(28,342,435)	789,500	1,143,800	1,168,800
Total Restricted Funds	42,963,534	11,564,633	7,083,600	7,917,100	6,814,100
Federal Fund					
Balance Forward	166,812	(590,832)	(185,100)		
Current Receipts	531,464,704	532,978,177	465,718,800	465,589,500	465,807,800
Non-Revenue Receipts			(1,400)		
Total Federal Fund	531,631,517	532,387,345	465,532,300	465,589,500	465,807,800
TOTAL SOURCE OF FUNDS	648,107,163	613,948,121	539,359,000	538,419,200	539,594,400
EXPENDITURES BY CLASS					
Personnel Costs	22,239,481	22,423,223	26,972,400	27,918,800	28,742,400
Operating Expenses	20,976,044	23,552,573	26,627,800	26,394,300	27,178,500
Grants Loans Benefits	561,610,761	560,492,166	483,267,200	482,757,500	482,904,300
Debt Service	1,168,000	83,000			
TOTAL EXPENDITURES	605,994,286	606,550,963	536,867,400	537,070,600	538,825,200
EXPENDITURES BY FUND SOURCE					
General Fund	70,005,169	66,278,260	66,743,100	64,912,600	66,972,500
Restricted Funds	3,766,768	7,700,277	4,592,000	6,568,500	6,044,900
Federal Fund	532,222,349	532,572,425	465,532,300	465,589,500	465,807,800
TOTAL EXPENDITURES	605,994,286	606,550,963	536,867,400	537,070,600	538,825,200
EXPENDITURES BY UNIT					
Commissioner's Office/Board of Education	3,219,634	3,296,900	3,088,700	3,193,900	3,261,200
Finance & Operations	551,551,806	553,117,935	493,970,600	494,372,900	495,899,500
Legal Services	1,197,400	977,800	1,100,400	1,156,800	1,203,500
Education Technology	38,387,000	38,415,700	38,259,200	38,347,000	38,461,000

West Ky State Aid Funding for Emergencies (SAFE) Fund	8,047,669	3,058,405	448,500		
EKY SAFE Fund	3,590,777	7,684,223			
TOTAL EXPENDITURES	605,994,286	606,550,963	536,867,400	537,070,600	538,825,200

The Operations and Support Services program area consists of the Office of Finance and Operations, the Office of Education Technology, the Office of Legal Services, Commissioner of Education, the Kentucky Board of Education, the West Kentucky State Aid Funding for Emergencies, and the East Kentucky State Aid Funding for Emergencies.

Policy

The Governor's budget includes additional funding in the amount of \$399,000 in fiscal year 2027 and \$812,800 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$307,200 and \$625,900, respectively.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,089,000	3,296,900	3,244,100	3,193,900	3,261,200
State Salary and Compensation Allocation	130,634				
Budget Reduction-General Fund			(155,400)		
Total General Fund	<u>3,219,634</u>	<u>3,296,900</u>	<u>3,088,700</u>	<u>3,193,900</u>	<u>3,261,200</u>
TOTAL SOURCE OF FUNDS	<u>3,219,634</u>	<u>3,296,900</u>	<u>3,088,700</u>	<u>3,193,900</u>	<u>3,261,200</u>
EXPENDITURES BY CLASS					
Personnel Costs	3,035,634	3,112,900	3,036,600	3,151,800	3,219,100
Operating Expenses	184,000	184,000	52,100	42,100	42,100
TOTAL EXPENDITURES	<u>3,219,634</u>	<u>3,296,900</u>	<u>3,088,700</u>	<u>3,193,900</u>	<u>3,261,200</u>
EXPENDITURES BY FUND SOURCE					
General Fund	3,219,634	3,296,900	3,088,700	3,193,900	3,261,200
TOTAL EXPENDITURES	<u>3,219,634</u>	<u>3,296,900</u>	<u>3,088,700</u>	<u>3,193,900</u>	<u>3,261,200</u>

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

The Kentucky Board of Education consists of 15 members. The governor appoints 11 voting members – four represent the state at large and seven represent the Supreme Court districts. The remaining four members, the Secretary of the Education and Labor Cabinet, the President of the Council on Postsecondary Education (CPE), an active elementary or secondary school teacher, and a high school student, serve as non-voting members. Each member serves a four-year term and may be reappointed. The Kentucky Board of Education members elect a board chair and vice chair at the beginning of each fiscal year.

The Commissioner of Education's qualifications and compensation are set by the Kentucky Board of Education. The Commissioner serves at the pleasure of the Board and is appointed for a term not to exceed four (4) years. The Commissioner is responsible for carrying out all duties assigned by the legislature; for executing education policy as directed by the State Board; and directing the work of all persons employed by the Department of Education.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	18,708,400	23,792,400	24,344,600	22,364,900	24,196,800
State Salary and Compensation Allocation	445,066	8,400	56,200		
Budget Reduction-General Fund			(404,500)		
Other		(2,000)			
Total General Fund	19,153,466	23,798,800	23,996,300	22,364,900	24,196,800
Restricted Funds					
Balance Forward	2,500,014	2,669,384	3,721,200	2,491,600	1,348,600
Current Receipts	54,705	710,224	2,429,700	4,281,700	4,296,700
Non-Revenue Receipts	290,656	357,565	782,700	993,800	1,018,800
Total Restricted Funds	2,845,375	3,737,172	6,933,600	7,767,100	6,664,100
Federal Fund					
Balance Forward	165,384	(592,260)	(186,500)		
Current Receipts	531,464,704	532,978,177	465,718,800	465,589,500	465,807,800
Total Federal Fund	531,630,089	532,385,917	465,532,300	465,589,500	465,807,800
TOTAL SOURCE OF FUNDS	553,628,930	559,921,889	496,462,200	495,721,500	496,668,700
EXPENDITURES BY CLASS					
Personnel Costs	12,882,047	13,076,423	17,651,200	18,278,700	18,874,300
Operating Expenses	2,903,944	5,583,473	8,875,200	8,711,200	9,495,400
Grants Loans Benefits	534,597,815	534,375,039	467,444,200	467,383,000	467,529,800
Debt Service	1,168,000	83,000			
TOTAL EXPENDITURES	551,551,806	553,117,935	493,970,600	494,372,900	495,899,500
EXPENDITURES BY FUND SOURCE					
General Fund	19,153,466	20,529,455	23,996,300	22,364,900	24,196,800
Restricted Funds	175,991	16,054	4,442,000	6,418,500	5,894,900
Federal Fund	532,222,349	532,572,425	465,532,300	465,589,500	465,807,800
TOTAL EXPENDITURES	551,551,806	553,117,935	493,970,600	494,372,900	495,899,500
EXPENDITURES BY UNIT					
Finance & Operations	8,683,591	8,307,554	12,476,900	12,714,300	13,691,300
District Support	6,925,227	8,720,140	12,497,700	12,577,900	12,888,400
School & Community Nutrition	535,942,988	536,090,241	468,996,000	469,080,700	469,319,800
TOTAL EXPENDITURES	551,551,806	553,117,935	493,970,600	494,372,900	495,899,500

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

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

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

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

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

Policy

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

- \$5 million in 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.
- \$492,300 in each fiscal year for the Blind/Deaf Residential Travel Program
- \$1,000,000 in each fiscal year to pay the cost of Advanced Placement and International Baccalaureate examinations for qualifying students and \$2,600,000 in each fiscal year to pay the cost of Advanced Placement examinations.
- \$3,584,000 in each fiscal year for the School Food Services Program
- \$500,000 in each fiscal year to support the evaluation process for the classification of primary and secondary school buildings

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,155,000	977,800	997,900	1,006,800	1,053,500
State Salary and Compensation Allocation	42,400				
Budget Reduction-General Fund			(47,500)		
Total General Fund	1,197,400	977,800	950,400	1,006,800	1,053,500
Restricted Funds					
Balance Forward	118,159	118,159	143,200		
Current Receipts		78			
Non-Revenue Receipts		25,000	6,800	150,000	150,000
Total Restricted Funds	118,159	143,238	150,000	150,000	150,000
TOTAL SOURCE OF FUNDS	1,315,559	1,121,038	1,100,400	1,156,800	1,203,500
EXPENDITURES BY CLASS					
Personnel Costs	1,167,400	947,800	1,064,900	1,121,300	1,168,000
Operating Expenses	30,000	30,000	35,500	35,500	35,500
TOTAL EXPENDITURES	1,197,400	977,800	1,100,400	1,156,800	1,203,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,197,400	977,800	950,400	1,006,800	1,053,500
Restricted Funds			150,000	150,000	150,000
TOTAL EXPENDITURES	1,197,400	977,800	1,100,400	1,156,800	1,203,500

The Office of Legal Services provides a variety of legal and legislative services for the Department of Education. These services include: providing in-house counsel and advice for the Department and the Kentucky Board of Education; investigating educator misconduct; representing the Department and the Kentucky Board of Education before administrative agencies and courts of law; and offering informal legal advice to local school districts.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	41,654,200	38,388,700	38,456,000	38,347,000	38,461,000
State Salary and Compensation Allocation	232,800	25,000	21,400		
Special Appropriation	(3,500,000)				
Budget Reduction-General Fund			(218,200)		
Other		2,000			
Total General Fund	38,387,000	38,415,700	38,259,200	38,347,000	38,461,000
Federal Fund					
Balance Forward	1,428	1,428	1,400		
Non-Revenue Receipts			(1,400)		
Total Federal Fund	1,428	1,428			
TOTAL SOURCE OF FUNDS	38,388,428	38,417,128	38,259,200	38,347,000	38,461,000
EXPENDITURES BY CLASS					
Personnel Costs	5,154,400	5,286,100	5,219,700	5,367,000	5,481,000
Operating Expenses	17,858,100	17,755,100	17,665,000	17,605,500	17,605,500
Grants Loans Benefits	15,374,500	15,374,500	15,374,500	15,374,500	15,374,500
TOTAL EXPENDITURES	38,387,000	38,415,700	38,259,200	38,347,000	38,461,000
EXPENDITURES BY FUND SOURCE					
General Fund	38,387,000	38,415,700	38,259,200	38,347,000	38,461,000
Federal Fund					
TOTAL EXPENDITURES	38,387,000	38,415,700	38,259,200	38,347,000	38,461,000
EXPENDITURES BY UNIT					
Education Technology	4,984,900	5,011,600	4,907,100	5,003,700	5,117,700
KETS	16,124,500	16,126,500	16,130,500	16,130,500	16,130,500
Kentucky Educational Network	17,277,600	17,277,600	17,221,600	17,212,800	17,212,800
TOTAL EXPENDITURES	38,387,000	38,415,700	38,259,200	38,347,000	38,461,000

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

The Division of School Technology Planning and Project Management develops and implements the KETS Master Plan, oversees the KETS Offers of Assistance program, and manages the Kentucky Education Network (KEN). The KETS Offers of Assistance program provides school districts with state funds for education technology purchases. KEN is the wide-area-network that provides high speed network connectivity and Internet access to Kentucky school districts, the Kentucky School for the Blind, the Kentucky School for the Deaf, and the Department of Education.

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

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

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

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

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

**Department of Education
Operations and Support Services
West Kentucky State Aid Funding for Emergencies (SAFE) Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Continuing Approp-General Fund	12,364,712	3,506,943	448,500		
Other	(810,100)				
Total General Fund	11,554,612	3,506,943	448,500		
TOTAL SOURCE OF FUNDS	11,554,612	3,506,943	448,500		
EXPENDITURES BY CLASS					
Grants Loans Benefits	8,047,669	3,058,405	448,500		
TOTAL EXPENDITURES	8,047,669	3,058,405	448,500		
EXPENDITURES BY FUND SOURCE					
General Fund	8,047,669	3,058,405	448,500		
TOTAL EXPENDITURES	8,047,669	3,058,405	448,500		

House Bill 5 from the 2022 Regular Session appropriated \$30,000,000 from the General Fund to the Department of Education for school districts impacted by the December 2021 storms and tornadoes. The funding provides necessary wrap-around services to help school children and their families recover from the impact of the storms and tornadoes, including after-school services and activities held at the school or elsewhere in the community, mental health counseling services, and outside-of-school tutoring; assistance to school districts in addressing additional transportation costs; and offers of funding for the construction and repair of school building facilities that were destroyed or severely damaged.

**Department of Education
Operations and Support Services
East Kentucky SAFE Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	40,000,000	36,409,223			
Non-Revenue Receipts		(28,725,000)			
Total Restricted Funds	40,000,000	7,684,223			
TOTAL SOURCE OF FUNDS	40,000,000	7,684,223			
EXPENDITURES BY CLASS					
Grants Loans Benefits	3,590,777	7,684,223			
TOTAL EXPENDITURES	3,590,777	7,684,223			
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,590,777	7,684,223			
TOTAL EXPENDITURES	3,590,777	7,684,223			

House Bill 1 from the 2022 Special Session appropriated \$40,000,000 from the General Fund to the Department of Education for school districts impacted by the July 2022 storms and floods. The funding provides necessary wrap-around services to help school children and their families recover from the impact of the storms and floods, including after-school services and activities held at the school or elsewhere, mental health counseling services, and outside-of-school tutoring; assistance to school districts in addressing additional transportation costs; and offers of funding for the construction and repair of school building facilities that were severely damaged.

**Department of Education
Learning and Results Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,267,839,300	1,389,091,500	1,526,163,500	1,475,692,300	1,700,805,600
State Salary and Compensation Allocation	2,713,500	8,700	36,800		
Special Appropriation	170,000	5,000,000	5,000,000		
Continuing Approp-General Fund	17,195,441	27,843,946	39,060,200	98,310,700	
Reorganization Adjustment	(2,500,000)				
Budget Reduction-General Fund			(1,647,600)		
Other			(36,715,000)		
Total General Fund	1,285,418,241	1,421,944,146	1,531,897,900	1,574,003,000	1,700,805,600
Restricted Funds					
Balance Forward	13,945,523	11,972,131	8,786,000	8,448,000	6,079,100
Current Receipts	2,613,506	2,410,857	3,650,000	3,925,000	4,450,000
Non-Revenue Receipts	16,781,765	16,871,277	19,000,000	71,506,500	91,784,300
Total Restricted Funds	33,340,794	31,254,265	31,436,000	83,879,500	102,313,400
Federal Fund					
Balance Forward	2,628,414	3,011,900	(4,669,600)	2,523,700	1,940,700
Current Receipts	1,491,864,907	1,017,582,520	627,495,900	619,317,700	619,165,400
Non-Revenue Receipts	600,000				
Total Federal Fund	1,495,093,321	1,020,594,420	622,826,300	621,841,400	621,106,100
TOTAL SOURCE OF FUNDS	2,813,852,356	2,473,792,830	2,186,160,200	2,279,723,900	2,424,225,100
EXPENDITURES BY CLASS					
Personnel Costs	126,135,952	132,463,745	142,953,300	143,806,000	147,548,100
Operating Expenses	49,015,050	45,308,717	40,475,700	39,214,900	37,403,500
Grants Loans Benefits	2,594,297,903	2,250,560,819	1,893,448,800	2,088,683,200	2,237,756,900
Debt Service		453,500			
Capital Outlay	64,482	44,505			
Construction	93,000				
TOTAL EXPENDITURES	2,769,606,387	2,428,831,287	2,076,877,800	2,271,704,100	2,422,708,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,256,156,303	1,381,099,008	1,433,587,200	1,574,003,000	1,700,805,600
Restricted Funds	21,368,663	22,468,175	22,988,000	77,800,400	102,173,000
Federal Fund	1,492,081,421	1,025,264,104	620,302,600	619,900,700	619,729,900
TOTAL EXPENDITURES	2,769,606,387	2,428,831,287	2,076,877,800	2,271,704,100	2,422,708,500
EXPENDITURES BY UNIT					
Continuous Improvement & Support	1,266,753,304	808,961,929	505,937,100	438,618,100	429,893,100
Special Education & Early Learning	344,636,775	348,111,657	247,658,400	314,159,100	363,434,200
Educator Licensure and Effectiveness	4,307,740	4,917,457	5,801,000	5,028,700	5,200,300
Assessment & Accountability	27,178,237	28,420,262	29,101,700	28,323,000	28,392,500
Teaching and Learning	85,460,943	99,084,219	153,133,700	113,112,200	113,143,500

Career & Technical Education & Student Transition	170,605,925	174,250,896	171,128,200	173,931,900	179,263,200
Local District Health and Life Insurance	850,397,267	944,108,605	943,186,800	1,176,523,200	1,279,214,800
State Schools	20,266,197	20,976,261	20,930,900	22,007,900	24,166,900
TOTAL EXPENDITURES	<u>2,769,606,387</u>	<u>2,428,831,287</u>	<u>2,076,877,800</u>	<u>2,271,704,100</u>	<u>2,422,708,500</u>

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

Policy

The Governor's budget includes additional funding in the amount of \$1,269,700 in fiscal year 2027 and \$2,640,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$838,000 and \$1,742,800, respectively.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	73,181,400	90,114,000	92,685,800	92,483,200	92,559,800
State Salary and Compensation Allocation	138,500				
Budget Reduction-General Fund			(293,100)		
Total General Fund	73,319,900	90,114,000	92,392,700	92,483,200	92,559,800
Federal Fund					
Balance Forward	(61,827)	(251,790)	(7,102,600)		
Current Receipts	1,193,243,441	713,574,260	420,647,000	346,134,900	337,333,300
Total Federal Fund	1,193,181,614	713,322,470	413,544,400	346,134,900	337,333,300
TOTAL SOURCE OF FUNDS	1,266,501,514	803,436,470	505,937,100	438,618,100	429,893,100
EXPENDITURES BY CLASS					
Personnel Costs	22,854,250	20,975,469	21,066,600	21,115,600	21,441,600
Operating Expenses	30,702,390	23,487,250	24,283,700	24,074,000	18,809,200
Grants Loans Benefits	1,213,132,331	764,499,211	460,586,800	393,428,500	389,642,300
Capital Outlay	64,332				
TOTAL EXPENDITURES	1,266,753,304	808,961,929	505,937,100	438,618,100	429,893,100
EXPENDITURES BY FUND SOURCE					
General Fund	73,319,900	88,536,793	92,392,700	92,483,200	92,559,800
Federal Fund	1,193,433,404	720,425,136	413,544,400	346,134,900	337,333,300
TOTAL EXPENDITURES	1,266,753,304	808,961,929	505,937,100	438,618,100	429,893,100
EXPENDITURES BY UNIT					
School & Program Improvement	330,834,039	328,003,066	309,082,500	293,080,600	293,297,800
Continuous Improvement & Support	847,455,903	401,510,827	112,829,100	61,515,000	52,575,200
Community Education & Service	27,074,362	18,059,036	22,865,000	22,862,000	22,859,600
Family Resource and Youth Services Centers	48,889,000	48,889,000	48,660,500	48,660,500	48,660,500
Education of State Agency Children	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
TOTAL EXPENDITURES	1,266,753,304	808,961,929	505,937,100	438,618,100	429,893,100

The Office of Continuous Improvement and Support includes the Division of School and Program Improvement and its District 180 Branch, the Division of Student Success and its Alternative Learning Branch, and the Division of Innovation and its Innovative Strategies Branch.

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

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

The Division of Innovation promotes personalized learning for each student using new approaches to learning in hopes that these new approaches can be scaled in the future. The division carries out KDE's role in programs such as Community Education & Service, Education of State Agency Children and the Family Resource & Youth Services Centers (FRYSC).

Policy

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

- \$48,660,500 for the Family Resource and Youth Services Centers Program
- \$1,850,000 for the Community Education Program
- \$12,500,000 for the Kentucky Educational Collaborative for State Agency Children

Included in the base budget is \$7,412,500 in each fiscal year to fund school-based mental health services provider full-time equivalent positions on a reimbursement basis.

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

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	119,097,400	119,402,400	118,964,600	118,987,500	119,006,400
State Salary and Compensation Allocation	42,100				
Total General Fund	119,139,500	119,402,400	118,964,600	118,987,500	119,006,400
Restricted Funds					
Non-Revenue Receipts					40,500,000
Total Restricted Fund					40,500,000
Federal Fund					
Balance Forward	34,563	(40,393)	(920,300)		
Current Receipts	225,422,318	227,829,281	129,614,100	195,171,600	203,927,800
Total Federal Fund	225,456,882	227,788,887	128,693,800	195,171,600	203,927,800
TOTAL SOURCE OF FUNDS	344,596,382	347,191,287	247,658,400	314,159,100	363,434,200
EXPENDITURES BY CLASS					
Personnel Costs	4,630,300	6,006,296	7,037,800	6,582,700	6,954,500
Operating Expenses	1,401,559	2,001,401	2,641,100	2,729,800	2,839,100
Grants Loans Benefits	338,604,915	339,650,460	237,979,500	304,846,600	353,640,600
Debt Service		453,500			
TOTAL EXPENDITURES	344,636,775	348,111,657	247,658,400	314,159,100	363,434,200
EXPENDITURES BY FUND SOURCE					
General Fund	119,139,500	119,402,400	118,964,600	118,987,500	119,006,400
Restricted Funds					40,500,000
Federal Fund	225,497,275	228,709,257	128,693,800	195,171,600	203,927,800
TOTAL EXPENDITURES	344,636,775	348,111,657	247,658,400	314,159,100	363,434,200
EXPENDITURES BY UNIT					
Special Education & Early Learning	226,239,375	229,714,257	129,261,000	195,758,700	204,531,200
Extended School Services	23,916,300	23,916,300	23,916,300	23,916,300	23,916,300
State Preschool	84,481,100	84,481,100	84,481,100	84,484,100	124,986,700
Gifted & Talented	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
TOTAL EXPENDITURES	344,636,775	348,111,657	247,658,400	314,159,100	363,434,200

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

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

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

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

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

Policy

The Governor's budget includes Restricted Funds of \$40,500,000 in fiscal year 2028 for Pre-K for All.

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

- \$10,000,000 for the Gifted and Talented Program
- \$23,916,300 for the Extended School Services Program
- \$84,481,100 for the Preschool Program

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,482,600	2,671,200	2,837,600	866,600	2,944,100
State Salary and Compensation Allocation	67,200				
Budget Reduction-General Fund			(61,600)		
Total General Fund	2,549,800	2,671,200	2,776,000	866,600	2,944,100
Restricted Funds					
Balance Forward	4,883,547	4,762,814	4,063,100	3,038,100	582,500
Current Receipts	1,637,207	1,546,594	2,000,000	1,700,000	1,800,000
Non-Revenue Receipts				6,500	13,300
Total Restricted Funds	6,520,754	6,309,408	6,063,100	4,744,600	2,395,800
Federal Fund					
Balance Forward	(25,803)	(25,803)	(25,800)		
Current Receipts			25,800		
Total Federal Fund	(25,803)	(25,803)			
TOTAL SOURCE OF FUNDS	9,044,751	8,954,805	8,839,100	5,611,200	5,339,900
EXPENDITURES BY CLASS					
Personnel Costs	3,266,827	3,837,247	2,944,000	3,457,600	3,593,600
Operating Expenses	433,545	388,313	2,351,000	1,065,100	1,100,700
Grants Loans Benefits	607,368	691,897	506,000	506,000	506,000
TOTAL EXPENDITURES	4,307,740	4,917,457	5,801,000	5,028,700	5,200,300
EXPENDITURES BY FUND SOURCE					
General Fund	2,549,800	2,671,200	2,776,000	866,600	2,944,100
Restricted Funds	1,757,940	2,246,257	3,025,000	4,162,100	2,256,200
Federal Fund					
TOTAL EXPENDITURES	4,307,740	4,917,457	5,801,000	5,028,700	5,200,300
EXPENDITURES BY UNIT					
Educator Licensure and Effectiveness	4,307,740	4,917,457	5,801,000	5,028,700	5,200,300
TOTAL EXPENDITURES	4,307,740	4,917,457	5,801,000	5,028,700	5,200,300

The Office of Educator Licensure and Effectiveness has two divisions, the Division of Educator Preparation and Certification and the Division of Educator Recruitment and Development. The Office is responsible for overseeing educator preparation, certification, recruitment, retention and professional learning.

**Department of Education
Learning and Results Services
Teaching and Learning**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,231,400	59,654,000	60,099,700	64,112,300	64,144,800
State Salary and Compensation Allocation	78,500				
Special Appropriation		5,000,000	5,000,000		
Continuing Approp-General Fund	17,195,441	27,843,946	39,060,200		
Reorganization Adjustment	(2,500,000)				
Budget Reduction-General Fund			(26,200)		
Total General Fund	71,005,341	92,497,946	104,133,700	64,112,300	64,144,800
Federal Fund					
Balance Forward	(436,302)	161,535	103,200	103,200	90,200
Current Receipts	43,497,388	45,588,165	49,000,000	48,986,900	48,974,500
Non-Revenue Receipts	600,000				
Total Federal Fund	43,661,086	45,749,701	49,103,200	49,090,100	49,064,700
TOTAL SOURCE OF FUNDS	114,666,427	138,247,647	153,236,900	113,202,400	113,209,500
EXPENDITURES BY CLASS					
Personnel Costs	7,381,546	10,740,511	16,810,800	15,563,000	15,711,900
Operating Expenses	404,028	2,748,179	3,519,000	3,540,700	3,540,700
Grants Loans Benefits	77,675,368	85,595,530	132,803,900	94,008,500	93,890,900
TOTAL EXPENDITURES	85,460,943	99,084,219	153,133,700	113,112,200	113,143,500
EXPENDITURES BY FUND SOURCE					
General Fund	41,961,392	53,437,709	104,133,700	64,112,300	64,144,800
Federal Fund	43,499,551	45,646,510	49,000,000	48,999,900	48,998,700
TOTAL EXPENDITURES	85,460,943	99,084,219	153,133,700	113,112,200	113,143,500
EXPENDITURES BY UNIT					
Learning and Results Services					
Programs	18,800,000	24,500,000	24,500,000	23,500,000	23,500,000
Read to Achieve	13,584,116	13,465,423	25,835,200	15,936,600	15,936,600
Read to Succeed	3,721,223	6,316,749	33,829,900	11,000,700	11,001,400
Math Achievement	4,001,753	3,908,241	8,399,600	5,019,000	5,019,000
Numeracy Counts		2,048,895	7,951,100	5,000,000	5,000,000
Teaching and Learning	45,353,851	48,844,910	52,617,900	52,655,900	52,686,500
TOTAL EXPENDITURES	85,460,943	99,084,219	153,133,700	113,112,200	113,143,500

The Office of Teaching and Learning is responsible for providing leadership, support and services to Kentucky's school districts to enable them to effectively implement standards for student achievement in all academic areas. The Division of Academic Program Standards provides necessary information, resources and guidance to assist districts as they design standards-based curriculum that promotes highly effective teaching, learning and assessment practices.

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

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

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

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

Policy

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

- \$1,900,000 for AdvanceKentucky
- \$100,000 for the Hearing and Speech Center
- \$100,000 for the Heuser Hearing and Language Academy
- \$1,675,500 for the Jobs for America's Graduates Program
- \$500,000 for the Kentucky Alliance of Boys & Girls Clubs
- \$5,019,000 for the Mathematics Achievement Fund
- \$15,936,600 for the Read to Achieve Program
- \$11,000,000 for the Read to Succeed Program
- \$2,000,000 for Save the Children
- \$1,200,000 for the Statewide Reading Research Center
- \$700,000 for Teach for America
- \$500,000 for the Visually Impaired Preschool Services Program
- \$1,500,000 vendor-provided online computer science courses

The base budget includes General Fund of \$15,000,000 in each fiscal year for the Center for School Safety.

The base budget includes General Fund of \$18,000,000 in each fiscal year to assist local school districts in funding salaries for school resource officers.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	19,357,400	23,362,900	22,163,700	22,214,000	22,283,500
State Salary and Compensation Allocation	160,600	8,700	36,800		
Budget Reduction-General Fund			(63,200)		
Other		(1,562,200)			
Total General Fund	19,518,000	21,809,400	22,137,300	22,214,000	22,283,500
Federal Fund					
Balance Forward	753,677	802,821	855,400		
Current Receipts	7,709,381	6,663,497	6,109,000	6,109,000	6,109,000
Total Federal Fund	8,463,058	7,466,318	6,964,400	6,109,000	6,109,000
TOTAL SOURCE OF FUNDS	27,981,058	29,275,718	29,101,700	28,323,000	28,392,500
EXPENDITURES BY CLASS					
Personnel Costs	22,521,107	24,421,026	24,375,700	23,597,000	23,666,500
Operating Expenses	4,657,130	3,999,236	832,000	832,000	832,000
Grants Loans Benefits			3,894,000	3,894,000	3,894,000
TOTAL EXPENDITURES	27,178,237	28,420,262	29,101,700	28,323,000	28,392,500
EXPENDITURES BY FUND SOURCE					
General Fund	19,518,000	21,809,400	22,137,300	22,214,000	22,283,500
Federal Fund	7,660,237	6,610,862	6,964,400	6,109,000	6,109,000
TOTAL EXPENDITURES	27,178,237	28,420,262	29,101,700	28,323,000	28,392,500

The Office of Assessment and Accountability consists of the Division of Accountability Data and Analysis and the Division of Assessment and Accountability Support and is responsible for developing and implementing Kentucky's system of assessing progress by students, schools, and districts. The Office of Assessment and Accountability also oversees the implementation of testing and data requirements enacted by Senate Bill 1 of the 2017 Regular Session of the General Assembly.

The Division of Assessment and Accountability Support coordinates the logistics of implementing the assessment program at the district level. This involves oversight of contractors during the production of test materials, the coordination and distribution of assessment materials to districts, return of materials to the vendor for scoring as well as online test administration.

The Division of Accountability Data and Analysis manages the data results from the state-required assessments. This division generates and manages data necessary to report assessment results on which accountability ratings are based.

Policy

The base budget includes General Fund in the amount of \$1,200,000 in each fiscal year to support the academic content standards review process.

The base budget includes General Fund in the amount of \$1,093,300 in each fiscal year for statewide assessment services costs.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	18,983,600	20,829,300	20,919,900	21,109,000	21,630,800
State Salary and Compensation Allocation	1,120,200				
Budget Reduction-General Fund			(439,000)		
Total General Fund	20,103,800	20,829,300	20,480,900	21,109,000	21,630,800
Restricted Funds					
Balance Forward	1,455,986	1,818,404	2,010,000	2,160,000	1,886,100
Current Receipts	524,815	332,282	600,000	625,000	650,000
Non-Revenue Receipts		6,320			
Total Restricted Funds	1,980,801	2,157,005	2,610,000	2,785,000	2,536,100
TOTAL SOURCE OF FUNDS	22,084,601	22,986,305	23,090,900	23,894,000	24,166,900
EXPENDITURES BY CLASS					
Personnel Costs	19,462,505	19,060,307	19,582,600	20,595,900	21,742,600
Operating Expenses	803,691	1,950,792	1,348,300	1,412,000	2,424,300
Grants Loans Benefits		(34,838)			
TOTAL EXPENDITURES	20,266,197	20,976,261	20,930,900	22,007,900	24,166,900
EXPENDITURES BY FUND SOURCE					
General Fund	20,103,800	20,829,300	20,480,900	21,109,000	21,630,800
Restricted Funds	162,397	146,961	450,000	898,900	2,536,100
TOTAL EXPENDITURES	20,266,197	20,976,261	20,930,900	22,007,900	24,166,900
EXPENDITURES BY UNIT					
Kentucky School for the Blind	8,634,983	9,055,170	9,098,600	9,427,300	10,041,300
Kentucky School for the Deaf	11,631,213	11,921,091	11,832,300	12,580,600	14,125,600
TOTAL EXPENDITURES	20,266,197	20,976,261	20,930,900	22,007,900	24,166,900

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

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

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

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

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

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

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	127,890,900	128,741,400	130,279,700	130,207,200	131,292,400
State Salary and Compensation Allocation	1,106,400				
Special Appropriation	170,000				
Budget Reduction-General Fund			(764,500)		
Other		1,562,200			
Total General Fund	129,167,300	130,303,600	129,515,200	130,207,200	131,292,400
Restricted Funds					
Balance Forward	7,605,990	5,390,913	2,712,900	3,249,900	3,610,500
Current Receipts	451,484	531,982	1,050,000	1,600,000	2,000,000
Non-Revenue Receipts	16,781,765	16,864,957	19,000,000	19,000,000	19,000,000
Total Restricted Funds	24,839,240	22,787,852	22,762,900	23,849,900	24,610,500
Federal Fund					
Balance Forward	2,364,105	2,365,529	2,420,500	2,420,500	1,850,500
Current Receipts	21,992,379	23,927,317	22,100,000	22,915,300	22,820,800
Total Federal Fund	24,356,484	26,292,846	24,520,500	25,335,800	24,671,300
TOTAL SOURCE OF FUNDS	178,363,023	179,384,298	176,798,600	179,392,900	180,574,200
EXPENDITURES BY CLASS					
Personnel Costs	46,019,417	47,422,890	51,135,800	52,894,200	54,437,400
Operating Expenses	10,612,705	10,733,546	5,500,600	5,561,300	7,857,500
Grants Loans Benefits	113,880,653	116,049,955	114,491,800	115,476,400	116,968,300
Capital Outlay	150	44,505			
Construction	93,000				
TOTAL EXPENDITURES	170,605,925	174,250,896	171,128,200	173,931,900	179,263,200
EXPENDITURES BY FUND SOURCE					
General Fund	129,166,645	130,303,600	129,515,200	130,207,200	131,292,400
Restricted Funds	19,448,327	20,074,958	19,513,000	20,239,400	24,609,700
Federal Fund	21,990,954	23,872,338	22,100,000	23,485,300	23,361,100
TOTAL EXPENDITURES	170,605,925	174,250,896	171,128,200	173,931,900	179,263,200
EXPENDITURES BY UNIT					
Area Technology Center State Funds	19,135,341	19,438,942	18,000,000	18,426,800	21,467,000
Career & Technical Education & Student Transition	151,470,584	154,811,954	153,128,200	155,505,100	157,796,200
TOTAL EXPENDITURES	170,605,925	174,250,896	171,128,200	173,931,900	179,263,200

The Office of Career and Technical Education provides occupational-specific education and training for Kentucky's citizens in order to develop a skilled and versatile workforce. The main responsibility is providing education and technical training to youth and incumbent workers that match the needs of Kentucky business and industry. The Office of Career and Technical Education manages 50 area technology centers. These area technology centers prepare students for postsecondary technical training leading to a certificate or an associate's degree, academic pursuits at a four-year college or university, or entry into the labor market with an industry-recognized qualification. The Office of Career and Technical Education is also responsible for programs under the Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Public Law 105-332).

Policy

The base budget includes General Fund in the amount of \$654,500 in each fiscal year to support U.S. Army Junior Reserve Officers' Training Corps pilot program consultants.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	850,614,600	944,316,300	1,078,212,500	1,025,712,500	1,246,943,800
Continuing Approp-General Fund				98,310,700	
Other			(36,715,000)		
Total General Fund	<u>850,614,600</u>	<u>944,316,300</u>	<u>1,041,497,500</u>	<u>1,124,023,200</u>	<u>1,246,943,800</u>
Restricted Funds					
Non-Revenue Receipts				52,500,000	32,271,000
Total Restricted Funds				<u>52,500,000</u>	<u>32,271,000</u>
TOTAL SOURCE OF FUNDS	<u>850,614,600</u>	<u>944,316,300</u>	<u>1,041,497,500</u>	<u>1,176,523,200</u>	<u>1,279,214,800</u>
EXPENDITURES BY CLASS					
Grants Loans Benefits	<u>850,397,267</u>	<u>944,108,605</u>	<u>943,186,800</u>	<u>1,176,523,200</u>	<u>1,279,214,800</u>
TOTAL EXPENDITURES	<u>850,397,267</u>	<u>944,108,605</u>	<u>943,186,800</u>	<u>1,176,523,200</u>	<u>1,279,214,800</u>
EXPENDITURES BY FUND SOURCE					
General Fund	850,397,267	944,108,605	943,186,800	1,124,023,200	1,246,943,800
Restricted Fund				52,500,000	32,271,000
TOTAL EXPENDITURES	<u>850,397,267</u>	<u>944,108,605</u>	<u>943,186,800</u>	<u>1,176,523,200</u>	<u>1,279,214,800</u>
EXPENDITURES BY UNIT					
Local District Life Insurance	1,173,667	1,183,305	1,391,000	1,391,000	1,391,000
Local District Health Insurance	<u>849,223,600</u>	<u>942,925,300</u>	<u>941,795,800</u>	<u>1,175,132,200</u>	<u>1,277,823,800</u>
TOTAL EXPENDITURES	<u>850,397,267</u>	<u>944,108,605</u>	<u>943,186,800</u>	<u>1,176,523,200</u>	<u>1,279,214,800</u>

Local District Health Insurance

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

Local District Life Insurance Fund

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

Policy

The health insurance budget for fiscal year 2027 includes \$98,310,700 in unexpended funds carried over from fiscal year 2026. In fiscal years 2027 and 2028, the health insurance budget is supplemented with a portion of the prior year collections from sports wagering revenue, in the amount of \$52,500,000 in fiscal year 2027 and \$32,271,000 in fiscal year 2028.

Education and Labor

	Education and Labor				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	84,992,800	89,010,000	87,103,900	87,279,400	88,485,900
State Salary and Compensation Allocation	1,937,500	8,500	24,700		
Special Appropriation	3,500,000				
Continuing Approp-General Fund	7,487,323	7,966,972	3,701,100		
Budget Reduction-General Fund			(1,960,000)		
Reorganization Adjustment	2,500,000				
Total General Fund	100,417,623	96,985,472	88,869,700	87,279,400	88,485,900
Tobacco Fund					
Tobacco Settlement - Phase I	1,400,000	1,200,000	1,200,000	1,200,000	1,200,000
Continuing Approp-Tob Settlement	13,741,825	11,754,731	8,418,300	5,112,200	2,556,100
Other	983,326	773,670			
Total Tobacco Fund	16,125,151	13,728,401	9,618,300	6,312,200	3,756,100
Restricted Funds					
Balance Forward	33,143,253	55,653,472	81,976,700	41,255,300	40,366,400
Current Receipts	86,475,400	81,752,666	70,274,200	69,180,400	69,885,900
Non-Revenue Receipts	101,022,459	102,903,762	97,962,300	136,174,400	137,130,700
Total Restricted Funds	220,641,111	240,309,901	250,213,200	246,610,100	247,383,000
Federal Fund					
Balance Forward	(8,919,593)	(4,104,667)	(11,229,400)		
Current Receipts	459,741,479	523,500,680	589,731,400	558,674,200	561,248,600
Non-Revenue Receipts	(342,341)	(495,973)			
Total Federal Fund	450,479,545	518,900,040	578,502,000	558,674,200	561,248,600
TOTAL SOURCE OF FUNDS	787,663,431	869,923,814	927,203,200	898,875,900	900,873,600
EXPENDITURES BY CLASS					
Personnel Costs	311,062,657	307,478,401	346,427,100	339,226,400	344,743,200
Operating Expenses	50,355,608	50,875,585	52,889,500	50,995,000	50,994,700
Grants Loans Benefits	352,255,397	426,710,319	480,811,000	465,120,100	464,617,100
Capital Outlay	1,715,842	1,858,462	708,100	611,900	611,900
Construction	62,276	44,054			
TOTAL EXPENDITURES	715,451,780	786,966,821	880,835,700	855,953,400	860,966,900
EXPENDITURES BY FUND SOURCE					
General Fund	91,509,508	93,194,210	88,869,700	87,279,400	88,485,900
Tobacco Fund	4,370,421	5,310,054	4,506,100	3,756,100	3,756,100
Restricted Funds	164,987,639	158,333,092	208,957,900	206,243,700	207,476,300
Federal Fund	454,584,212	530,129,464	578,502,000	558,674,200	561,248,600
TOTAL EXPENDITURES	715,451,780	786,966,821	880,835,700	855,953,400	860,966,900

EXPENDITURES BY UNIT

General Administration and Program Support	49,158,466	52,433,857	61,673,300	46,955,500	47,445,100
Commission on Proprietary	407,544	294,685	550,600	542,300	547,300
Deaf and Hard of Hearing	2,362,562	2,299,060	2,544,300	2,324,800	2,352,600
Kentucky Educational Television	18,798,000	19,398,730	20,073,500	19,462,000	19,808,600
Environmental Education Council	540,009	679,030	966,500	966,100	973,000
Libraries and Archives	16,495,876	18,536,521	21,461,800	18,363,800	18,519,800
Workforce Development	426,536,748	496,235,564	536,976,800	533,816,100	535,466,700
Workplace Standards	12,910,414	13,907,404	15,108,400	14,599,800	14,877,100
Workers' Claims	50,017,789	48,385,627	63,230,300	62,584,400	62,967,500
Occupational Safety and Health Review Commission	623,752	675,646	822,200	807,800	819,300
Workers' Compensation Funding Commission	73,920,653	69,780,986	89,323,600	88,372,400	89,074,400
Workers' Compensation Nominating Committee			1,100	1,100	1,100
Disability Determinations	63,679,968	64,339,711	68,103,300	67,157,300	68,114,400
TOTAL EXPENDITURES	715,451,780	786,966,821	880,835,700	855,953,400	860,966,900

Governor Beshear created the Education and Labor Cabinet, merging the Education and Workforce Development Cabinet and the Labor Cabinet in November of 2021. 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, and adding resiliency, while ensuring efforts are not duplicated. Combining these two cabinets has allowed the state to develop a comprehensive workforce development strategy to meet the needs of many economic development projects and better compete for federal funds. Allowing the Cabinet to be more responsive to workforce issues by putting together offices that do similar things.

Attached to the Education and Labor 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
- Department for Disability Determination Services
- Department of Workforce Development

**Education and Labor
General Administration and Program Support**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	18,005,900	17,131,400	14,309,300	13,936,000	14,018,500
State Salary and Compensation Allocation	94,900	2,400	14,800		
Special Appropriation	3,500,000				
Budget Reduction-General Fund			(300,000)		
Total General Fund	21,600,800	17,133,800	14,024,100	13,936,000	14,018,500
Tobacco Fund					
Tobacco Settlement - Phase I	1,400,000	1,200,000	1,200,000	1,200,000	1,200,000
Current Year Appropriation					
Continuing Approp-Tob Settlement	13,741,825	11,754,731	8,418,300	5,112,200	2,556,100
Other	983,326	773,670			
Total Tobacco Fund	16,125,151	13,728,401	9,618,300	6,312,200	3,756,100
Restricted Funds					
Balance Forward	2,398,604	2,987,052	5,303,500	1,823,100	1,340,700
Current Receipts	1,992,457	524,047	899,100	908,300	908,300
Non-Revenue Receipts	17,450,579	20,665,460	20,179,300	22,242,300	22,609,100
Total Restricted Funds	21,841,640	24,176,560	26,381,900	24,973,700	24,858,100
Federal Fund					
Balance Forward	(363,495)	(251,237)	(462,900)		
Current Receipts	5,250,963	10,905,339	19,047,200	5,630,400	5,664,600
Non-Revenue Receipts	(798)				
Total Federal Fund	4,886,670	10,654,102	18,584,300	5,630,400	5,664,600
TOTAL SOURCE OF FUNDS	64,454,261	65,692,862	68,608,600	50,852,300	48,297,300
EXPENDITURES BY CLASS					
Personnel Costs	28,333,647	27,902,865	34,441,100	31,865,300	32,349,900
Operating Expenses	5,309,758	4,996,860	6,150,400	4,895,500	4,895,500
Grants Loans Benefits	15,515,061	19,216,363	20,761,300	9,970,400	9,975,400
Capital Outlay		317,769	320,500	224,300	224,300
TOTAL EXPENDITURES	49,158,466	52,433,857	61,673,300	46,955,500	47,445,100
EXPENDITURES BY FUND SOURCE					
General Fund	20,795,550	17,133,800	14,024,100	13,936,000	14,018,500
Tobacco Fund	4,370,421	5,310,054	4,506,100	3,756,100	3,756,100
Restricted Funds	18,854,587	18,873,016	24,558,800	23,633,000	24,005,900
Federal Fund	5,137,907	11,116,987	18,584,300	5,630,400	5,664,600
TOTAL EXPENDITURES	49,158,466	52,433,857	61,673,300	46,955,500	47,445,100
EXPENDITURES BY UNIT					
Office of the Secretary	30,185,977	30,631,824	34,068,200	32,405,100	32,863,900
Governor's Scholars	1,758,700	2,000,000	2,000,000	2,000,000	2,000,000
Kentucky Center for Statistics	6,603,251	6,217,960	7,557,100	7,467,400	7,489,900
Early Childhood Development	6,415,787	11,323,651	15,498,000	4,040,500	4,045,600
Everybody Counts	4,194,750	2,260,421	2,550,000	1,042,500	1,045,700
TOTAL EXPENDITURES	49,158,466	52,433,857	61,673,300	46,955,500	47,445,100

General Administration and Program Support provides the central coordination and direction for the overall planning, management and oversight of the agencies within the Cabinet. It is responsible for policy and budget development and personnel transactions; legal services including legislative and regulatory development and oversight; a communications strategy with the public, business, and industry; economic analysis and research; accounting, purchasing, and facilities management; and information technology and other administrative support services. Partial funding for the Office of the Secretary is provided by the Kentucky Workers' Compensation Funding Commission's special assessments imposed upon workers' compensation premiums paid by employers and group self-insurers, as well as an indirect rate charged to federal grants. General Fund in this area is to support the Office of Unemployment Insurance and the Career Development Office. The following agencies and entities are attached to the Office of the Secretary for administrative purposes only: The Early Childhood Advisory Council, the Governor's School for Entrepreneurs Program, the Governor's Scholar Program, the Board of the Kentucky Center for Statistics, and the Foundation for Adult Education.

The program includes the following units:

- The Office of the Secretary provides strategic direction and leadership to establish the focus for policy development, implementation, and program priorities. The Office coordinates Cabinet activities among its departments and agencies to ensure continuous improvement in administration and efficient service to the citizens of the Commonwealth. The Secretary serves as the Chief Executive Officer of the Cabinet and is an advisor to the Governor and the General Assembly.
- The Office of Legal Services is responsible for providing legal advice and representation in all matters involving the Cabinet and its agencies. In addition to legal representation, the office is responsible for drafting and/or reviewing contracts, administrative regulations, and proposed administrative or executive orders and oversight..
- The Office of Administrative Service is the Cabinet's chief financial and administrative office. The Division of Operations and Support Services and the Division of Fiscal Management are responsible for the management of all state-owned/ state-operated facilities, equipment, and property assigned to the Cabinet, The Division of Fiscal Management is responsible for all central office purchasing, auditing and processing financial documents, compliance with the Federal Cash Management Act, federal reporting, development of the Indirect Cost Plan, monitoring and reconciliation of all financial transactions, and compliance with state and federal guidelines. The Division of Human Resources is responsible for all Cabinet personnel activities including personnel and payroll processing, providing benefits services to Cabinet employees and developing workshops and training programs for employees.
- The Office of Technology Services oversees and assists with the Cabinet's application development needs and serves as the central location for all Cabinet data processing programs statewide. The Office works with the Commonwealth Office of Technology to effectuate the Cabinet's information technology infrastructure objectives.
- The Office of Policy and Audit provides coordination and assistance for all external audits and assists in developing all Cabinet policies. Upon request, the Office conducts internal investigations of employees.
- The Office of Legislative Services is responsible for the coordination of the legislative process including the advancement of the Education and Labor Cabinet's legislative agenda.
- The Office of Communications provides internal and external communications, marketing support and media advisory services to the Cabinet, Executive Offices, Department for Workforce Investment and other Cabinet agencies. The Office interprets and disseminates information about the Cabinet and its components to employees, the media and the general public.
- The Office of the Kentucky Center for Statistics and the Board of the Kentucky Center for Statistics manage and oversee the Kentucky Longitudinal Data System. The System is a data repository housing early childhood through Postsecondary education, and training and employment information. The Office removes individual identifiers from the data and links information across agencies, schools, and institutions to provide a complete picture of the education-to-employment process to better inform decisions made by state and local policy makers, the general public, and other stakeholders. The office conducts studies and provides feedback about the performance of high school graduates after they go to college; the outcome of teacher preparation, college, adult education, and other programs; and develops the Kentucky County Profiles book. The Kentucky Center for Statistics Board is comprised of the heads of the five participating agencies and includes the Commissioner of the Department of Education, the President of the Kentucky Council on Postsecondary Education, the Secretary of the Education and Labor Cabinet, the Secretary of the Cabinet for Health and Family Services and the CEO/Executive Director of the Kentucky Higher Education Assistance Authority. The board is charged with developing a detailed access and use policy for data and information request, overseeing the Office and establishing its research agenda, and overseeing compliance by the Office with the federal Family Educational Rights and Privacy Act and other relevant federal and state privacy laws.
- The Governor's Scholars Program (GSP) is designed to motivate and empower Kentucky's brightest young people to become effective thinkers and citizen leaders with a zeal for excellence and a mind for innovation. The program provides an intensive residential summer academic and personal growth program for academically talented rising high school seniors. The scholars, chosen competitively, spend five uninterrupted weeks in the program on three college campuses. Over 2,000 applications are received at the state level each year, with approximately 1,000 students selected to attend.

- The Governor's School for Entrepreneurs (GSE) is a 3-week residential summer program for rising 10th, 11th, and 12th grade students. The GSE was created through Senate Bill 296 in the 2016 Regular Session of the Kentucky General Assembly. It is a summer experiential education program for creative and enterprising students to enhance the next generation of business and economic leaders and enrich future economic development across the Commonwealth.
- The Early Childhood Advisory Council (KRS 200.700) was established in the Governor's Office in 2011 and reorganized to the Education and Labor Cabinet in 2019. The office coordinates development and continuing activities of Community Early Childhood Councils. The Councils work toward implementation of Kentucky's long-range strategic plan for early childhood development on the local level. The Councils build upon existing resources, foster public-private partnerships, and work within their communities toward such goals as the availability of high quality, accessible, and affordable early childhood care options. The Early Childhood Advisory Council provides financial assistance to local councils through Tobacco Funds.

Policy

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

- \$2,000,000 to support the Adult Learner Program
- \$2,000,000 to support the Heuser Hearing Institute
- \$1,000,000 to support the Governor's School for Entrepreneurs
- \$100,000 to support the Hope Center

The budget includes additional General Fund in the amount of \$220,000 in fiscal year 2027 and \$225,000 in fiscal year 2028 to fund student membership dues for Future Farmers of America, a student-led organization designed to develop leadership, personal growth and career success through agricultural education.

The Governor's budget includes additional funding in the amount of \$368,700 in fiscal year 2027 and \$757,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$59,000 and \$121,200, respectively.

**Education and Labor
Proprietary Education**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	780,057	778,086	916,800	801,400	694,300
Current Receipts	405,573	433,387	435,200	435,200	435,200
Total Restricted Funds	1,185,630	1,211,473	1,352,000	1,236,600	1,129,500
TOTAL SOURCE OF FUNDS	1,185,630	1,211,473	1,352,000	1,236,600	1,129,500
EXPENDITURES BY CLASS					
Personnel Costs	370,966	242,300	445,900	439,300	444,300
Operating Expenses	36,579	52,385	104,700	103,000	103,000
TOTAL EXPENDITURES	407,544	294,685	550,600	542,300	547,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	407,544	294,685	550,600	542,300	547,300
TOTAL EXPENDITURES	407,544	294,685	550,600	542,300	547,300
EXPENDITURES BY UNIT					
Proprietary Education	407,544	294,685	550,600	542,300	547,300
TOTAL EXPENDITURES	407,544	294,685	550,600	542,300	547,300

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

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

Policy

The Governor's budget includes additional funding in the amount of \$3,700 in fiscal year 2027 and \$7,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Education and Labor
Deaf and Hard of Hearing**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,051,500	1,091,100	1,119,300	992,900	1,018,100
State Salary and Compensation Allocation	31,000	6,100	9,900		
Total General Fund	1,082,500	1,097,200	1,129,200	992,900	1,018,100
Restricted Funds					
Balance Forward	84,811	210,149	248,800		
Current Receipts	1,405,400	1,240,558	1,166,300	1,331,900	1,334,500
Total Restricted Funds	1,490,211	1,450,708	1,415,100	1,331,900	1,334,500
TOTAL SOURCE OF FUNDS	2,572,711	2,547,908	2,544,300	2,324,800	2,352,600
EXPENDITURES BY CLASS					
Personnel Costs	1,216,395	1,135,789	1,621,800	1,405,300	1,433,100
Operating Expenses	1,146,167	1,163,272	922,500	919,500	919,500
TOTAL EXPENDITURES	2,362,562	2,299,060	2,544,300	2,324,800	2,352,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,082,500	1,097,200	1,129,200	992,900	1,018,100
Restricted Funds	1,280,062	1,201,860	1,415,100	1,331,900	1,334,500
TOTAL EXPENDITURES	2,362,562	2,299,060	2,544,300	2,324,800	2,352,600
EXPENDITURES BY UNIT					
Commission on the Deaf and Hard of Hearing	2,362,562	2,299,060	2,544,300	2,324,800	2,352,600
TOTAL EXPENDITURES	2,362,562	2,299,060	2,544,300	2,324,800	2,352,600

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

Policy

The Governor's budget includes additional funding in the amount of \$17,500 in fiscal year 2027 and \$35,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$15,900 and \$32,700, respectively.

**Education and Labor
Kentucky Educational Television**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,200,000	17,641,600	18,036,500	17,425,000	17,771,600
State Salary and Compensation Allocation	561,000				
Total General Fund	16,761,000	17,641,600	18,036,500	17,425,000	17,771,600
Restricted Funds					
Balance Forward		111,973			
Current Receipts	2,148,972	1,645,157	2,037,000	2,037,000	2,037,000
Total Restricted Funds	2,148,972	1,757,130	2,037,000	2,037,000	2,037,000
TOTAL SOURCE OF FUNDS	18,909,972	19,398,730	20,073,500	19,462,000	19,808,600
EXPENDITURES BY CLASS					
Personnel Costs	14,923,336	14,518,802	14,848,600	14,455,500	14,802,100
Operating Expenses	3,200,435	4,480,526	5,140,900	4,922,500	4,922,500
Capital Outlay	657,229	371,902	84,000	84,000	84,000
Construction	17,000	27,500			
TOTAL EXPENDITURES	18,798,000	19,398,730	20,073,500	19,462,000	19,808,600
EXPENDITURES BY FUND SOURCE					
General Fund	16,761,000	17,641,600	18,036,500	17,425,000	17,771,600
Restricted Funds	2,037,000	1,757,130	2,037,000	2,037,000	2,037,000
TOTAL EXPENDITURES	18,798,000	19,398,730	20,073,500	19,462,000	19,808,600
EXPENDITURES BY UNIT					
General Administration and Support	5,596,400	5,604,400	6,312,000	5,970,800	6,067,800
Broadcasting and Education	11,223,600	11,629,297	11,481,600	11,389,500	11,614,700
Engineering	1,978,000	2,165,033	2,279,900	2,101,700	2,126,100
TOTAL EXPENDITURES	18,798,000	19,398,730	20,073,500	19,462,000	19,808,600

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

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

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

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

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

Policy

The Governor's budget includes additional General Fund in the amount of \$253,300 in fiscal year 2027 and \$518,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Education and Labor
Environmental Education Council**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	240,853	569,732	1,127,900	1,354,100	1,559,300
Current Receipts	13,250	12,157	12,400	12,400	12,400
Non-Revenue Receipts	594,412	854,433	750,000	729,100	708,300
Total Restricted Funds	848,514	1,436,322	1,890,300	2,095,600	2,280,000
Federal Fund					
Balance Forward	(21,495)	(4,339)	(800)		
Current Receipts	278,382	374,109	431,100	429,800	429,800
Total Federal Fund	256,887	369,770	430,300	429,800	429,800
TOTAL SOURCE OF FUNDS	1,105,402	1,806,092	2,320,600	2,525,400	2,709,800
EXPENDITURES BY CLASS					
Personnel Costs	506,503	623,055	810,700	810,500	817,400
Operating Expenses	33,506	55,975	79,500	79,300	79,300
Grants Loans Benefits			76,300	76,300	76,300
TOTAL EXPENDITURES	540,009	679,030	966,500	966,100	973,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	278,782	308,433	536,200	536,300	543,200
Federal Fund	261,226	370,597	430,300	429,800	429,800
TOTAL EXPENDITURES	540,009	679,030	966,500	966,100	973,000
EXPENDITURES BY UNIT					
Ky Environmental Education Council	540,009	679,030	966,500	966,100	973,000
TOTAL EXPENDITURES	540,009	679,030	966,500	966,100	973,000

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

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

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

Policy

The Governor's budget includes additional funding in the amount of \$4,100 in fiscal year 2027 and \$8,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Education and Labor
Libraries and Archives**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	10,944,900	13,387,500	13,161,000	11,294,100	11,927,300
State Salary and Compensation Allocation	146,700				
Continuing Approp-General Fund		1,383,776	2,218,900		
Budget Reduction-General Fund			(459,000)		
Reorganization Adjustment	2,500,000				
Total General Fund	13,591,600	14,771,276	14,920,900	11,294,100	11,927,300
Restricted Funds					
Balance Forward	8,389,834	9,358,148	8,782,900	7,547,400	5,742,200
Current Receipts	2,449,590	2,592,135	2,215,000	2,235,400	2,256,600
Non-Revenue Receipts	14,645	(129,860)			
Total Restricted Funds	10,854,069	11,820,423	10,997,900	9,782,800	7,998,800
Federal Fund					
Balance Forward	(24,118)	(450,009)	(223,100)		
Current Receipts	2,502,133	3,263,713	3,313,500	3,029,100	3,061,800
Total Federal Fund	2,478,014	2,813,704	3,090,400	3,029,100	3,061,800
TOTAL SOURCE OF FUNDS	26,923,684	29,405,403	29,009,200	24,106,000	22,987,900
EXPENDITURES BY CLASS					
Personnel Costs	5,491,672	6,624,174	7,091,800	6,935,800	7,091,800
Operating Expenses	3,988,857	4,075,159	3,942,900	3,925,200	3,925,200
Grants Loans Benefits	7,009,628	7,608,996	10,198,900	7,274,600	7,274,600
Capital Outlay	5,719	228,192	228,200	228,200	228,200
TOTAL EXPENDITURES	16,495,876	18,536,521	21,461,800	18,363,800	18,519,800
EXPENDITURES BY FUND SOURCE					
General Fund	12,071,931	12,462,245	14,920,900	11,294,100	11,927,300
Restricted Funds	1,495,921	3,037,511	3,450,500	4,040,600	3,530,700
Federal Fund	2,928,023	3,036,766	3,090,400	3,029,100	3,061,800
TOTAL EXPENDITURES	16,495,876	18,536,521	21,461,800	18,363,800	18,519,800
EXPENDITURES BY UNIT					
Libraries and Archives	9,799,194	11,600,402	11,935,900	11,762,200	11,918,200
Direct Local Aid	6,696,682	6,936,119	9,525,900	6,601,600	6,601,600
TOTAL EXPENDITURES	16,495,876	18,536,521	21,461,800	18,363,800	18,519,800

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

The Department is directed by three goals:

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

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

**Education and Labor
Libraries and Archives**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,615,300	6,777,800	6,901,300	5,739,400	6,372,600
State Salary and Compensation Allocation	146,700				
Budget Reduction-General Fund			(459,000)		
Total General Fund	6,762,000	6,777,800	6,442,300	5,739,400	6,372,600
Restricted Funds					
Balance Forward	5,421,465	6,922,202	6,710,600	5,699,400	4,118,100
Current Receipts	1,595,263	1,704,129	1,392,000	1,412,400	1,433,600
Non-Revenue Receipts	14,645	(129,860)			
Total Restricted Funds	7,031,373	8,496,471	8,102,600	7,111,800	5,551,700
Federal Fund					
Balance Forward	(24,118)	(450,009)	(223,100)		
Current Receipts	2,502,133	3,263,713	3,313,500	3,029,100	3,061,800
Total Federal Fund	2,478,014	2,813,704	3,090,400	3,029,100	3,061,800
TOTAL SOURCE OF FUNDS	16,271,387	18,087,975	17,635,300	15,880,300	14,986,100
EXPENDITURES BY CLASS					
Personnel Costs	5,491,672	6,624,174	7,091,800	6,935,800	7,091,800
Operating Expenses	3,988,852	4,075,159	3,942,900	3,925,200	3,925,200
Grants Loans Benefits	312,952	672,877	673,000	673,000	673,000
Capital Outlay	5,719	228,192	228,200	228,200	228,200
TOTAL EXPENDITURES	9,799,194	11,600,402	11,935,900	11,762,200	11,918,200
EXPENDITURES BY FUND SOURCE					
General Fund	6,762,000	6,777,800	6,442,300	5,739,400	6,372,600
Restricted Funds	109,171	1,785,836	2,403,200	2,993,700	2,483,800
Federal Fund	2,928,023	3,036,766	3,090,400	3,029,100	3,061,800
TOTAL EXPENDITURES	9,799,194	11,600,402	11,935,900	11,762,200	11,918,200
EXPENDITURES BY UNIT					
Libraries and Archives	9,799,194	11,600,402	11,935,900	11,762,200	11,918,200
TOTAL EXPENDITURES	9,799,194	11,600,402	11,935,900	11,762,200	11,918,200

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

The Division of Archives and Records Management oversees the complex process of records management. As outlined in KRS 61.870-884, employees at publicly funded agencies and organizations have a responsibility under the law to see that the information created is maintained, organized, and accessible for use. Public employees need appropriate records to do their jobs and that information needs to be passed on in an organized fashion after the person completes their job, role, or term. Records provide detailed information about a community and in some cases, there may only be one place where this information is kept, due to disposal or destruction of various circumstance. There are four different types of records: state which works with state agencies, local which works with all local government records such as clerks or (there are hundreds), electronic which are documents that are electronic or born digital, and archival which are permanent documents.

The Division of Library Services consists of two important branches for direct service to the residents of Kentucky. The Library Development Branch is the link to Kentucky's public libraries and some of the most underserved and vulnerable audiences across the Commonwealth. The Library Collections and Circulation Branch provides direct support to state agencies, walk-in patrons to the Library and Archives building, library reference activities, and coordinates the Kentucky Talking Book Library which serves those who are blind and print-disabled of all ages. As required by KRS 171.140(5), the division provides library services through the State Library directed at two primary groups: staff in public libraries and state agency employees. Reference and research services and access to information resources are provided. Customers are located throughout the state; therefore, services are provided through e-mail, access to a toll free telephone number, and the department's website, including the online catalog and the web-based Ask-a-Librarian service.

Policy

The Governor's budget includes additional funding in the amount of \$101,900 in fiscal year 2027 and \$209,100 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$60,100 and \$123,400, respectively.

**Education and Labor
Direct Local Aid**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,329,600	6,609,700	6,259,700	5,554,700	5,554,700
Continuing Approp-General Fund		1,383,776	2,218,900		
Reorganization Adjustment	2,500,000				
Total General Fund	6,829,600	7,993,476	8,478,600	5,554,700	5,554,700
Restricted Funds					
Balance Forward	2,968,369	2,435,946	2,072,300	1,848,000	1,624,100
Current Receipts	854,327	888,006	823,000	823,000	823,000
Total Restricted Funds	3,822,696	3,323,952	2,895,300	2,671,000	2,447,100
TOTAL SOURCE OF FUNDS	10,652,296	11,317,428	11,373,900	8,225,700	8,001,800
EXPENDITURES BY CLASS					
Operating Expenses	5				
Grants Loans Benefits	6,696,677	6,936,119	9,525,900	6,601,600	6,601,600
TOTAL EXPENDITURES	6,696,682	6,936,119	9,525,900	6,601,600	6,601,600
EXPENDITURES BY FUND SOURCE					
General Fund	5,309,931	5,684,445	8,478,600	5,554,700	5,554,700
Restricted Funds	1,386,750	1,251,675	1,047,300	1,046,900	1,046,900
TOTAL EXPENDITURES	6,696,682	6,936,119	9,525,900	6,601,600	6,601,600
EXPENDITURES BY UNIT					
Direct Local Aid	831,078	1,251,675	1,046,900	1,046,900	1,046,900
Public Library Facilities Construction					
Debt Assistance	4,193,708	4,019,616	3,759,700	3,054,700	3,054,700
Imagination Library of Kentucky Program	1,671,896	1,664,829	4,719,300	2,500,000	2,500,000
TOTAL EXPENDITURES	6,696,682	6,936,119	9,525,900	6,601,600	6,601,600

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

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

- Local Records grants provide funds to assist local governments with the protection and preservation of public records, and the improvement of local government records management programs.

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

Policy

No General Fund is provided for statutory state aid, suspending KRS 171.201.

The budget includes a reduction of \$705,000 in General Fund each fiscal year due to expiring Public Library Facility Construction grants under KRS 171.027.

**Education and Labor
Workforce Development**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	36,878,600	37,927,300	38,603,900	41,953,900	42,036,800
State Salary and Compensation Allocation	1,046,400				
Continuing Approp-General Fund	7,487,323	6,583,196	1,482,200		
Budget Reduction-General Fund			(1,201,000)		
Total General Fund	45,412,323	44,510,496	38,885,100	41,953,900	42,036,800
Restricted Funds					
Balance Forward	20,660,531	37,456,423	63,253,400	29,729,300	31,029,900
Current Receipts	5,744,576	8,108,399	8,255,000	7,964,100	7,971,000
Non-Revenue Receipts	18,926,726	23,056,398	(28,580,200)	6,104,000	6,133,300
Total Restricted Funds	45,331,834	68,621,220	42,928,200	43,797,400	45,134,200
Federal Fund					
Balance Forward	(8,472,198)	(2,672,876)	(8,821,500)		
Current Receipts	385,973,075	442,187,112	493,714,300	479,094,700	480,563,100
Non-Revenue Receipts	(341,542)	(496,257)			
Total Federal Fund	377,159,335	439,017,979	484,892,800	479,094,700	480,563,100
TOTAL SOURCE OF FUNDS	467,903,491	552,149,695	566,706,100	564,846,000	567,734,100
EXPENDITURES BY CLASS					
Personnel Costs	108,155,250	105,143,223	111,542,400	110,974,700	113,133,300
Operating Expenses	29,010,037	28,020,169	27,445,200	26,808,600	26,808,600
Grants Loans Benefits	288,447,984	362,170,634	397,980,400	396,024,000	395,516,000
Capital Outlay	883,951	884,985	8,800	8,800	8,800
Construction	39,526	16,554			
TOTAL EXPENDITURES	426,536,748	496,235,564	536,976,800	533,816,100	535,466,700
EXPENDITURES BY FUND SOURCE					
General Fund	38,829,126	43,028,266	38,885,100	41,953,900	42,036,800
Restricted Funds	7,875,411	5,367,808	13,198,900	12,767,500	12,866,800
Federal Fund	379,832,211	447,839,490	484,892,800	479,094,700	480,563,100
TOTAL EXPENDITURES	426,536,748	496,235,564	536,976,800	533,816,100	535,466,700
EXPENDITURES BY UNIT					
Commissioner's Office	1,528,105	1,096,771	3,755,200	5,221,200	5,251,300
Vocational Rehabilitation	107,333,789	126,497,148	119,214,300	120,362,600	121,006,800
Employer & Apprenticeship Services	2,210,163	1,539,931	3,490,100	3,584,000	3,604,500
Division of Adult Education	30,117,976	32,956,616	28,781,200	27,200,200	27,289,100
Workforce Innovation and Opportunity Act	52,606,055	52,660,612	58,919,500	55,907,500	56,004,700
Career Development Office	23,814,561	27,435,790	29,069,500	28,813,000	29,086,600
Unemployment Insurance	207,035,531	252,645,984	291,904,300	290,918,300	291,382,800
Unemployment Insurance Commission	1,890,568	1,402,711	1,842,700	1,809,300	1,840,900
TOTAL EXPENDITURES	426,536,748	496,235,564	536,976,800	533,816,100	535,466,700

The Department of Workforce Development connects Kentuckians to employment, workforce information, education, and training. The Department includes the following Offices: Career Development Office, Office of Vocational Rehabilitation, Office of Industry and Apprenticeship Services, Office of Adult Education, the Kentucky Apprenticeship Council, Division of Technical Assistance, and the Office of the Kentucky Workforce Innovation Board.

Policy

The Governor's budget includes additional funding in the amount of \$1,329,500 in fiscal year 2027 and \$2,739,800 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$359,000 and \$739,700, respectively.

**Education and Labor
Workforce Development
Commissioner's Office**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		1,000,000		1,500,000	1,500,000
Other		(1,000,000)			
Total General Fund				1,500,000	1,500,000
Restricted Funds					
Balance Forward	66,583	43,856	27,100		
Current Receipts	285,502	37,088	228,200	194,200	194,200
Non-Revenue Receipts	570,354	938,028	1,204,300	1,229,000	1,258,300
Total Restricted Funds	922,439	1,018,972	1,459,600	1,423,200	1,452,500
Federal Fund					
Balance Forward	(140,214)	(13,428)	(21,200)		
Current Receipts	776,307	97,183	2,316,800	2,298,000	2,298,800
Total Federal Fund	636,094	83,755	2,295,600	2,298,000	2,298,800
TOTAL SOURCE OF FUNDS	1,558,533	1,102,727	3,755,200	5,221,200	5,251,300
EXPENDITURES BY CLASS					
Personnel Costs	1,079,841	884,941	2,721,800	4,198,900	4,229,000
Operating Expenses	395,513	211,829	609,600	599,300	599,300
Grants Loans Benefits	52,750		423,800	423,000	423,000
TOTAL EXPENDITURES	1,528,105	1,096,771	3,755,200	5,221,200	5,251,300
EXPENDITURES BY FUND SOURCE					
General Fund				1,500,000	1,500,000
Restricted Funds	878,583	991,826	1,459,600	1,423,200	1,452,500
Federal Fund	649,522	104,945	2,295,600	2,298,000	2,298,800
TOTAL EXPENDITURES	1,528,105	1,096,771	3,755,200	5,221,200	5,251,300

The Office of the Commissioner provides leadership, policy direction, and management for the Department of Workforce Development.

Policy

The budget includes additional General Fund in the amount of \$1,500,000 in each fiscal year to replace expiring grant funds which support the Everybody Counts Program which provides qualifying students in participating Kentucky school districts with access to education and career opportunities through education, business, and community partnerships.

**Education and Labor
Workforce Development
Vocational Rehabilitation**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	17,710,300	19,397,700	19,934,300	22,243,100	22,231,300
State Salary and Compensation Allocation	1,046,400				
Other		1,110,000			
Total General Fund	18,756,700	20,507,700	19,934,300	22,243,100	22,231,300
Restricted Funds					
Balance Forward	3,195,704	832,919	1,076,800	607,300	393,800
Current Receipts	3,576,523	3,386,023	4,431,800	4,395,100	4,384,700
Non-Revenue Receipts		(121,545)	75,000	75,000	75,000
Total Restricted Funds	6,772,227	4,097,397	5,583,600	5,077,400	4,853,500
Federal Fund					
Balance Forward	(2,592,870)	(205,476)	(412,200)		
Current Receipts	85,024,328	102,763,053	94,715,900	93,435,900	94,086,600
Non-Revenue Receipts	847	(847)			
Total Federal Fund	82,432,305	102,556,730	94,303,700	93,435,900	94,086,600
TOTAL SOURCE OF FUNDS	107,961,232	127,161,827	119,821,600	120,756,400	121,171,400
EXPENDITURES BY CLASS					
Personnel Costs	48,061,918	52,684,124	54,895,200	53,788,300	54,940,500
Operating Expenses	10,232,076	10,299,565	10,638,600	10,447,900	10,447,900
Grants Loans Benefits	48,193,708	62,625,371	53,680,500	56,126,400	55,618,400
Capital Outlay	826,847	876,235			
Construction	19,240	11,854			
TOTAL EXPENDITURES	107,333,789	126,497,148	119,214,300	120,362,600	121,006,800
EXPENDITURES BY FUND SOURCE					
General Fund	18,756,700	20,507,700	19,934,300	22,243,100	22,231,300
Restricted Funds	5,939,308	3,020,561	4,976,300	4,683,600	4,688,900
Federal Fund	82,637,781	102,968,888	94,303,700	93,435,900	94,086,600
TOTAL EXPENDITURES	107,333,789	126,497,148	119,214,300	120,362,600	121,006,800
EXPENDITURES BY UNIT					
Vocational Rehabilitation	86,233,716	104,446,849	94,918,400	96,470,700	96,756,900
Carl D Perkins Vocational Training Center	12,407,335	12,775,154	14,073,600	13,831,400	14,046,300
Division of Blind Services	5,465,952	5,567,975	6,740,000	6,603,900	6,720,100
Kentucky Business Enterprise	3,226,786	3,707,170	3,482,300	3,456,600	3,483,500
TOTAL EXPENDITURES	107,333,789	126,497,148	119,214,300	120,362,600	121,006,800

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

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

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

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

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

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

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

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

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

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

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

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

Pursuant to KRS 163.470(11) and the federal Randolph-Sheppard Act, the Division of Kentucky Business Enterprise Program (BEP) establishes vending facilities on state, federal, and other property to provide remunerative employment for licensed merchants who are visually impaired. Business Enterprises staff provides management services and training to individuals who are visually impaired, identifies and develops new sites suitable for vending facilities, and repairs and replaces equipment in existing vending facilities.

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

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

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

Policy

The budget includes additional General Fund in the amount of \$2,800,000 in fiscal year 2027 and \$2,300,000 in fiscal year 2028 to meet the federally required state maintenance of effort requirement for the Vocational Rehabilitation program to ensure that Kentucky receives the full formula grant award. The federal government will deduct a dollar-for-dollar amount from the federal grant award for not meeting the maintenance of effort requirement.

**Education and Labor
Workforce Development
Industry & Apprenticeship Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	581,100	609,200	1,609,600	2,035,600	2,041,400
Budget Reduction-General Fund			(415,000)		
Other		(110,000)			
Total General Fund	581,100	499,200	1,194,600	2,035,600	2,041,400
Federal Fund					
Balance Forward	(907,679)	(518,250)	566,400		
Current Receipts	2,018,492	2,125,340	1,729,100	1,548,400	1,563,100
Total Federal Fund	1,110,813	1,607,090	2,295,500	1,548,400	1,563,100
TOTAL SOURCE OF FUNDS	1,691,913	2,106,290	3,490,100	3,584,000	3,604,500
EXPENDITURES BY CLASS					
Personnel Costs	1,284,312	1,193,035	1,474,800	1,500,200	1,523,400
Operating Expenses	468,771	346,896	573,000	622,100	622,100
Grants Loans Benefits	457,080		1,442,300	1,461,700	1,459,000
TOTAL EXPENDITURES	2,210,163	1,539,931	3,490,100	3,584,000	3,604,500
EXPENDITURES BY FUND SOURCE					
General Fund	581,100	499,200	1,194,600	2,035,600	2,041,400
Federal Fund	1,629,063	1,040,731	2,295,500	1,548,400	1,563,100
TOTAL EXPENDITURES	2,210,163	1,539,931	3,490,100	3,584,000	3,604,500

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

Policy

The budget includes additional General Fund in the amount of \$1,439,700 in each fiscal year to replace the expiring Dislocated Worker QUEST federal grant which supported the Ready for Industry program designed to prepare individuals seeking work in high-demand industries. The replacement funding will enable the continuation of the programs which assists jobseekers and businesses with workforce needs and development.

**Education and Labor
Workforce Development
Adult Education**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	18,587,200	16,920,400	17,060,000	16,175,200	16,264,100
Continuing Approp-General Fund	7,487,323	6,583,196	1,482,200		
Budget Reduction-General Fund			(786,000)		
Total General Fund	26,074,523	23,503,596	17,756,200	16,175,200	16,264,100
Restricted Funds					
Balance Forward	721,289	854,296	861,800	982,700	1,103,600
Current Receipts	145,240	13,440	145,900	145,900	145,900
Total Restricted Funds	866,529	867,736	1,007,700	1,128,600	1,249,500
Federal Fund					
Balance Forward	(964,500)	(213,635)	(1,247,000)		
Current Receipts	11,365,282	9,895,941	12,247,000	11,000,000	11,000,000
Total Federal Fund	10,400,782	9,682,306	11,000,000	11,000,000	11,000,000
TOTAL SOURCE OF FUNDS	37,341,833	34,053,638	29,763,900	28,303,800	28,513,600
EXPENDITURES BY CLASS					
Personnel Costs	5,763,222	6,086,215	5,711,000	5,638,200	5,727,100
Operating Expenses	1,726,251	1,595,195	1,595,400	1,587,500	1,587,500
Grants Loans Benefits	22,628,503	25,275,206	21,474,800	19,974,500	19,974,500
TOTAL EXPENDITURES	30,117,976	32,956,616	28,781,200	27,200,200	27,289,100
EXPENDITURES BY FUND SOURCE					
General Fund	19,491,326	22,021,366	17,756,200	16,175,200	16,264,100
Restricted Funds	12,233	5,908	25,000	25,000	25,000
Federal Fund	10,614,416	10,929,343	11,000,000	11,000,000	11,000,000
TOTAL EXPENDITURES	30,117,976	32,956,616	28,781,200	27,200,200	27,289,100

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

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

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

Currently, about 282,000 working-age Kentuckians do not have a high school or GED diploma. The mission of Kentucky Adult Education is to work with Kentuckians to improve their quality of life through education, training and employment so they can take care of themselves and their families and help their communities' and the state's economies expand and thrive.

**Education and Labor
Workforce Development
Unemployment Insurance**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	14,845,777	33,716,778	58,692,500	25,172,100	26,041,000
Current Receipts	1,280,190	2,823,655	1,439,100	1,168,900	1,168,900
Non-Revenue Receipts	18,356,372	22,239,915	(29,859,500)	4,800,000	4,800,000
Total Restricted Funds	34,482,339	58,780,348	30,272,100	31,141,000	32,009,900
Federal Fund					
Balance Forward	880,843	1,371,444	90,900		
Current Receipts	207,102,959	251,772,998	286,713,400	285,818,300	286,282,800
Non-Revenue Receipts	(342,389)	(495,410)			
Total Federal Fund	207,641,413	252,649,032	286,804,300	285,818,300	286,282,800
TOTAL SOURCE OF FUNDS	242,123,753	311,429,380	317,076,400	316,959,300	318,292,700
EXPENDITURES BY CLASS					
Personnel Costs	31,331,352	24,822,842	25,856,100	25,386,100	25,850,600
Operating Expenses	11,736,885	8,989,811	9,101,800	8,585,800	8,585,800
Grants Loans Benefits	163,918,425	218,824,581	256,937,600	256,937,600	256,937,600
Capital Outlay	48,869	8,750	8,800	8,800	8,800
TOTAL EXPENDITURES	207,035,531	252,645,984	291,904,300	290,918,300	291,382,800
EXPENDITURES BY FUND SOURCE					
Restricted Funds	765,562	87,896	5,100,000	5,100,000	5,100,000
Federal Fund	206,269,969	252,558,088	286,804,300	285,818,300	286,282,800
TOTAL EXPENDITURES	207,035,531	252,645,984	291,904,300	290,918,300	291,382,800
EXPENDITURES BY UNIT					
Unemployment Insurance					
Administration	40,890,915	34,237,435	43,005,300	42,019,300	42,483,800
Unemployment Insurance Benefits	166,144,616	218,408,549	248,899,000	248,899,000	248,899,000
TOTAL EXPENDITURES	207,035,531	252,645,984	291,904,300	290,918,300	291,382,800

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

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

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

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

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

Policy

Federal funding for the Unemployment Insurance program is determined by the Resource Justification Model and approved by the Federal Government.

**Education and Labor
Workforce Development
Unemployment Insurance Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	(15,598)		(67,800)		
Current Receipts	1,906,166	1,334,865	1,910,500	1,809,300	1,840,900
Total Federal Fund	1,890,568	1,334,865	1,842,700	1,809,300	1,840,900
TOTAL SOURCE OF FUNDS	1,890,568	1,334,865	1,842,700	1,809,300	1,840,900
EXPENDITURES BY CLASS					
Personnel Costs	1,814,122	1,363,654	1,803,400	1,770,000	1,801,600
Operating Expenses	76,447	39,057	39,300	39,300	39,300
TOTAL EXPENDITURES	1,890,568	1,402,711	1,842,700	1,809,300	1,840,900
EXPENDITURES BY FUND SOURCE					
Federal Fund	1,890,568	1,402,711	1,842,700	1,809,300	1,840,900
TOTAL EXPENDITURES	1,890,568	1,402,711	1,842,700	1,809,300	1,840,900

The Unemployment Insurance Commission is created by KRS 341.110. The Commission is composed of the Secretary of the Education and Labor Cabinet and two (2) members appointed by the Governor. The Secretary represents both the state and the public, one member shall be appointed as a representative of labor, and one as a representative of employers. The Commission is required to review and decide appeals from decisions of Unemployment Insurance Referees, issued after due process hearings are held to determine entitlement to unemployment insurance benefits. The Commission holds hearings concerning issues related to employer tax contributions and worker statute. The Commission has a staff of 13 employees and renders approximately 3,000 to 5,000 decisions each year.

**Education and Labor
Workforce Development
Career Development Office**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	1,831,179	2,008,574	2,595,200	2,967,200	3,491,500
Current Receipts	457,121	1,848,194	2,010,000	2,060,000	2,077,300
Total Restricted Funds	2,288,299	3,856,768	4,605,200	5,027,200	5,568,800
Federal Fund					
Balance Forward	(1,327,741)	(2,391,207)	(3,739,800)		
Current Receipts	22,471,370	24,825,573	31,171,300	27,277,300	27,486,200
Total Federal Fund	21,143,629	22,434,365	27,431,500	27,277,300	27,486,200
TOTAL SOURCE OF FUNDS	23,431,928	26,291,133	32,036,700	32,304,500	33,055,000
EXPENDITURES BY CLASS					
Personnel Costs	15,327,865	13,931,262	13,301,100	13,014,200	13,287,800
Operating Expenses	3,361,303	5,194,195	3,753,400	3,792,600	3,792,600
Grants Loans Benefits	5,096,872	8,305,633	12,015,000	12,006,200	12,006,200
Capital Outlay	8,235				
Construction	20,286	4,700			
TOTAL EXPENDITURES	23,814,561	27,435,790	29,069,500	28,813,000	29,086,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	279,725	1,261,617	1,638,000	1,535,700	1,600,400
Federal Fund	23,534,836	26,174,172	27,431,500	27,277,300	27,486,200
TOTAL EXPENDITURES	23,814,561	27,435,790	29,069,500	28,813,000	29,086,600

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

**Education and Labor
Workforce Development
Workforce Innovation and Opportunity Act**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	(3,404,440)	(702,324)	(3,990,800)		
Current Receipts	55,308,171	49,372,160	62,910,300	55,907,500	56,004,700
Total Federal Fund	51,903,731	48,669,836	58,919,500	55,907,500	56,004,700
TOTAL SOURCE OF FUNDS	51,903,731	48,669,836	58,919,500	55,907,500	56,004,700
EXPENDITURES BY CLASS					
Personnel Costs	3,492,618	4,177,148	5,779,000	5,678,800	5,773,300
Operating Expenses	1,012,791	1,343,620	1,134,100	1,134,100	1,134,100
Grants Loans Benefits	48,100,646	47,139,844	52,006,400	49,094,600	49,097,300
TOTAL EXPENDITURES	52,606,055	52,660,612	58,919,500	55,907,500	56,004,700
EXPENDITURES BY FUND SOURCE					
Federal Fund	52,606,055	52,660,612	58,919,500	55,907,500	56,004,700
TOTAL EXPENDITURES	52,606,055	52,660,612	58,919,500	55,907,500	56,004,700

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

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

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

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

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

**Education and Labor
Workplace Standards**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,911,900	1,831,100	1,873,900	1,677,500	1,713,600
State Salary and Compensation Allocation	57,500				
Total General Fund	1,969,400	1,831,100	1,873,900	1,677,500	1,713,600
Restricted Funds					
Balance Forward		38,205	82,900		
Current Receipts	27	60			
Non-Revenue Receipts	8,065,994	8,060,000	8,918,700	8,740,800	8,890,500
Total Restricted Funds	8,066,021	8,098,265	9,001,600	8,740,800	8,890,500
Federal Fund					
Balance Forward	(33,365)	(17,672)	(73,700)		
Current Receipts	2,928,891	4,004,909	4,306,600	4,181,500	4,273,000
Total Federal Fund	2,895,527	3,987,237	4,232,900	4,181,500	4,273,000
TOTAL SOURCE OF FUNDS	12,930,947	13,916,602	15,108,400	14,599,800	14,877,100
EXPENDITURES BY CLASS					
Personnel Costs	11,012,942	11,921,170	13,287,600	12,779,000	13,056,600
Operating Expenses	1,623,960	1,760,230	1,604,700	1,604,700	1,604,400
Grants Loans Benefits	239,575	226,005	216,100	216,100	216,100
Capital Outlay	33,937				
TOTAL EXPENDITURES	12,910,414	13,907,404	15,108,400	14,599,800	14,877,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,969,400	1,831,100	1,873,900	1,677,500	1,713,600
Restricted Funds	8,027,816	8,015,328	9,001,600	8,740,800	8,890,500
Federal Fund	2,913,199	4,060,976	4,232,900	4,181,500	4,273,000
TOTAL EXPENDITURES	12,910,414	13,907,404	15,108,400	14,599,800	14,877,100
EXPENDITURES BY UNIT					
Wages & Hours	1,969,400	1,831,100	1,873,900	1,677,500	1,713,600
Occupational Safety and Health	10,288,563	11,507,013	12,446,000	12,163,600	12,394,300
Commissioner's Office	652,452	569,291	788,500	758,700	769,200
TOTAL EXPENDITURES	12,910,414	13,907,404	15,108,400	14,599,800	14,877,100

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

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

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

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

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

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

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

Policy

The Governor's budget includes additional funding in the amount of \$196,700 in fiscal year 2027 and \$403,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$25,600 and \$52,500, respectively.

**Education and Labor
Workers' Claims**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	111,952	20,186	11,000		
Current Receipts	344,851	430,866	315,000	315,000	315,000
Non-Revenue Receipts	49,581,172	47,945,491	62,904,300	62,269,400	62,652,500
Total Restricted Funds	50,037,975	48,396,544	63,230,300	62,584,400	62,967,500
TOTAL SOURCE OF FUNDS	50,037,975	48,396,544	63,230,300	62,584,400	62,967,500
EXPENDITURES BY CLASS					
Personnel Costs	18,085,451	18,715,760	19,376,800	18,725,200	19,108,300
Operating Expenses	2,044,182	2,064,093	3,155,500	3,180,500	3,180,500
Grants Loans Benefits	29,822,207	27,605,774	40,698,000	40,678,700	40,678,700
Capital Outlay	65,950				
TOTAL EXPENDITURES	50,017,789	48,385,627	63,230,300	62,584,400	62,967,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	50,017,789	48,385,627	63,230,300	62,584,400	62,967,500
TOTAL EXPENDITURES	50,017,789	48,385,627	63,230,300	62,584,400	62,967,500
EXPENDITURES BY UNIT					
Workers' Claims	50,017,789	48,385,627	63,230,300	62,584,400	62,967,500
TOTAL EXPENDITURES	50,017,789	48,385,627	63,230,300	62,584,400	62,967,500

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

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

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

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

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

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

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

Policy

The Governor's budget includes additional funding in the amount of \$281,100 in fiscal year 2027 and \$577,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Education and Labor
Occupational Safety and Health Review Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	46,243		200		
Non-Revenue Receipts	577,510	675,890	822,000	807,800	819,300
Total Restricted Funds	623,752	675,890	822,200	807,800	819,300
TOTAL SOURCE OF FUNDS	623,752	675,890	822,200	807,800	819,300
EXPENDITURES BY CLASS					
Personnel Costs	586,898	634,474	783,000	766,900	778,400
Operating Expenses	36,854	41,172	39,200	40,900	40,900
TOTAL EXPENDITURES	623,752	675,646	822,200	807,800	819,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	623,752	675,646	822,200	807,800	819,300
TOTAL EXPENDITURES	623,752	675,646	822,200	807,800	819,300
EXPENDITURES BY UNIT					
Occupational Safety and Health Review Commission	623,752	675,646	822,200	807,800	819,300
TOTAL EXPENDITURES	623,752	675,646	822,200	807,800	819,300

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

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

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

Policy

The Governor's budget includes additional funding in the amount of \$8,700 in fiscal year 2027 and \$17,800 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Education and Labor
Workers' Compensation Funding Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	430,368	4,123,518	2,249,300		
Current Receipts	71,970,704	66,241,786	54,004,300	53,092,500	53,757,800
Non-Revenue Receipts	5,643,100	1,665,000	33,070,000	35,279,900	35,316,600
Total Restricted Funds	78,044,171	72,030,304	89,323,600	88,372,400	89,074,400
TOTAL SOURCE OF FUNDS	78,044,171	72,030,304	89,323,600	88,372,400	89,074,400
EXPENDITURES BY CLASS					
Personnel Costs	73,759,915	69,609,567	88,995,200	88,040,900	88,742,900
Operating Expenses	160,739	165,086	328,400	331,500	331,500
Capital Outlay		6,332			
TOTAL EXPENDITURES	73,920,653	69,780,986	89,323,600	88,372,400	89,074,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	73,920,653	69,780,986	89,323,600	88,372,400	89,074,400
TOTAL EXPENDITURES	73,920,653	69,780,986	89,323,600	88,372,400	89,074,400
EXPENDITURES BY UNIT					
Workers' Compensation Funding Commission	2,115,553	2,059,486	2,951,100	2,911,700	2,948,400
Benefit Reserve	71,805,100	67,721,500	86,372,500	85,460,700	86,126,000
TOTAL EXPENDITURES	73,920,653	69,780,986	89,323,600	88,372,400	89,074,400

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

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

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

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

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

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

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

Policy

The Governor's budget includes additional funding in the amount of \$26,900 in fiscal year 2027 and \$55,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Education and Labor
Workers' Compensation Nominating Committee**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Non-Revenue Receipts			1,100	1,100	1,100
Total Restricted Funds			1,100	1,100	1,100
TOTAL SOURCE OF FUNDS			1,100	1,100	1,100
EXPENDITURES BY CLASS					
Personnel Costs			400	400	400
Operating Expenses			700	700	700
TOTAL EXPENDITURES			1,100	1,100	1,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds			1,100	1,100	1,100
TOTAL EXPENDITURES			1,100	1,100	1,100
EXPENDITURES BY UNIT					
Workers' Compensation			1,100	1,100	1,100
TOTAL EXPENDITURES			1,100	1,100	1,100

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

**Education and Labor
Disability Determinations**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts		524,113	934,900	848,600	858,100
Non-Revenue Receipts	168,321	110,949	(102,900)		
Total Restricted Funds	168,321	635,062	832,000	848,600	858,100
Federal Fund					
Balance Forward	(4,923)	(708,534)	(1,647,400)		
Current Receipts	62,808,036	62,765,499	68,918,700	66,308,700	67,256,300
Non-Revenue Receipts		284			
Total Federal Fund	62,803,113	62,057,249	67,271,300	66,308,700	67,256,300
TOTAL SOURCE OF FUNDS	62,971,434	62,692,311	68,103,300	67,157,300	68,114,400
EXPENDITURES BY CLASS					
Personnel Costs	48,619,685	50,407,223	53,181,800	52,027,600	52,984,700
Operating Expenses	3,764,535	4,000,659	3,974,900	4,183,100	4,183,100
Grants Loans Benefits	11,220,942	9,882,548	10,880,000	10,880,000	10,880,000
Capital Outlay	69,056	49,282	66,600	66,600	66,600
Construction	5,750				
TOTAL EXPENDITURES	63,679,968	64,339,711	68,103,300	67,157,300	68,114,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	168,321	635,062	832,000	848,600	858,100
Federal Fund	63,511,646	63,704,649	67,271,300	66,308,700	67,256,300
TOTAL EXPENDITURES	63,679,968	64,339,711	68,103,300	67,157,300	68,114,400
EXPENDITURES BY UNIT					
Disability Determinations	63,679,968	64,339,711	68,103,300	67,157,300	68,114,400
TOTAL EXPENDITURES	63,679,968	64,339,711	68,103,300	67,157,300	68,114,400

The Department for Disability Determination Services (DDS) makes disability determinations on behalf of the Commissioner of the U.S. Social Security Administration (SSA) for residents of Kentucky. Applicant eligibility for Supplemental Security Income and Social Security Disability Income is based on federal guidelines and regulations. DDS also re-evaluates the claims of disability recipients who have been selected by the SSA for a periodic review of their medical condition and can require face-to-face evidentiary hearings for those individuals who appeal an unfavorable review of their continuing eligibility.

The Disability Determination Services workload depends upon a number of factors including: Congressional mandates; legal actions, or other initiatives; the number of individuals who apply for disability benefits through the Social Security Administration (SSA); and the number of claims that SSA selects for continuing review.

During fiscal year 2025, DDS processed 80,115 disability claims. They expect to process 81,700 disability claims during fiscal year 2026. The DDS is funded solely by the Social Security Administration.

Policy

The Governor's budget includes additional funding in the amount of \$653,400 in fiscal year 2027 and \$1,341,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

Energy and Environment

Energy and Environment

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	96,938,200	103,031,200	103,898,900	94,825,400	97,870,500
State Salary and Compensation Allocation	2,704,000	70,700	171,600		
Current Year Appropriation	835,500				
Continuing Approp-General Fund	2,353,680	1,687,960	1,172,900		
Budget Reduction-General Fund			(3,047,200)		
Mandated Allotments	4,597,890	3,640,639			
Total General Fund	107,429,270	108,430,499	102,196,200	94,825,400	97,870,500
Tobacco Fund					
Tobacco Settlement - Phase I	3,400,000	3,000,000	3,000,000	3,000,000	3,000,000
Continuing Approp-Tob Settlement	7,523,410	7,268,576	6,701,000		
Total Tobacco Fund	10,923,410	10,268,576	9,701,000	3,000,000	3,000,000
Restricted Funds					
Balance Forward	60,036,890	80,112,937	100,338,600	98,938,400	101,764,200
Current Receipts	37,184,328	37,157,441	37,731,300	37,930,500	38,179,200
Non-Revenue Receipts	72,538,916	73,278,639	91,527,900	94,310,000	94,703,000
Total Restricted Funds	169,760,134	190,549,018	229,597,800	231,178,900	234,646,400
Federal Fund					
Balance Forward	(7,336,177)	35,301,775	16,030,900	54,288,700	79,617,400
Current Receipts	146,293,133	134,518,650	305,265,000	312,389,000	314,752,200
Non-Revenue Receipts	18,901,501	(30,291,363)	(6,535,800)	(3,361,700)	(3,360,700)
Total Federal Fund	157,858,457	139,529,062	314,760,100	363,316,000	391,008,900
TOTAL SOURCE OF FUNDS	445,971,271	448,777,154	656,255,100	692,320,300	726,525,800
EXPENDITURES BY CLASS					
Personnel Costs	210,486,125	188,247,714	210,429,900	199,924,700	204,406,400
Operating Expenses	37,929,893	37,899,738	44,584,800	45,478,100	45,757,400
Grants Loans Benefits	30,410,707	40,816,279	81,676,600	100,119,400	100,105,600
Debt Service	985,000	1,435,500			
Capital Outlay	8,344,851	16,214,847	12,296,400	10,804,000	10,541,500
Construction	33,443,446	39,919,656	154,040,300	154,612,500	154,763,000
TOTAL EXPENDITURES	321,600,022	324,533,733	503,028,000	510,938,700	515,573,900
EXPENDITURES BY FUND SOURCE					
General Fund	105,741,310	107,257,624	102,196,200	94,825,400	97,870,500
Tobacco Fund	3,654,834	3,567,609	9,701,000	3,000,000	3,000,000
Restricted Funds	89,647,197	90,210,314	130,659,400	129,414,700	129,780,800
Federal Fund	122,556,682	123,498,187	260,471,400	283,698,600	284,922,600
TOTAL EXPENDITURES	321,600,022	324,533,733	503,028,000	510,938,700	515,573,900
EXPENDITURES BY UNIT					
Secretary	8,071,384	9,081,160	11,320,200	10,461,100	10,612,500

Environmental Protection	136,156,705	144,041,712	158,641,700	155,301,800	157,226,500
Natural Resources	142,714,016	133,440,622	253,906,000	242,025,800	243,866,200
Public Service Commission	15,890,278	17,116,061	19,537,700	17,854,300	18,131,400
Office of Administrative Services	12,164,541	13,084,549	16,003,500	15,999,200	16,356,400
Office of KY Nature Preserves	3,212,915	3,313,755	4,723,500	4,564,300	4,626,300
Office of Energy Policy	3,390,183	4,455,873	38,895,400	64,732,200	64,754,600
TOTAL EXPENDITURES	321,600,022	324,533,733	503,028,000	510,938,700	515,573,900

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.

**Energy and Environment
Secretary**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,202,700	4,334,800	4,448,700	4,232,600	4,323,700
State Salary and Compensation Allocation	140,200				
Total General Fund	<u>4,342,900</u>	<u>4,334,800</u>	<u>4,448,700</u>	<u>4,232,600</u>	<u>4,323,700</u>
Restricted Funds					
Balance Forward	2,303,380	2,483,691	1,701,100	1,101,000	640,200
Current Receipts	180,560	163,625	2,417,500	2,661,900	2,711,100
Non-Revenue Receipts	1,816,645	2,077,912	2,048,300	1,828,900	1,828,900
Total Restricted Funds	<u>4,300,584</u>	<u>4,725,227</u>	<u>6,166,900</u>	<u>5,591,800</u>	<u>5,180,200</u>
Federal Fund					
Balance Forward	(31,917)	(130,639)	(101,100)		
Current Receipts	1,834,350	1,768,274	1,868,900	1,293,200	1,323,200
Non-Revenue Receipts	(21,481)	(16,583)	37,800	(16,300)	(16,300)
Total Federal Fund	<u>1,780,952</u>	<u>1,621,051</u>	<u>1,805,600</u>	<u>1,276,900</u>	<u>1,306,900</u>
TOTAL SOURCE OF FUNDS	<u>10,424,436</u>	<u>10,681,079</u>	<u>12,421,200</u>	<u>11,101,300</u>	<u>10,810,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	7,308,397	6,837,718	7,388,800	6,876,700	7,028,400
Operating Expenses	762,987	751,098	938,500	975,400	977,300
Grants Loans Benefits		1,492,344	2,992,900	2,609,000	2,606,800
TOTAL EXPENDITURES	<u>8,071,384</u>	<u>9,081,160</u>	<u>11,320,200</u>	<u>10,461,100</u>	<u>10,612,500</u>
EXPENDITURES BY FUND SOURCE					
General Fund	4,342,900	4,334,800	4,448,700	4,232,600	4,323,700
Restricted Funds	1,816,893	3,024,124	5,065,900	4,951,600	4,981,900
Federal Fund	1,911,591	1,722,236	1,805,600	1,276,900	1,306,900
TOTAL EXPENDITURES	<u>8,071,384</u>	<u>9,081,160</u>	<u>11,320,200</u>	<u>10,461,100</u>	<u>10,612,500</u>
EXPENDITURES BY UNIT					
Administrative Hearings	1,577,759	1,434,589	1,466,800	1,287,900	1,315,200
Ofc of Sec - Leg & Interg Aff - Gen Coun	6,493,625	7,646,571	9,853,400	9,173,200	9,297,300
TOTAL EXPENDITURES	<u>8,071,384</u>	<u>9,081,160</u>	<u>11,320,200</u>	<u>10,461,100</u>	<u>10,612,500</u>

The Office of the Secretary formulates and executes Cabinet policies based on administration priorities, state and federal statutes, regulations and legislative initiatives. The Office of the Secretary responds to concerns of the general public and initiates public information and education efforts.

The Office of Legislative and Intergovernmental Affairs is responsible for communicating programmatic and policy information to stakeholders including the legislature and local governments.

The Office of Legal Services provides litigation and other legal services for the Cabinet.

The Office of Communications oversees all internal and external communications about the agency.

The Office of Administrative Hearings conducts administrative appeal hearings and issues recommended orders for review by the Secretary.

Policy

The Governor's budget includes additional funding in the amount of \$122,500 in fiscal year 2027 and \$251,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$73,500 and \$151,000, respectively.

**Energy and Environment
Administrative Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,698,300	5,905,600	6,052,800	5,970,800	6,115,500
State Salary and Compensation Allocation	202,000	35,300	102,300		
Reorganization Adjustments			(184,700)		
Budget Reduction-General Fund			380,400		
Total General Fund	5,900,300	5,940,900	6,350,800	5,970,800	6,115,500
Restricted Funds					
Balance Forward	1,996,753	2,491,208	1,845,800	404,100	78,000
Current Receipts	886	2,600	1,100	1,100	1,100
Non-Revenue Receipts	4,353,200	4,016,424	4,888,300	6,024,500	6,584,500
Total Restricted Funds	6,350,839	6,510,231	6,735,200	6,429,700	6,663,600
Federal Fund					
Balance Forward	(41,023)	(106,254)	(26,400)		
Current Receipts	2,394,465	2,616,714	3,414,800	3,787,500	3,844,100
Non-Revenue Receipts	(55,087)	(57,626)	(66,800)	(110,800)	(110,800)
Total Federal Fund	2,298,356	2,452,834	3,321,600	3,676,700	3,733,300
TOTAL SOURCE OF FUNDS	14,549,495	14,903,965	16,407,600	16,077,200	16,512,400
EXPENDITURES BY CLASS					
Personnel Costs	10,264,533	10,271,114	13,410,000	13,441,700	13,780,800
Operating Expenses	1,832,065	2,518,866	2,403,500	2,382,500	2,400,600
Capital Outlay	67,943	294,569	190,000	175,000	175,000
TOTAL EXPENDITURES	12,164,541	13,084,549	16,003,500	15,999,200	16,356,400
EXPENDITURES BY FUND SOURCE					
General Fund	5,900,300	5,940,900	6,350,800	5,970,800	6,115,500
Restricted Funds	3,859,631	4,664,426	6,331,100	6,351,700	6,507,600
Federal Fund	2,404,610	2,479,223	3,321,600	3,676,700	3,733,300
TOTAL EXPENDITURES	12,164,541	13,084,549	16,003,500	15,999,200	16,356,400
EXPENDITURES BY UNIT					
Office of Administrative Services	12,164,541	13,084,549	16,003,500	15,999,200	16,356,400
TOTAL EXPENDITURES	12,164,541	13,084,549	16,003,500	15,999,200	16,356,400

The Office of Administrative Services was established effective November 1, 2017 per Executive Order 2017-0748 and authorized by House Bill 264 during the 2018 regular session.

The establishment of the Office resulted in consolidated internal support functions for the Cabinet, which includes administrative, financial management, human resource and geographic information service roles.

Policy

The Governor's budget includes additional funding in the amount of \$211,000 in fiscal year 2027 and \$433,100 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$107,600 and \$220,900, respectively.

**Energy and Environment
Environmental Protection**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,851,300	31,856,400	30,589,100	28,668,700	29,724,600
State Salary and Compensation Allocation	893,900	9,400	22,700		
Budget Reduction-General Fund			(365,000)		
Reorganization Adjustment			(86,100)		
Total General Fund	29,745,200	31,865,800	30,160,700	28,668,700	29,724,600
Restricted Funds					
Balance Forward	40,497,094	58,590,595	80,418,500	86,165,900	93,752,900
Current Receipts	30,020,466	28,590,233	28,636,400	28,732,200	28,732,200
Non-Revenue Receipts	64,716,729	65,442,091	65,522,800	66,277,900	65,576,700
Total Restricted Funds	135,234,289	152,622,919	174,577,700	181,176,000	188,061,800
Federal Fund					
Balance Forward	(3,335,333)	(9,477,815)	(7,395,800)		
Current Receipts	26,145,957	44,657,080	50,292,900	41,556,200	42,112,800
Non-Revenue Receipts	(2,520,628)	(2,603,702)	(2,827,900)	(2,346,200)	(2,346,200)
Total Federal Fund	20,289,996	32,575,563	40,069,200	39,210,000	39,766,600
TOTAL SOURCE OF FUNDS	185,269,485	217,064,281	244,807,600	249,054,700	257,553,000
EXPENDITURES BY CLASS					
Personnel Costs	88,689,026	88,387,154	94,280,500	90,931,300	92,862,100
Operating Expenses	21,223,902	20,446,941	27,168,800	28,103,100	28,303,300
Grants Loans Benefits	20,752,118	24,395,282	29,430,100	29,150,700	29,142,000
Debt Service	985,000	1,324,000			
Capital Outlay	3,724,422	8,651,403	7,737,300	7,091,700	6,894,100
Construction	782,237	836,932	25,000	25,000	25,000
TOTAL EXPENDITURES	136,156,705	144,041,712	158,641,700	155,301,800	157,226,500
EXPENDITURES BY FUND SOURCE					
General Fund	29,745,200	31,865,800	30,160,700	28,668,700	29,724,600
Restricted Funds	76,643,694	72,204,462	88,411,800	87,423,100	87,735,300
Federal Fund	29,767,811	39,971,451	40,069,200	39,210,000	39,766,600
TOTAL EXPENDITURES	136,156,705	144,041,712	158,641,700	155,301,800	157,226,500
EXPENDITURES BY UNIT					
Commissioner	1,584,975	1,808,695	1,709,200	1,723,900	1,761,100
Water	36,124,973	46,509,676	45,884,400	45,283,200	45,986,100
Waste Management	44,321,102	40,456,907	49,158,300	46,375,700	46,861,500
Air Quality	21,823,691	20,894,445	22,327,000	21,725,600	22,085,900
Environmental Program Support	4,123,644	4,869,794	4,802,300	4,777,700	4,852,200
Enforcement	5,647,318	5,572,625	5,182,500	5,215,000	5,327,800
Petroleum Storage Tank					
Environmental Assurance Fund	22,531,002	23,929,572	29,578,000	30,200,700	30,351,900
TOTAL EXPENDITURES	136,156,705	144,041,712	158,641,700	155,301,800	157,226,500

The Department for Environmental Protection is responsible for the protection of the environment through the prevention, abatement, and control of water, land, and air pollution. The Department is also responsible for the Maxey Flats low-level nuclear waste disposal site.

Policy

The Governor's budget includes additional funding in the amount of \$1,355,100 in fiscal year 2027 and \$2,782,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$460,700 and \$946,200, respectively.

**Energy and Environment
Environmental Protection
Commissioner**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	947,400	2,353,600	1,759,100	1,023,600	840,900
State Salary and Compensation Allocation	170,200				
Other		(876,200)	(306,600)		
Total General Fund	1,117,600	1,477,400	1,452,500	1,023,600	840,900
Restricted Funds					
Balance Forward	41,404	637,513	740,100	919,100	623,300
Current Receipts	2,687,829	336			
Non-Revenue Receipts	(1,867,489)	246,620	243,300	217,000	218,300
Total Restricted Funds	861,744	884,469	983,400	1,136,100	841,600
Federal Fund					
Balance Forward	3	(156,225)	(85,800)		
Current Receipts	106,386	272,516	290,000	199,300	204,400
Non-Revenue Receipts	(19,470)	(15,120)	(11,800)	(11,800)	(11,800)
Total Federal Fund	86,918	101,170	192,400	187,500	192,600
TOTAL SOURCE OF FUNDS	2,066,262	2,463,039	2,628,300	2,347,200	1,875,100
EXPENDITURES BY CLASS					
Personnel Costs	1,473,184	1,521,977	1,526,100	1,540,500	1,577,100
Operating Expenses	111,791	238,619	183,100	183,400	184,000
Capital Outlay		48,099			
TOTAL EXPENDITURES	1,584,975	1,808,695	1,709,200	1,723,900	1,761,100
EXPENDITURES BY FUND SOURCE					
General Fund	1,117,600	1,477,400	1,452,500	1,023,600	840,900
Restricted Funds	224,232	144,358	64,300	512,800	727,600
Federal Fund	243,143	186,936	192,400	187,500	192,600
TOTAL EXPENDITURES	1,584,975	1,808,695	1,709,200	1,723,900	1,761,100

The Office of the Commissioner, pursuant to KRS 224.10-020(1), provides management, leadership, and direction to the department to ensure protection of the quality of the Commonwealth's air, land, and water resources.

**Energy and Environment
Environmental Protection
Water**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,452,900	15,674,000	14,970,600	14,445,700	14,929,900
State Salary and Compensation Allocation	250,000	9,400			
Budget Reduction-General Fund			(275,300)		
Reorganization Adjustment			(86,100)		
Other	(545,000)				
Total General Fund	15,157,900	15,683,400	14,609,200	14,445,700	14,929,900
Restricted Funds					
Balance Forward	3,128,335	2,673,507	3,869,600	3,049,400	2,076,100
Current Receipts	1,407,578	1,753,655	1,445,400	1,360,400	1,360,400
Non-Revenue Receipts	722,008	1,297,297	1,120,900	1,067,200	997,900
Total Restricted Funds	5,257,921	5,724,459	6,435,900	5,477,000	4,434,400
Federal Fund					
Balance Forward	1,616,725	(2,565,095)	1,371,800		
Current Receipts	15,841,429	34,674,859	32,395,300	28,966,800	29,303,300
Non-Revenue Receipts	(1,640,590)	(1,766,502)	(5,878,400)	(1,530,200)	(1,530,200)
Total Federal Fund	15,817,564	30,343,261	27,888,700	27,436,600	27,773,100
TOTAL SOURCE OF FUNDS	36,233,385	51,751,120	48,933,800	47,359,300	47,137,400
EXPENDITURES BY CLASS					
Personnel Costs	30,055,243	32,319,430	32,732,200	31,282,800	31,987,700
Operating Expenses	3,153,853	3,679,961	3,545,600	3,776,400	3,805,400
Grants Loans Benefits	2,121,715	8,573,753	8,893,700	9,760,400	9,760,400
Debt Service	578,000	895,500			
Capital Outlay	216,162	1,041,031	712,900	463,600	432,600
TOTAL EXPENDITURES	36,124,973	46,509,676	45,884,400	45,283,200	45,986,100
EXPENDITURES BY FUND SOURCE					
General Fund	15,157,900	15,683,400	14,609,200	14,445,700	14,929,900
Restricted Funds	2,584,414	1,854,850	3,386,500	3,400,900	3,283,100
Federal Fund	18,382,659	28,971,426	27,888,700	27,436,600	27,773,100
TOTAL EXPENDITURES	36,124,973	46,509,676	45,884,400	45,283,200	45,986,100

The Division of Water, pursuant to KRS Chapters 146, 149, 151, 220, 223, 224, 224A, 261, 350.029, 350.275 and federal law including PL 92-500 as amended (the Clean Water Act) and 92-523 as amended (the Safe Drinking Water Act), is responsible for administering programs for: ensuring a safe drinking water supply, water quality planning and monitoring, stormwater management, dam safety, groundwater protection, wastewater treatment and sewer line construction, water conservation, and regulation development.

The Division administers programs relating to groundwater protection plans, Total Maximum Daily Load Plans, the Non- Point Source 319(h) Grant program, watershed management, dam safety inspections, floodplain management, 401 Water Quality Certifications, water quality standards, water quality monitoring and assessment, Clean Water and Drinking Water State Revolving Loan programs, Kentucky Pollution Discharge Elimination System permitting, confined animal feeding operations compliance, and logging operations.

The Division issues permits to control the number of pollutants that can be discharged to the waters of the Commonwealth, reviews plans for building or altering wastewater treatment plants and sewer collection systems, and reviews the design and operation of plans for public drinking water systems.

**Energy and Environment
Environmental Protection
Waste Management**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,805,800	7,833,400	7,719,700	7,484,100	7,719,000
State Salary and Compensation Allocation			22,700		
Budget Reduction-General Fund			(10,600)		
Other	793,200	444,000			
Total General Fund	7,599,000	8,277,400	7,731,800	7,484,100	7,719,000
Restricted Funds					
Balance Forward	6,920,317	6,844,562	7,997,400	3,940,800	3,085,900
Current Receipts	4,433,660	4,260,220	4,392,400	4,392,400	4,392,400
Non-Revenue Receipts	26,124,265	23,015,281	24,850,800	25,778,900	25,805,000
Total Restricted Funds	37,478,242	34,120,064	37,240,600	34,112,100	33,283,300
Federal Fund					
Balance Forward	1,103,728	542,767	(738,800)		
Current Receipts	6,066,776	5,309,060	11,234,400	8,424,000	8,567,500
Non-Revenue Receipts	(539,314)	(533,855)	(2,368,900)	(558,600)	(558,600)
Total Federal Fund	6,631,189	5,317,971	8,126,700	7,865,400	8,008,900
TOTAL SOURCE OF FUNDS	51,708,431	47,715,435	53,099,100	49,461,600	49,011,200
EXPENDITURES BY CLASS					
Personnel Costs	22,571,507	21,010,159	24,380,000	23,627,600	24,073,400
Operating Expenses	2,594,040	2,839,084	2,851,800	2,850,800	2,863,000
Grants Loans Benefits	17,498,555	14,849,928	19,997,900	18,914,800	18,914,800
Debt Service	407,000	428,500			
Capital Outlay	1,250,000	1,329,235	1,903,600	957,500	985,300
Construction			25,000	25,000	25,000
TOTAL EXPENDITURES	44,321,102	40,456,907	49,158,300	46,375,700	46,861,500
EXPENDITURES BY FUND SOURCE					
General Fund	7,599,000	8,277,400	7,731,800	7,484,100	7,719,000
Restricted Funds	30,633,680	26,122,655	33,299,800	31,026,200	31,133,600
Federal Fund	6,088,423	6,056,852	8,126,700	7,865,400	8,008,900
TOTAL EXPENDITURES	44,321,102	40,456,907	49,158,300	46,375,700	46,861,500

The Division of Waste Management, pursuant to KRS 224, administers programs that regulate the generation, transportation, storage, treatment, and disposal of all hazardous and solid wastes in the state. Additional responsibilities include resources use and recycling initiatives, technical assistance to counties, and solid waste management districts to facilitate compliance with 401 KAR, Chapter 49. The Division is also responsible for investigation and restoration duties at abandoned hazardous waste disposal sites and citizen education concerning waste management issues. The Division also administers the Voluntary Environmental Remediation Act and the Certified Clean Counties initiative.

Pursuant to KRS 224.43-505, the Division manages the Kentucky Pride Fund, which encourages proper solid waste management in Kentucky through waste reduction, recycling, proper closure of abandoned landfills, education, proper collection and disposal of solid waste, elimination of illegal open dumps, and abatement of litter.

Maxey Flats, once a low-level nuclear waste disposal site and closed in 1977, was designated to be in its Final Closure Period as of November, 2012. This includes the installation of a permanent vegetative cap, permanent surface water control features, and surface monuments to identify the location of buried waste. This project was funded in the 2012-14 biennial budget from private funds paid into a trust fund by the Private Settling Parties and from General Fund supported bonds. The final cap was substantially completed in November 2016. The Construction Final Completion Inspection was successfully conducted in September 2017 and the Certification of Completion is dependent on EPA approval of the Commonwealth's Institutional Control Plan. The Commonwealth of Kentucky assumed ownership and responsibility for the toxic site in 1978, and is responsible for long-term monitoring and maintenance activities of the site in perpetuity. Ongoing monitoring and maintenance is funded from the General Fund.

**Energy and Environment
Environmental Protection
Air Quality**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	2,226,704	2,147,259	2,036,600	1,383,200	1,377,300
Current Receipts	18,401,978	19,024,818	19,168,700	19,349,500	19,349,500
Non-Revenue Receipts	629,524	(743,152)	(37,100)	(132,400)	(168,300)
Total Restricted Funds	21,258,206	20,428,925	21,168,200	20,600,300	20,558,500
Federal Fund					
Balance Forward	585,333	(133,422)	(1,170,800)		
Current Receipts	2,171,609	1,628,197	4,474,700	2,651,300	2,692,000
Non-Revenue Receipts	(177,620)	(163,440)	(761,900)	(148,700)	(148,700)
Total Federal Fund	2,579,321	1,331,335	2,542,000	2,502,600	2,543,300
TOTAL SOURCE OF FUNDS	23,837,527	21,760,260	23,710,200	23,102,900	23,101,800
EXPENDITURES BY CLASS					
Personnel Costs	18,608,131	17,640,003	18,753,000	17,860,800	18,222,800
Operating Expenses	2,004,560	2,160,255	2,454,900	2,426,200	2,433,900
Grants Loans Benefits	436,994	287,835	465,000	465,000	465,000
Capital Outlay	766,836	806,352	654,100	973,600	964,200
Construction	7,170				
TOTAL EXPENDITURES	21,823,691	20,894,445	22,327,000	21,725,600	22,085,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	19,110,947	18,392,315	19,785,000	19,223,000	19,542,600
Federal Fund	2,712,744	2,502,130	2,542,000	2,502,600	2,543,300
TOTAL EXPENDITURES	21,823,691	20,894,445	22,327,000	21,725,600	22,085,900

The Division of Air Quality is responsible for the identification and implementation of measures necessary to achieve and maintain ambient air quality standards as mandated by the federal Clean Air Act and KRS 224.10-100. The Division accomplishes its mission through air quality monitoring, permitting, source inspections and enforcement to ensure compliance with air pollution laws and regulations.

The 1990 Clean Air Act Amendments imposed new permitting requirements to protect air quality. Federal law requires that an emission fee be levied on facilities with significant air pollutants to fund the implementation of the new requirements. If a state does not have continued authorization, the fee will be collected by the U.S. Environmental Protection Agency to fund a federal permitting program. The Division has been granted authority to enforce portions of the Clean Air Act in the Commonwealth. Under that authority the Division operates the Title V Operating Permit Program, and costs associated therewith are funded through emission fees assessed pursuant to the Clean Air Act and KRS 224.20-050.

**Energy and Environment
Environmental Protection
Environmental Program Support**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,848,900	4,311,900	4,422,300	4,146,900	4,220,700
State Salary and Compensation Allocation	473,700				
Budget Reduction-General Fund			(79,100)		
Other	(248,200)	432,200			
Total General Fund	4,074,400	4,744,100	4,343,200	4,146,900	4,220,700
Restricted Funds					
Balance Forward	38,376	144,136	295,900	362,800	196,000
Current Receipts	104,525	160,193	297,000	297,000	297,000
Non-Revenue Receipts	2,992	7,552	15,400	(42,200)	(59,500)
Total Restricted Funds	145,893	311,881	608,300	617,600	433,500
Federal Fund					
Balance Forward	(51,048)	(61,917)	(51,000)		
Current Receipts	39,610	128,092	229,000	224,600	229,200
Non-Revenue Receipts	(2,992)	(7,552)	35,600	(15,400)	(15,400)
Total Federal Fund	(14,430)	58,624	213,600	209,200	213,800
TOTAL SOURCE OF FUNDS	4,205,863	5,114,605	5,165,100	4,973,700	4,868,000
EXPENDITURES BY CLASS					
Personnel Costs	2,817,878	2,775,003	3,286,100	3,147,700	3,229,200
Operating Expenses	1,304,010	1,466,857	1,504,400	1,609,500	1,611,200
Grants Loans Benefits	1,757	10,519	1,800	10,500	1,800
Capital Outlay		617,416	10,000	10,000	10,000
TOTAL EXPENDITURES	4,123,644	4,869,794	4,802,300	4,777,700	4,852,200
EXPENDITURES BY FUND SOURCE					
General Fund	4,074,400	4,744,100	4,343,200	4,146,900	4,220,700
Restricted Funds	1,757	16,023	245,500	421,600	417,700
Federal Fund	47,487	109,671	213,600	209,200	213,800
TOTAL EXPENDITURES	4,123,644	4,869,794	4,802,300	4,777,700	4,852,200

The Division of Environmental Program Support, pursuant to KRS 224.10-100(7) secures necessary scientific, technical, administrative, and operational services. The Division of Environmental Program Support provides laboratory testing services essential for the identification and characterization of environmental pollutants in the Commonwealth.

**Energy and Environment
Environmental Protection
Enforcement**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,796,300	1,683,500	1,717,400	1,568,400	2,014,100
Other			306,600		
Total General Fund	1,796,300	1,683,500	2,024,000	1,568,400	2,014,100
Restricted Funds					
Balance Forward	1,452,418	1,968,627	2,164,600	2,107,400	1,865,000
Current Receipts	832,922	724,418	755,400	755,400	755,400
Non-Revenue Receipts	1,240,949	1,216,167	1,240,100	1,640,100	1,240,100
Total Restricted Funds	3,526,290	3,909,211	4,160,100	4,502,900	3,860,500
Federal Fund					
Balance Forward	(6,590,074)	(7,103,922)	(6,721,200)		
Current Receipts	1,920,148	2,644,357	1,669,500	1,090,200	1,116,400
Non-Revenue Receipts	(140,641)	(117,233)	6,157,500	(81,500)	(81,500)
Total Federal Fund	(4,810,567)	(4,576,798)	1,105,800	1,008,700	1,034,900
TOTAL SOURCE OF FUNDS	512,023	1,015,913	7,289,900	7,080,000	6,909,500
EXPENDITURES BY CLASS					
Personnel Costs	4,524,450	4,433,021	4,578,700	4,682,300	4,794,500
Operating Expenses	429,771	466,356	532,100	532,700	533,300
Grants Loans Benefits	693,098	673,247	71,700		
TOTAL EXPENDITURES	5,647,318	5,572,625	5,182,500	5,215,000	5,327,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,796,300	1,683,500	2,024,000	1,568,400	2,014,100
Restricted Funds	1,557,663	1,744,689	2,052,700	2,637,900	2,278,800
Federal Fund	2,293,355	2,144,436	1,105,800	1,008,700	1,034,900
TOTAL EXPENDITURES	5,647,318	5,572,625	5,182,500	5,215,000	5,327,800

The Division of Enforcement is responsible for effective and timely enforcement of Kentucky's environmental laws pertaining to air, waste, and water. The Division carries out enforcement actions against corporations and individuals who are out of compliance with environmental law and/or regulations.

**Energy and Environment
Environmental Protection
Petroleum Storage Tank Environmental Assurance Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	26,689,541	44,174,992	63,314,300	74,403,200	84,529,300
Current Receipts	2,151,973	2,666,592	2,577,500	2,577,500	2,577,500
Non-Revenue Receipts	37,864,480	40,402,326	38,089,400	37,749,300	37,543,200
Total Restricted Funds	66,705,993	87,243,909	103,981,200	114,730,000	124,650,000
TOTAL SOURCE OF FUNDS	66,705,993	87,243,909	103,981,200	114,730,000	124,650,000
EXPENDITURES BY CLASS					
Personnel Costs	8,638,634	8,687,560	9,024,400	8,789,600	8,977,400
Operating Expenses	11,625,878	9,595,810	16,096,900	16,724,100	16,872,500
Capital Outlay	1,491,423	4,809,270	4,456,700	4,687,000	4,502,000
Construction	775,067	836,932			
TOTAL EXPENDITURES	22,531,002	23,929,572	29,578,000	30,200,700	30,351,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	22,531,002	23,929,572	29,578,000	30,200,700	30,351,900
TOTAL EXPENDITURES	22,531,002	23,929,572	29,578,000	30,200,700	30,351,900

The Petroleum Storage Tank Environmental Assurance Fund , pursuant to KRS Chapter 224.60, assists owners and operators of underground storage tanks to meet federal environmental mandates and provides reimbursement for eligible clean-up costs and third party damages in the event of a release into the environment. Pursuant to KRS 224.60-130, the Petroleum Storage Tank Environmental Assurance Fund is managed by the Division of Waste Management within the Department for Environmental Protection.

**Energy and Environment
Natural Resources**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	42,882,600	43,690,600	44,685,200	39,018,500	40,467,100
State Salary and Compensation Allocation	1,099,700	16,600	32,000		
Budget Reduction-General Fund			(2,041,300)		
Reorganization Adjustment			(216,800)		
Mandated Allotments	4,597,890	3,640,639			
Total General Fund	48,580,190	47,347,839	42,459,100	39,018,500	40,467,100
Tobacco Fund					
Tobacco Settlement - Phase I	3,400,000	3,000,000	3,000,000	3,000,000	3,000,000
Continuing Approp-Tob Settlement	7,523,410	7,268,576	6,701,000		
Total Tobacco Fund	10,923,410	10,268,576	9,701,000	3,000,000	3,000,000
Restricted Funds					
Balance Forward	8,517,464	9,441,964	9,624,800	6,334,300	4,198,600
Current Receipts	4,856,763	6,318,167	3,371,200	3,401,300	3,401,300
Non-Revenue Receipts	415,487	702,294	17,940,800	18,834,900	19,370,300
Total Restricted Funds	13,789,714	16,462,426	30,936,800	28,570,500	26,970,200
Federal Fund					
Balance Forward	(3,708,428)	45,233,928	23,846,300	54,288,700	79,617,400
Current Receipts	113,372,528	81,734,959	207,053,300	201,683,300	203,374,900
Non-Revenue Receipts	21,701,070	(27,434,971)	532,500	(719,200)	(719,200)
Total Federal Fund	131,365,170	99,533,915	231,432,100	255,252,800	282,273,100
TOTAL SOURCE OF FUNDS	204,658,484	173,612,755	314,529,000	325,841,800	352,710,400
EXPENDITURES BY CLASS					
Personnel Costs	87,242,641	63,027,080	64,254,800	58,819,700	60,559,900
Operating Expenses	11,454,466	11,118,621	10,752,100	11,040,100	11,054,700
Grants Loans Benefits	7,889,971	13,029,063	20,907,300	14,385,300	14,385,300
Debt Service		111,500			
Capital Outlay	3,465,730	7,071,634	3,976,500	3,193,200	3,128,300
Construction	32,661,209	39,082,724	154,015,300	154,587,500	154,738,000
TOTAL EXPENDITURES	142,714,016	133,440,622	253,906,000	242,025,800	243,866,200
EXPENDITURES BY FUND SOURCE					
General Fund	48,580,190	47,347,839	42,459,100	39,018,500	40,467,100
Tobacco Fund	3,654,834	3,567,609	9,701,000	3,000,000	3,000,000
Restricted Funds	4,347,750	6,837,656	24,602,500	24,371,900	24,212,300
Federal Fund	86,131,243	75,687,518	177,143,400	175,635,400	176,186,800
TOTAL EXPENDITURES	142,714,016	133,440,622	253,906,000	242,025,800	243,866,200
EXPENDITURES BY UNIT					
Commissioner	1,182,168	1,080,624	1,484,300	1,217,700	1,543,300
Forestry	28,672,519	30,539,173	26,476,200	25,278,200	25,618,900
Conservation	5,307,716	5,566,538	12,059,100	4,947,500	4,986,200
Oil and Gas	9,642,362	5,141,776	9,957,400	9,654,200	9,765,100

Mine Permits	5,780,664	5,521,016	5,493,600	4,514,900	4,634,500
Mine Reclamation and Enforcement	15,720,218	15,214,072	15,695,400	14,566,700	14,898,100
Abandoned Mine Lands	13,790,150	14,890,376	40,022,700	39,542,000	39,965,700
Mine Safety	10,544,045	9,866,145	10,142,800	8,669,900	8,799,700
Reclamation Guaranty Fund	614,560	1,099,384	1,440,500	1,279,600	1,292,600
Abandoned Mine Land Reclamation Projects	51,403,513	44,465,418	131,077,900	132,299,000	132,306,000
Mine Safety Review Commission	56,100	56,100	56,100	56,100	56,100
TOTAL EXPENDITURES	142,714,016	133,440,622	253,906,000	242,025,800	243,866,200

The Department for Natural Resources' mission is to preserve, protect, and enhance the Commonwealth's natural land resources.

The Department oversees activities and programs related to forestry, conservation, mining, and oil and gas. The Department, through its divisions and partnerships, provides technical assistance, educational programs, and funding to assist the general public, landowners, institutions, industries, and communities in conserving and sustaining Kentucky's natural resources. In addition, the Department is responsible for the inspection of timber harvests, mining operations, and oil and gas wells to ensure compliance with laws that protect the public, the environment, and Kentucky's coal miners.

Policy

The Governor's budget includes additional funding in the amount of \$894,300 in fiscal year 2027 and \$1,839,200 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$536,600 and \$1,103,500, respectively.

**Energy and Environment
Natural Resources
Commissioner**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	905,100	849,700	875,600	854,800	1,051,200
Budget Reduction-General Fund			(110,800)		
Other	(142,800)	(170,600)	300,000		
Total General Fund	762,300	679,100	1,064,800	854,800	1,051,200
Restricted Funds					
Balance Forward	220,618	228,683	203,700	153,700	155,600
Current Receipts	3,386				
Non-Revenue Receipts	4,679	3,029	1,900	1,900	1,900
Total Restricted Funds	228,683	231,711	205,600	155,600	157,500
Federal Fund					
Balance Forward	6	(12,929)	(4,000)		
Current Receipts	411,612	385,468	373,500	364,800	493,900
Non-Revenue Receipts	(4,679)	(3,029)	(1,900)	(1,900)	(1,900)
Total Federal Fund	406,939	369,510	367,600	362,900	492,000
TOTAL SOURCE OF FUNDS	1,397,921	1,280,322	1,638,000	1,373,300	1,700,700
EXPENDITURES BY CLASS					
Personnel Costs	1,014,560	908,579	1,216,300	949,700	1,275,200
Operating Expenses	96,001	86,816	194,000	194,000	194,100
Grants Loans Benefits	71,607	85,229	74,000	74,000	74,000
TOTAL EXPENDITURES	1,182,168	1,080,624	1,484,300	1,217,700	1,543,300
EXPENDITURES BY FUND SOURCE					
General Fund	762,300	679,100	1,064,800	854,800	1,051,200
Restricted Funds		28,002	51,900		100
Federal Fund	419,868	373,522	367,600	362,900	492,000
TOTAL EXPENDITURES	1,182,168	1,080,624	1,484,300	1,217,700	1,543,300

The Office of the Commissioner provides leadership, policy direction, and management for the Department for Natural Resources. The Commissioner provides guidance in policy and program implementation for the sustainability of Kentucky's natural resources and the safety of Kentucky's miners.

**Energy and Environment
Natural Resources
Forestry**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,033,800	16,789,300	16,934,000	15,179,500	15,965,300
State Salary and Compensation Allocation	699,700				
Budget Reduction-General Fund			(385,900)		
Mandated Allotments	4,597,890	3,640,639			
Other	917,800	1,329,300			
Total General Fund	22,249,190	21,759,239	16,548,100	15,179,500	15,965,300
Restricted Funds					
Balance Forward	1,020,757	1,529,256	2,106,300	1,445,500	857,400
Current Receipts	2,946,853	4,459,837	1,603,700	1,609,100	1,609,100
Non-Revenue Receipts	(291,073)	(229,189)	(164,100)	252,600	(257,400)
Total Restricted Funds	3,676,537	5,759,905	3,545,900	3,307,200	2,209,100
Federal Fund					
Balance Forward	(1,998,921)	(1,514,730)	(2,507,200)		
Current Receipts	4,897,615	4,427,628	11,208,200	7,899,500	7,954,400
Non-Revenue Receipts	(137,377)	(293,811)	(873,300)	(250,600)	(250,600)
Total Federal Fund	2,761,318	2,619,087	7,827,700	7,648,900	7,703,800
TOTAL SOURCE OF FUNDS	28,687,045	30,138,230	27,921,700	26,135,600	25,878,200
EXPENDITURES BY CLASS					
Personnel Costs	20,684,489	19,940,435	17,744,200	15,545,600	15,888,800
Operating Expenses	5,177,303	4,826,872	4,146,400	4,067,900	4,074,200
Grants Loans Benefits	781,908	1,296,604	3,105,800	3,633,100	3,633,100
Debt Service		111,500			
Capital Outlay	2,028,819	4,363,762	1,479,800	2,031,600	2,022,800
TOTAL EXPENDITURES	28,672,519	30,539,173	26,476,200	25,278,200	25,618,900
EXPENDITURES BY FUND SOURCE					
General Fund	22,249,190	21,759,239	16,548,100	15,179,500	15,965,300
Restricted Funds	2,147,281	3,653,647	2,100,400	2,449,800	1,949,800
Federal Fund	4,276,048	5,126,287	7,827,700	7,648,900	7,703,800
TOTAL EXPENDITURES	28,672,519	30,539,173	26,476,200	25,278,200	25,618,900

In accordance with KRS 149 the Division of Forestry provides technical assistance on sound forest management practices; provides forest stewardship assistance to private landowners; assists timber operators and wood-using industries; grows and distributes tree seedlings at low cost for timber production; and provides urban and community forestry technical assistance to provide sustainability of the Commonwealth's 12.4 million acres of forestland.

The Division enforces the Kentucky Forest Conservation Act (149.330 – 149.355); the Division is responsible for inspecting logging operations and enforcing compliance with the Kentucky Master Logger Program and Best Management Practices to protect water quality. In addition, the Division maintains an inventory of Kentucky's forests. The Division provides administrative oversight to the Forestry Best Management Practices Board.

The Kentucky Division of Forestry is mandated to provide wildland fire protection for the Commonwealth. The Division has established a statewide system of wildland fire prevention, detection and suppression.

**Energy and Environment
Natural Resources
Conservation**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,516,500	1,448,200	1,489,300	1,565,200	1,603,900
Budget Reduction-General Fund			(50,000)		
Other	(200,400)	(45,000)	242,200		
Total General Fund	1,316,100	1,403,200	1,681,500	1,565,200	1,603,900
Tobacco Fund					
Tobacco Settlement - Phase I	3,400,000	3,000,000	3,000,000	3,000,000	3,000,000
Continuing Approp-Tob Settlement	7,523,410	7,268,576	6,701,000		
Total Tobacco Fund	10,923,410	10,268,576	9,701,000	3,000,000	3,000,000
Restricted Funds					
Balance Forward	489,493	549,910	556,000	231,900	202,100
Current Receipts	65	45	200	200	200
Non-Revenue Receipts	355,608	365,650	350,000	350,000	350,000
Total Restricted Funds	845,166	915,606	906,200	582,100	552,300
Federal Fund					
Balance Forward	(34,120)	5,181	(21,100)		
Current Receipts	86,436	225,473	2,300	2,300	2,300
Non-Revenue Receipts	(5,608)	(15,650)	21,100		
Total Federal Fund	46,708	215,003	2,300	2,300	2,300
TOTAL SOURCE OF FUNDS	13,131,384	12,802,385	12,291,000	5,149,600	5,158,500
EXPENDITURES BY CLASS					
Personnel Costs	1,457,639	1,744,858	1,840,400	1,685,000	1,723,200
Operating Expenses	110,407	126,639	142,400	138,500	139,000
Grants Loans Benefits	3,739,670	3,695,041	10,126,300	3,074,000	3,074,000
Capital Outlay			(50,000)	50,000	50,000
TOTAL EXPENDITURES	5,307,716	5,566,538	12,059,100	4,947,500	4,986,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,316,100	1,403,200	1,681,500	1,565,200	1,603,900
Tobacco Fund	3,654,834	3,567,609	9,701,000	3,000,000	3,000,000
Restricted Funds	295,255	359,601	674,300	380,000	380,000
Federal Fund	41,527	236,128	2,300	2,300	2,300
TOTAL EXPENDITURES	5,307,716	5,566,538	12,059,100	4,947,500	4,986,200

The Division of Conservation provides assistance to Kentucky's 121 conservation districts in the development and implementation of sound conservation programs to protect, enhance, and develop the Commonwealth's natural resources.

The Division administers the Kentucky Soil Erosion and Water Quality Cost Share Program and the Kentucky Soil Stewardship Program to help agricultural operations protect and preserve Kentucky's soil and water resources. The Division provides administrative services to the State Soil and Water Conservation Commission. The Division and the conservation districts provide educational opportunities to promote conservation of Kentucky's natural resources. These programs mitigate soil erosion, and other environmental problems associated with agricultural, woodland and construction operations which impact water quality.

**Energy and Environment
Natural Resources
Oil and Gas**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,825,300	2,329,600	2,408,700	2,910,100	2,978,500
State Salary and Compensation Allocation			32,000		
Other	150,000	550,000	227,300		
Total General Fund	2,975,300	2,879,600	2,668,000	2,910,100	2,978,500
Restricted Funds					
Balance Forward	946,887	1,242,347	980,600	442,800	257,200
Current Receipts	388,546	159,606	171,000	171,000	171,000
Non-Revenue Receipts	(31,626)	(14,324)	44,700	(74,000)	(141,600)
Total Restricted Funds	1,303,808	1,387,629	1,196,300	539,800	286,600
Federal Fund					
Balance Forward	(262,549)	(119,693)	(167,800)		
Current Receipts	6,800,632	1,876,567	6,832,200	6,571,300	6,618,100
Non-Revenue Receipts	(52,174)	(69,476)	(128,500)	(109,800)	(109,800)
Total Federal Fund	6,485,909	1,687,398	6,535,900	6,461,500	6,508,300
TOTAL SOURCE OF FUNDS	10,765,017	5,954,627	10,400,200	9,911,400	9,773,400
EXPENDITURES BY CLASS					
Personnel Costs	3,272,022	3,356,756	4,129,000	4,578,600	4,692,200
Operating Expenses	702,968	614,927	443,400	444,400	445,700
Grants Loans Benefits	391,120	534,433	1,050,000	1,050,000	1,050,000
Capital Outlay	86,747	365,194	310,000	284,600	284,600
Construction	5,189,505	270,467	4,025,000	3,296,600	3,292,600
TOTAL EXPENDITURES	9,642,362	5,141,776	9,957,400	9,654,200	9,765,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,975,300	2,879,600	2,668,000	2,910,100	2,978,500
Restricted Funds	61,460	407,032	753,500	282,600	278,300
Federal Fund	6,605,602	1,855,144	6,535,900	6,461,500	6,508,300
TOTAL EXPENDITURES	9,642,362	5,141,776	9,957,400	9,654,200	9,765,100

The Division of Oil and Gas, pursuant to KRS Chapter 353 and 805 KAR Chapter 1, is responsible for the conservation of oil and gas resources of the Commonwealth and for the protection of correlative rights of mineral owners. The Division's mission is to prevent waste and unnecessary loss, to encourage the maximum recovery of oil and gas, to promote safety, and to prevent contamination of underground water resources. The Division is also charged with the collection of geological data obtained from the drilling of oil and gas wells for deposit in the Kentucky Geological Survey whose records are for public use. The Division is also responsible for the plugging of abandoned wells.

**Energy and Environment
Natural Resources
Mine Permits**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,572,800	2,514,500	2,631,200	2,189,600	2,251,900
State Salary and Compensation Allocation		16,600			
Budget Reduction-General Fund			(226,700)		
Reorganization Adjustment			(216,800)		
Other	(399,600)				
Total General Fund	2,173,200	2,531,100	2,187,700	2,189,600	2,251,900
Restricted Funds					
Balance Forward	670,763	885,802	986,400	733,600	399,100
Current Receipts	628,575	575,375	573,300	573,300	573,300
Non-Revenue Receipts	(329,005)	(338,819)	(333,800)	(420,200)	(433,800)
Total Restricted Funds	970,333	1,122,358	1,225,900	886,700	538,600
Federal Fund					
Balance Forward	(292,909)	(336,615)	(298,200)		
Current Receipts	3,522,822	2,926,081	2,852,200	1,876,500	1,915,700
Non-Revenue Receipts	(43,595)	(33,781)	259,600	(38,800)	(38,800)
Total Federal Fund	3,186,318	2,555,686	2,813,600	1,837,700	1,876,900
TOTAL SOURCE OF FUNDS	6,329,851	6,209,143	6,227,200	4,914,000	4,667,400
EXPENDITURES BY CLASS					
Personnel Costs	5,065,201	4,780,023	4,782,600	3,820,000	3,923,400
Operating Expenses	541,313	551,368	570,100	570,000	570,200
Grants Loans Benefits	174,150	189,625	124,900	124,900	124,900
Capital Outlay			16,000		16,000
TOTAL EXPENDITURES	5,780,664	5,521,016	5,493,600	4,514,900	4,634,500
EXPENDITURES BY FUND SOURCE					
General Fund	2,173,200	2,531,100	2,187,700	2,189,600	2,251,900
Restricted Funds	84,531	135,977	492,300	487,600	505,700
Federal Fund	3,522,933	2,853,939	2,813,600	1,837,700	1,876,900
TOTAL EXPENDITURES	5,780,664	5,521,016	5,493,600	4,514,900	4,634,500

The Division of Mine Permits, pursuant to KRS 350 and 405 KAR Chapter 8, reviews all surface mining permit applications in accordance with Kentucky law and the federal Surface Mining Control and Reclamation Act. The Division, pursuant to KRS 350.450 and 405 KAR 7:080, administers the federal Small Operator Assistance Program and pursuant to KRS 350.610, the Lands Unsuitable for Mining program. The Division, pursuant to KRS 350.060(13) and 405 KAR 8:040, also reviews underground mining permit applications to determine the surface effects of such operations.

**Energy and Environment
Natural Resources
Mine Reclamation and Enforcement**

SOURCE OF FUNDS	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
General Fund					
Regular Appropriation	8,995,500	9,554,400	9,902,400	8,620,400	8,564,100
Budget Reduction-General Fund			(873,500)		
Other		(875,000)	(160,100)		
Total General Fund	8,995,500	8,679,400	8,868,800	8,620,400	8,564,100
Restricted Funds					
Balance Forward	565,737	715,090	919,200	1,046,000	1,072,300
Current Receipts	43,945	121,506	43,600	43,600	43,600
Non-Revenue Receipts	105,408	82,542	97,000	97,000	97,000
Total Restricted Funds	715,090	919,138	1,059,800	1,186,600	1,212,900
Federal Fund					
Balance Forward	(33,264)	(291,163)	(30,500)		
Current Receipts	6,572,227	6,877,927	6,918,900	5,929,000	5,919,300
Non-Revenue Receipts	(105,408)	(82,542)	(75,600)	(97,000)	(97,000)
Total Federal Fund	6,433,555	6,504,222	6,812,800	5,832,000	5,822,300
TOTAL SOURCE OF FUNDS	16,144,145	16,102,760	16,741,400	15,639,000	15,599,300
EXPENDITURES BY CLASS					
Personnel Costs	13,296,659	12,649,076	12,985,200	12,126,300	12,456,000
Operating Expenses	1,955,717	2,267,056	2,179,200	2,333,400	2,335,100
Grants Loans Benefits	84,006	40,395	104,000	107,000	107,000
Capital Outlay	383,835	257,545	427,000		
TOTAL EXPENDITURES	15,720,218	15,214,072	15,695,400	14,566,700	14,898,100
EXPENDITURES BY FUND SOURCE					
General Fund	8,995,500	8,679,400	8,868,800	8,620,400	8,564,100
Restricted Funds			13,800	114,300	511,700
Federal Fund	6,724,718	6,534,672	6,812,800	5,832,000	5,822,300
TOTAL EXPENDITURES	15,720,218	15,214,072	15,695,400	14,566,700	14,898,100

The Division of Mine Reclamation and Enforcement, pursuant to KRS 350, develops policies and procedures for reclamation and enforcement programs related to coal and non-coal minerals. The Division reviews permit applications for non-coal mineral operations pursuant to KRS 350.028 and 405 KAR 5:032. The Division conducts inspection programs to carry out these policies and procedures in accordance with applicable federal and state statutes. Pursuant to KRS 351 and 805 KAR Chapter 4, the Division is charged with ensuring the safety and regulation of all blasting operations within the Commonwealth, which includes the use, storage or transportation of explosives. The Division investigates citizens' complaints relating to surface mining and blasting activities.

**Energy and Environment
Natural Resources
Abandoned Mine Lands**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	3,779,678	3,215,190	2,779,300	1,582,000	811,600
Current Receipts	604,467	784,592	759,200	759,200	759,200
Non-Revenue Receipts	130,225	310,972	17,418,700	17,794,200	19,016,400
Total Restricted Funds	4,514,370	4,310,753	20,957,200	20,135,400	20,587,200
Federal Fund					
Balance Forward	(369,875)	50,056,421	29,321,900	54,288,700	79,617,400
Current Receipts	40,846,085	19,541,850	45,809,800	45,746,000	47,156,500
Non-Revenue Receipts	22,071,182	(26,917,349)	(195,500)	(199,100)	(199,100)
Total Federal Fund	62,547,392	42,680,923	74,936,200	99,835,600	126,574,800
TOTAL SOURCE OF FUNDS	67,061,761	46,991,676	95,893,400	119,971,000	147,162,000
EXPENDITURES BY CLASS					
Personnel Costs	10,779,813	10,826,196	12,195,600	11,823,100	12,098,500
Operating Expenses	1,516,649	1,463,479	1,695,300	1,754,800	1,755,600
Grants Loans Benefits	30,248	31,520	50,000	50,000	50,000
Capital Outlay	512,882	1,066,128	897,100	649,900	649,900
Construction	950,558	1,503,055	25,184,700	25,264,200	25,411,700
TOTAL EXPENDITURES	13,790,150	14,890,377	40,022,700	39,542,000	39,965,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	1,299,180	1,531,403	19,375,200	19,323,800	19,477,200
Federal Fund	12,490,970	13,358,973	20,647,500	20,218,200	20,488,500
TOTAL EXPENDITURES	13,790,150	14,890,376	40,022,700	39,542,000	39,965,700

The Division of Abandoned Mine Lands administers abandoned or unreclaimed land reclamation activities on previously surface-mined land or land used in connection with surface mining under Title IV of Public Law 95-87 and/or KRS 350.550 to KRS 350.597.

The Division administers a bond forfeiture reclamation program; bonds forfeited to the Commonwealth due to the failure to mine and reclaim a coal mine site to the standards specified by the mine permit are used by the state to reclaim the site for which the bond was posted.

The Division administers a water supply replacement program which extends waterlines into areas where drinking water has been contaminated by past mining. The division budgets up to 30 percent of its annual funding on waterline projects each year. Federal funds for this program are provided from federal tax levies imposed under Public Law 95-87 on all coal mined since August 3, 1977. Approximately 150,000 acres of abandoned mine lands in Kentucky are eligible for reclamation. All state and partial federal project contracts are administered by this agency.

**Energy and Environment
Natural Resources
Mine Safety**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,977,500	10,148,800	10,387,900	7,642,800	7,996,100
State Salary and Compensation Allocation	400,000				
Budget Reduction-General Fund			(394,400)		
Other	(325,000)	(788,700)	(609,400)		
Total General Fund	10,052,500	9,360,100	9,384,100	7,642,800	7,996,100
Restricted Funds					
Balance Forward	738,906	835,213	890,400	698,800	351,900
Current Receipts	230,173	209,075	212,100	236,800	236,800
Non-Revenue Receipts	17,046	15,346	17,000	117,000	17,000
Total Restricted Funds	986,125	1,059,634	1,119,500	1,052,600	605,700
Federal Fund					
Balance Forward	1	1			
Current Receipts	357,679	352,144	355,000	343,400	350,700
Non-Revenue Receipts	(17,046)	(15,346)	(17,000)	(17,000)	(17,000)
Total Federal Fund	340,633	336,798	338,000	326,400	333,700
TOTAL SOURCE OF FUNDS	11,379,258	10,756,531	10,841,600	9,021,800	8,935,500
EXPENDITURES BY CLASS					
Personnel Costs	8,790,080	7,721,433	7,925,400	7,017,300	7,215,700
Operating Expenses	1,300,519	1,125,706	1,320,800	1,475,500	1,479,000
Capital Outlay	453,447	1,019,006	896,600	177,100	105,000
TOTAL EXPENDITURES	10,544,045	9,866,145	10,142,800	8,669,900	8,799,700
EXPENDITURES BY FUND SOURCE					
General Fund	10,052,500	9,360,100	9,384,100	7,642,800	7,996,100
Restricted Funds	150,912	169,248	420,700	700,700	469,900
Federal Fund	340,633	336,798	338,000	326,400	333,700
TOTAL EXPENDITURES	10,544,045	9,866,145	10,142,800	8,669,900	8,799,700

The Division of Mine Safety, pursuant to KRS Chapter 351, is responsible for the regulation of mining practices to prevent injuries and fatalities in underground, strip, and auger mines.

The Division trains, tests, and licenses mine personnel. Mine safety instructors provide general and technical safety training and education courses to mine personnel to maintain an adequate number of certified and qualified personnel for the mining industry. Moreover, the agency encourages safe work habits of coal miners by providing quality on-the-job, one-on-one safety training for surface and underground miners.

The Division licenses all underground and surface coal mines in the Commonwealth. It issues permits for specific mining methods including the use of diesel equipment, roof control, extended cuts, mining near oil and gas wells, and additional mine openings. The agency inspects mines and investigates illegal mining operations.

The Division develops and maintains a database to track information about each mining operation. The database includes the number of miners employed by the mine, type of operations, type of worker's compensation insurance, and the number and type of mining law violations, closures, and abatements for each mine and mine operator. A second database provides information on all individuals certified as surface mine foremen, surface mine safety analysts, underground mine foremen, underground mine instructors, underground mine inspectors, and electrical inspectors.

The Division administers drug testing of all miners as a condition of certification. A database is maintained on the status of those miners whose certifications have been revoked as a result of testing positive for drugs. The Division provides administrative oversight of the Kentucky Mining Board.

Federal Law 30 CFR, Section 49, requires mine rescue teams to be stationed within one hour of each active coal mine and to be trained and knowledgeable about each mine the team covers. The Commonwealth, through the Division of Mine Safety and Licensing, provides state-sponsored mine rescue teams to help Kentucky's mines comply with this federal regulation.

**Energy and Environment
Natural Resources
Reclamation Guaranty Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	84,625	240,473	202,900		91,400
Current Receipts	10,753	8,131	8,100	8,100	8,100
Non-Revenue Receipts	454,225	507,088	509,400	716,400	720,800
Total Restricted Funds	549,603	755,693	720,400	724,500	820,300
Federal Fund					
Balance Forward	(1,021)	(9,761)	(25,700)		
Current Receipts	300,915	534,652	750,300	651,500	658,000
Non-Revenue Receipts	(4,225)	(3,988)	(4,500)	(5,000)	(5,000)
Total Federal Fund	295,669	520,903	720,100	646,500	653,000
TOTAL SOURCE OF FUNDS	845,272	1,276,596	1,440,500	1,371,000	1,473,300
EXPENDITURES BY CLASS					
Personnel Costs	567,066	1,048,222	1,385,900	1,223,900	1,236,700
Operating Expenses	47,494	51,162	54,600	55,700	55,900
TOTAL EXPENDITURES	614,560	1,099,384	1,440,500	1,279,600	1,292,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	309,130	552,747	720,400	633,100	639,600
Federal Fund	305,431	546,637	720,100	646,500	653,000
TOTAL EXPENDITURES	614,560	1,099,384	1,440,500	1,279,600	1,292,600

The Office of Reclamation Guaranty Fund, pursuant to KRS 350.500-350.521, provides administrative support to the Kentucky Reclamation Guaranty Fund Commission including covering all administrative, operating and legal expenses of the Commission and to fulfill both the Cabinet's and Commission's goals relating to bonding and reclamation of mining sites. In the event a permit-specific reclamation bond is insufficient to complete reclamation on the permitted mine site, the Fund provides financial assistance to the cabinet for reclamation.

**Energy and Environment
Natural Resources
Abandoned Mine Land Reclamation Projects**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	(715,776)	(2,542,784)	(2,421,100)		
Current Receipts	49,576,506	44,587,169	131,950,900	132,299,000	132,306,000
Non-Revenue Receipts			1,548,100		
Total Federal Fund	48,860,730	42,044,385	131,077,900	132,299,000	132,306,000
TOTAL SOURCE OF FUNDS	48,860,730	42,044,385	131,077,900	132,299,000	132,306,000
EXPENDITURES BY CLASS					
Personnel Costs	22,265,107				
Grants Loans Benefits	2,617,261	7,156,215	6,272,300	6,272,300	6,272,300
Construction	26,521,145	37,309,202	124,805,600	126,026,700	126,033,700
TOTAL EXPENDITURES	51,403,513	44,465,418	131,077,900	132,299,000	132,306,000
EXPENDITURES BY FUND SOURCE					
Federal Fund	51,403,513	44,465,418	131,077,900	132,299,000	132,306,000
TOTAL EXPENDITURES	51,403,513	44,465,418	131,077,900	132,299,000	132,306,000

The Abandoned Mine Lands (AML) Reclamation Projects program in the Department for Natural Resources receives 100 percent federal funding for the reclamation of certain mine sites that have been abandoned or left unreclaimed under Title IV of Public Law 95-87 or KRS 350.550-.597. If the Commonwealth does not maintain an approved AML Reclamation program, federal funds allocated for reclamation projects within Kentucky may be reallocated to other coal-producing states. Abandoned mine sites are reclaimed through a priority ranking system based on human health and safety considerations.

**Energy and Environment
Natural Resources
Mine Safety Review Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,100	56,100	56,100	56,100	56,100
Total General Fund	56,100	56,100	56,100	56,100	56,100
TOTAL SOURCE OF FUNDS	56,100	56,100	56,100	56,100	56,100
EXPENDITURES BY CLASS					
Personnel Costs	50,006	51,504	50,200	50,200	50,200
Operating Expenses	6,094	4,596	5,900	5,900	5,900
TOTAL EXPENDITURES	56,100	56,100	56,100	56,100	56,100
EXPENDITURES BY FUND SOURCE					
General Fund	56,100	56,100	56,100	56,100	56,100
TOTAL EXPENDITURES	56,100	56,100	56,100	56,100	56,100

The Mine Safety Review Commission, pursuant to KRS Chapter 351, protects the health and safety of coal miners by ensuring the enforcement of mine safety regulations. Its three members, appointed by the governor, conduct hearings on drug and safety violations and impose penalties for serious violations. The Commission has the power to probate, revoke or suspend a mine's license or an individual miner's certification and fine certified miners up to the equivalent of wages for ten working days for their first offense.

The Commission is an independent agency attached to the Energy and Environment Cabinet for administrative purposes only.

**Energy and Environment
Energy Policy**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	877,400	1,741,100	1,764,600	1,571,800	1,579,300
State Salary and Compensation Allocation	10,400				
Current Year Appropriation	835,500				
Reorganization Adjustment			(77,500)		
Total General Fund	1,723,300	1,741,100	1,687,100	1,571,800	1,579,300
Restricted Funds					
Balance Forward	1,862,083	1,830,902	1,922,200	1,692,400	1,337,800
Current Receipts		207,655			
Non-Revenue Receipts	207,552	92,019	264,900	266,700	266,700
Total Restricted Funds	2,069,635	2,130,575	2,187,100	1,959,100	1,604,500
Federal Fund					
Balance Forward	(54,783)	(56,005)	(96,600)		
Current Receipts	1,496,983	2,543,859	40,931,600	62,618,300	62,633,000
Non-Revenue Receipts	(70,054)	(78,012)	(4,121,400)	(79,200)	(79,200)
Total Federal Fund	1,372,146	2,409,842	36,713,600	62,539,100	62,553,800
TOTAL SOURCE OF FUNDS	5,165,080	6,281,518	40,587,800	66,070,000	65,737,600
EXPENDITURES BY CLASS					
Personnel Costs	1,322,125	2,335,187	11,785,700	11,788,700	11,814,300
Operating Expenses	419,189	330,986	348,700	355,500	355,600
Grants Loans Benefits	1,648,869	1,789,700	26,761,000	52,588,000	52,584,700
TOTAL EXPENDITURES	3,390,183	4,455,873	38,895,400	64,732,200	64,754,600
EXPENDITURES BY FUND SOURCE					
General Fund	1,723,300	1,741,100	1,687,100	1,571,800	1,579,300
Restricted Funds	238,733	208,340	494,700	621,300	621,500
Federal Fund	1,428,150	2,506,434	36,713,600	62,539,100	62,553,800
TOTAL EXPENDITURES	3,390,183	4,455,873	38,895,400	64,732,200	64,754,600
EXPENDITURES BY UNIT					
Office of Energy Policy	3,390,183	4,455,873	38,895,400	64,732,200	64,754,600
TOTAL EXPENDITURES	3,390,183	4,455,873	38,895,400	64,732,200	64,754,600

The Office of Energy Policy, formerly known as the Department for Energy Development and Independence, was reorganized as result of the passage of Senate Bill 129 during the 2018 regular session.

The Office oversees the development and implementation of Kentucky's comprehensive energy strategy, *Intelligent Energy Choices for Kentucky's Future*. The Office provides leadership to enhance the benefits of energy efficiency and alternative energy through supporting awareness, technology development, energy preparedness, partnerships and resource development. The Office also enhances the economic opportunities and benefits to Kentucky's citizens and industry by expanding current markets and developing market opportunities for Kentucky coal, natural gas, petroleum, oil shale, tar sands, liquid and gaseous fuels from coal, and chemicals from coal.

To the extent that funding is available, the Office administers grant programs to support energy-related research, development and demonstration, including supporting multi-state cooperative regional partnerships and research initiatives. The Office develops and implements programs for the production, utilization and conservation of energy in a manner that meets basic needs while maintaining Kentucky's economic growth at the highest feasible level.

The Office enters into agreements, administers grant programs and serves as a liaison with the federal government and other states in matters relating to energy; and participates in the review of applications, and upon request of the Kentucky Economic Development Finance Authority, assists in monitoring tax incentive agreements as provided in Subchapter 27 of KRS 154.

Policy

The Governor's budget includes additional funding in the amount of \$18,800 in fiscal year 2027 and \$38,800 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$6,200 and \$12,800, respectively.

**Energy and Environment
Kentucky Nature Preserves**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,563,400	1,669,300	1,737,600	1,634,400	1,667,800
State Salary and Compensation Allocation	43,000	8,400	13,000		
Budget Reduction-General Fund			(17,500)		
Total General Fund	1,606,400	1,677,700	1,733,100	1,634,400	1,667,800
Restricted Funds					
Balance Forward	1,629,556	1,389,850	1,226,100	1,009,300	697,700
Current Receipts	782,908	878,020	2,308,200	1,957,600	2,041,200
Non-Revenue Receipts	410,398	407,220	186,100	385,600	382,900
Total Restricted Funds	2,822,861	2,675,090	3,720,400	3,352,500	3,121,800
Federal Fund					
Balance Forward	(21,696)	(37,180)	(71,500)		
Current Receipts	166,918	158,550	356,600	280,900	283,000
Non-Revenue Receipts	(8,898)	(5,720)	(5,800)	(5,800)	(4,800)
Total Federal Fund	136,324	115,650	279,300	275,100	278,200
TOTAL SOURCE OF FUNDS	4,565,586	4,468,440	5,732,800	5,262,000	5,067,800
EXPENDITURES BY CLASS					
Personnel Costs	2,653,651	2,731,456	2,671,300	2,697,100	2,759,100
Operating Expenses	391,850	452,938	448,900	462,800	462,400
Grants Loans Benefits	119,749	102,984	1,585,300	1,386,400	1,386,800
Capital Outlay	47,665	26,377	18,000	18,000	18,000
TOTAL EXPENDITURES	3,212,915	3,313,755	4,723,500	4,564,300	4,626,300
EXPENDITURES BY FUND SOURCE					
General Fund	1,606,400	1,677,700	1,733,100	1,634,400	1,667,800
Restricted Funds	1,433,011	1,448,939	2,711,100	2,654,800	2,680,300
Federal Fund	173,504	187,117	279,300	275,100	278,200
TOTAL EXPENDITURES	3,212,915	3,313,755	4,723,500	4,564,300	4,626,300
EXPENDITURES BY UNIT					
Office of KY Nature Preserves	3,212,915	3,313,755	4,723,500	4,564,300	4,626,300
TOTAL EXPENDITURES	3,212,915	3,313,755	4,723,500	4,564,300	4,626,300

Pursuant to KRS 146.410-146.530, the Office of Kentucky Nature Preserves', formerly known as the Kentucky State Nature Preserves Commission, mission is two-fold: to inventory the Commonwealth for its natural diversity, including its plants, animal life, biological communities, and areas of natural significance, and to protect these natural features by establishing a system of nature preserves. Pursuant to KRS 224.10-022, the Office is attached to the Energy and Environment Cabinet.

Acquisition and management funds for the agency are derived through a tax refund check-off system authorized in KRS 141.450-141.480, through gifts, grants, devises and bequests pursuant to KRS 146.465, and through allocations from the Kentucky Heritage Land Conservation Fund pursuant to KRS 146.570. The Office, together with the Kentucky Department of Fish and Wildlife Resources, shares equally the receipts generated by the Non-game Species Protection and Habitat Acquisition program.

The Office is responsible for administering the Wild Rivers program. Whose mission is to preserve the Commonwealth's natural streams and attract out-of-state visitors pursuant to KRS 146.200-360.

Policy

The Governor's budget includes additional funding in the amount of \$43,700 in fiscal year 2027 and \$89,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$23,600 and \$48,500, respectively.

**Energy and Environment
Public Service Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,862,500	13,833,400	14,620,900	13,728,600	13,992,500
State Salary and Compensation Allocation	314,800	1,000	1,600		
Continuing Approp-General Fund	2,353,680	1,687,960	1,172,900		
Budget Reduction-General Fund			(438,700)		
Total General Fund	15,530,980	15,522,360	15,356,700	13,728,600	13,992,500
Restricted Funds					
Balance Forward	3,230,560	3,884,727	3,600,100	2,231,400	1,059,000
Current Receipts	1,342,746	997,143	996,900	1,176,400	1,292,300
Non-Revenue Receipts	618,907	540,680	676,700	691,500	693,000
Total Restricted Funds	5,192,213	5,422,550	5,273,700	4,099,300	3,044,300
Federal Fund					
Balance Forward	(142,998)	(124,259)	(124,000)		
Current Receipts	881,932	1,039,214	1,346,900	1,169,600	1,181,200
Non-Revenue Receipts	(123,421)	(94,748)	(84,200)	(84,200)	(84,200)
Total Federal Fund	615,513	820,207	1,138,700	1,085,400	1,097,000
TOTAL SOURCE OF FUNDS	21,338,706	21,765,116	21,769,100	18,913,300	18,133,800
EXPENDITURES BY CLASS					
Personnel Costs	13,005,753	14,658,005	16,638,800	15,369,500	15,601,800
Operating Expenses	1,845,435	2,280,288	2,524,300	2,158,700	2,203,500
Grants Loans Benefits		6,905			
Capital Outlay	1,039,091	170,863	374,600	326,100	326,100
TOTAL EXPENDITURES	15,890,278	17,116,061	19,537,700	17,854,300	18,131,400
EXPENDITURES BY FUND SOURCE					
General Fund	13,843,019	14,349,485	15,356,700	13,728,600	13,992,500
Restricted Funds	1,307,486	1,822,367	3,042,300	3,040,300	3,041,900
Federal Fund	739,773	944,209	1,138,700	1,085,400	1,097,000
TOTAL EXPENDITURES	15,890,278	17,116,061	19,537,700	17,854,300	18,131,400
EXPENDITURES BY UNIT					
Public Service Commission	15,890,278	17,116,061	19,537,700	17,854,300	18,131,400
TOTAL EXPENDITURES	15,890,278	17,116,061	19,537,700	17,854,300	18,131,400

The Public Service Commission, pursuant to KRS Chapter 278, regulates the intrastate rates and services of over 500 investor-owned electric, natural gas, telephone, water and sewage utilities, rural electric and telephone cooperatives, and water districts. The three-member Commission performs its regulatory functions through written orders following adjudicative and rule making procedures outlined in statute. The Commission is an independent agency attached to the Energy and Environment Cabinet for administrative purposes only.

The Commission's goal is to ensure that every utility charges fair, just, and reasonable rates for the services rendered and that those services are adequate and efficient.

The agency is funded by an assessment of all utilities under the Commission's jurisdiction based on the annual gross intrastate revenues.

The Commission staff is organized into the Divisions of Inspections, General Counsel, General Administration, Commission Operations, Financial Analysis, and Gas Pipeline Safety.

Policy

The Governor's budget includes additional funding in the amount of \$206,400 in fiscal year 2027 and \$423,800 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$189,900 and \$389,900, respectively.

Finance and Administration

Finance and Administration

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	661,360,200	634,987,900	972,333,700	840,700,500	1,075,917,300
Budget Reserve		5,000,000	5,000,000		
State Salary and Compensation Allocation	5,735,000	831,500	240,400		
Current Year Appropriation	3,700,000				
Continuing Approp-General Fund				18,500,000	
Budget Reduction-General Fund			(6,443,700)		
Mandated Allotments	3,553,400	3,500,000			
Total General Fund	674,348,600	644,319,400	971,130,400	859,200,500	1,075,917,300
Tobacco Fund					
Tobacco Settlement - Phase I	23,916,200	23,716,900	17,033,700	14,350,200	14,130,800
Total Tobacco Fund	23,916,200	23,716,900	17,033,700	14,350,200	14,130,800
Restricted Funds					
Balance Forward	79,689,927	83,047,985	98,867,100	59,352,500	42,276,100
Current Receipts	248,651,688	271,298,263	263,412,700	270,629,000	270,628,900
Non-Revenue Receipts	24,004,175	2,524,934	(25,378,700)	4,024,100	3,622,800
Total Restricted Funds	352,345,790	356,871,181	336,901,100	334,005,600	316,527,800
Federal Fund					
Balance Forward	1,338,995	323,204	214,200		
Current Receipts	1,777,219	302,818	1,585,000	1,766,600	1,766,600
Non-Revenue Receipts			2,400		
Total Federal Fund	3,116,214	626,022	1,801,600	1,766,600	1,766,600
TOTAL SOURCE OF FUNDS	1,053,726,804	1,025,533,503	1,326,866,800	1,209,322,900	1,408,342,500
EXPENDITURES BY CLASS					
Personnel Costs	288,042,932	286,542,499	300,912,500	305,421,600	311,427,300
Operating Expenses	174,563,202	182,697,728	180,822,700	185,026,300	186,805,300
Grants Loans Benefits	25,631,655	13,178,937	12,642,200	815,800	815,800
Debt Service	300,685,004	322,332,796	722,342,400	625,629,900	790,891,100
Capital Outlay	30,267,878	20,631,393	24,252,700	24,554,200	24,548,200
TOTAL EXPENDITURES	819,190,672	825,383,354	1,240,972,500	1,141,447,800	1,314,487,700
EXPENDITURES BY FUND SOURCE					
General Fund	524,682,646	544,568,329	945,713,300	833,601,500	1,007,818,100
Tobacco Fund	22,417,212	22,398,900	15,909,000	14,350,200	14,130,800
Restricted Funds	269,297,805	258,004,232	277,548,600	291,729,500	290,772,200
Federal Fund	2,793,010	411,893	1,801,600	1,766,600	1,766,600
TOTAL EXPENDITURES	819,190,672	825,383,354	1,240,972,500	1,141,447,800	1,314,487,700
EXPENDITURES BY UNIT					
General Administration	67,676,369	57,794,687	63,077,000	51,255,900	51,875,200
Controller	23,207,347	22,740,359	24,875,300	25,374,100	25,657,500
Debt Service	267,911,723	303,675,915	711,979,700	615,317,600	780,618,000
Facilities and Support Services	84,776,562	72,174,458	66,685,900	69,015,600	70,312,600

County Costs	33,918,058	33,744,427	30,946,000	30,946,000	30,946,000
Commonwealth Office of Technology	149,454,367	135,034,869	141,995,300	146,937,900	148,750,100
Revenue	127,641,234	133,901,132	129,088,500	132,271,900	134,325,500
Property Valuation Administrators	64,605,012	66,317,508	72,324,800	70,328,800	72,002,800
TOTAL EXPENDITURES	819,190,672	825,383,354	1,240,972,500	1,141,447,800	1,314,487,700

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.

**Finance and Administration
General Administration**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,337,400	15,527,500	15,027,800	4,645,500	8,051,500
Budget Reserve		5,000,000	5,000,000		
State Salary and Compensation Allocation	319,300		10,200		
Current Year Appropriation	3,700,000				
Budget Reduction-General Fund			(247,100)		
Total General Fund	12,356,700	20,527,500	19,790,900	4,645,500	8,051,500
Restricted Funds					
Balance Forward	9,802,740	7,738,353	13,233,200	12,897,200	9,231,800
Current Receipts	29,411,848	37,703,595	37,974,900	39,718,000	39,717,900
Non-Revenue Receipts	23,006,900	4,934,200	4,940,200	3,227,000	3,227,000
Total Restricted Funds	62,221,488	50,376,148	56,148,300	55,842,200	52,176,700
Federal Fund					
Balance Forward	1,344,308	329,280	216,800		
Current Receipts	41,505	11,734	(181,800)		
Total Federal Fund	1,385,814	341,014	35,000		
TOTAL SOURCE OF FUNDS	75,964,002	71,244,661	75,974,200	60,487,700	60,228,200
EXPENDITURES BY CLASS					
Personnel Costs	15,543,611	15,769,665	17,425,000	17,543,500	18,092,800
Operating Expenses	18,003,032	17,417,907	18,276,100	18,362,500	18,432,500
Grants Loans Benefits	25,025,165	12,611,509	11,826,400		
Capital Outlay	9,104,561	11,995,606	15,549,500	15,349,900	15,349,900
TOTAL EXPENDITURES	67,676,369	57,794,687	63,077,000	51,255,900	51,875,200
EXPENDITURES BY FUND SOURCE					
General Fund	12,136,700	20,527,500	19,790,900	4,645,500	8,051,500
Restricted Funds	54,483,135	37,142,980	43,251,100	46,610,400	43,823,700
Federal Fund	1,056,534	124,207	35,000		
TOTAL EXPENDITURES	67,676,369	57,794,687	63,077,000	51,255,900	51,875,200
EXPENDITURES BY UNIT					
Secretary	6,711,600	9,613,476	8,925,800	1,810,900	1,841,900
Gubernatorial Transition					220,000
General Counsel	3,049,666	3,141,337	3,397,700	3,268,300	3,338,300
Administrative Services	5,533,284	5,729,269	6,719,700	6,769,000	6,906,900
Fleet Management	28,344,505	30,297,284	34,360,000	34,780,100	34,865,600
Postal Services	3,254,718	3,331,399	3,913,400	3,924,200	3,985,900
Policy and Audit	476,152	681,922	760,400	703,400	716,600
Rural Housing Trust Fund	20,306,444	5,000,000	5,000,000		
TOTAL EXPENDITURES	67,676,369	57,794,687	63,077,000	51,255,900	51,875,200

The General Administration appropriation unit provides coordination and management of the Cabinet. The Office of the Secretary, including the Office of Legislative and Intergovernmental Affairs and the Office of the Inspector General, develops executive policy and directs the overall management of the Commonwealth's property and financial assets. Office staff coordinates fiscal and personnel administration for the Cabinet, reviews all internal reorganizations, prepares the Cabinet legislative package, and handles inquiries and issues that arise from the General Assembly, the news media, and the general public. The Secretary of Finance serves on numerous boards and commissions including the Kentucky Economic Development Partnership Board, the Kentucky Economic Development Finance Authority, the Kentucky Infrastructure Authority, the Kentucky Higher Education Assistance Authority, and the Kentucky Housing Corporation. The Office of the Inspector General is responsible for conducting various investigations within the Executive Branch pursuant to KRS 45.131.

The Office of Equal Employment Opportunity (EEO) and Contract Compliance is responsible for developing, implementing, and monitoring the Finance and Administration Cabinet's affirmative action plan as required by KRS 18A.138. The Office also monitors all contracts in excess of \$500,000 awarded by the Cabinet to ensure compliance with the affirmative action provisions of the Kentucky Equal Employment Opportunity Act.

The Office of General Counsel provides legal services to the departments of the Finance and Administration Cabinet and Cabinet-related entities. Members of this office represent the Secretary of the Cabinet in civil litigation. The unit also reviews legislation being considered by the General Assembly.

The Office of Administrative Services manages personnel, fiscal policy, and payroll functions for all units within the Finance and Administration Cabinet, the Governor's Office, the Executive Branch Ethics Commission, the School Facilities Construction Commission, and the Lieutenant Governor's Office. This budget unit includes the Office of Budget and Fiscal Management which prepares the Cabinet's budget, oversees internal accounting and procurement, and manages the Cabinet's personal property inventory. The Office of Administrative Services also includes the Division of Human Resources and has responsibility for the management and oversight of the Division of Postal Services.

The Division of Postal Services includes one mail management center which provides a secure environment for the Commonwealth's mail. The Division provides messenger service to all state agencies and performs mail processing functions for over 125 state agencies. This division advises agencies about USPS rules, regulations, and services.

The Office of Fleet Management manages and maintains the Commonwealth's vehicle fleet for use by state agencies and employees.

The Office of Policy and Audit is responsible for assuring the reliability and integrity of information used to support management decision making, evaluating how state assets are safeguarded, providing risk and insurance management to the Cabinet, and appraising the economy and efficiency of resource use. Staff also ascertains whether the operations and programs are being implemented as planned, and performs special studies at the request of management.

Established in KRS 198A.744, the Rural Housing Trust Fund is administered by the Kentucky Housing Corporation. The fund exists to assist moderate income individuals in meeting basic housing needs.

Policy

The Governor's budget includes \$229,300 of additional Restricted Fund spending in fiscal year 2027 and \$241,300 of additional spending in fiscal year 2028 for two additional positions in the Division of Fleet Management.

General Fund in the amount of \$220,000 in fiscal year 2028 is included to support the Gubernatorial Transition.

The \$6,800,000 annual, recurring contribution to the Kentucky Affordable Prepaid Tuition trust fund was removed from the base General Fund budget and replaced with a \$17,900,000 lump-sum contribution to the fund in fiscal year 2027 to fully pay down the actuarially determined liability of the trust fund. This one-time funding to pay down the liability is from the Budget Reserve Trust Fund and will ensure that the promises made to Kentucky families are honored.

The Governor's budget includes additional funding in the amount of \$280,000 in fiscal year 2027 and \$575,200 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028. The General Fund portion is \$134,400 and \$276,100 respectively.

**Finance and Administration
Controller**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,737,400	7,567,800	7,404,400	4,272,200	5,653,700
State Salary and Compensation Allocation	217,800		13,200		
Budget Reduction-General Fund			(222,500)		
Total General Fund	8,955,200	7,567,800	7,195,100	4,272,200	5,653,700
Restricted Funds					
Balance Forward	16,540,700	20,863,781	26,577,300	5,960,100	5,134,100
Current Receipts	16,240,113	18,539,891	16,052,900	17,027,700	17,027,700
Non-Revenue Receipts	2,335,114	2,346,152	(18,989,900)	3,248,200	2,846,900
Total Restricted Funds	35,115,928	41,749,824	23,640,300	26,236,000	25,008,700
TOTAL SOURCE OF FUNDS	44,071,128	49,317,624	30,835,400	30,508,200	30,662,400
EXPENDITURES BY CLASS					
Personnel Costs	12,187,719	13,125,714	14,811,700	14,629,100	14,902,800
Operating Expenses	9,331,628	9,390,645	10,063,600	10,745,000	10,754,700
Debt Service	1,688,000	224,000			
TOTAL EXPENDITURES	23,207,347	22,740,359	24,875,300	25,374,100	25,657,500
EXPENDITURES BY FUND SOURCE					
General Fund	8,955,200	7,567,800	7,195,100	4,272,200	5,653,700
Restricted Funds	14,252,147	15,172,559	17,680,200	21,101,900	20,003,800
TOTAL EXPENDITURES	23,207,347	22,740,359	24,875,300	25,374,100	25,657,500
EXPENDITURES BY UNIT					
Controller	4,514,369	4,281,556	5,278,500	5,172,000	5,223,300
Local Government Services	974,804	1,227,583	1,446,000	1,441,700	1,466,000
Financial Management	4,405,952	4,356,386	4,679,400	4,602,700	4,649,800
Procurement Services	3,011,263	3,758,482	3,977,700	3,988,100	4,075,600
Customer Resource Center	7,649,266	6,478,632	6,180,500	6,870,900	6,901,700
State Risk and Insurance Services	2,651,694	2,637,720	3,313,200	3,298,700	3,341,100
TOTAL EXPENDITURES	23,207,347	22,740,359	24,875,300	25,374,100	25,657,500

The Office of the Controller provides management for financial accounting control policies and procedures; financial accounting systems; debt management; state purchasing; administration of the Old-Age, Survivors, Disability and Hospital Insurance program; and functions relating to the county fee systems for local entities. The State Controller functions as the Commonwealth's Chief Accounting Officer and participates in the development and maintenance of the Commonwealth's strategic financial management program.

The Division of Local Government Services administers, for the benefit of state employees and political subdivisions within the Commonwealth, the Old Age and Survivors Insurance program under Section 218 of the federal Social Security Act. This program is responsible for ensuring that the social security obligations of the state and its political subdivisions are met. To fulfill this responsibility, the State Office for Social Security periodically visits each of the political subdivisions for a procedural, compliance, and fiscal audit pursuant to KRS 61.410-61.500. The Division also provides personnel, accounting, and other administrative services to counties through the County Costs, County Fees, and PVA programs.

The Office of Statewide Accounting Services is responsible for maintenance and operation of the central statewide accounting system and provides centralized accounting of all receipts and disbursements of the Commonwealth. In addition, this division prepares daily, monthly, and annual financial reports, which constitute a complete report of the financial activities and condition of the Commonwealth.

The Office of Financial Management manages the state's investments and debt. This includes managing cash flow to maximize the return on state investments, making debt service payments, managing the sale of bonds, and reporting to the General Assembly on all investment and debt matters. The Office is responsible for developing a long-term debt plan for the Commonwealth, including the development of criteria for the issuance of debt, providing an evaluation of how much total state debt is justified, and evaluating revenue projections relative to proposed revenue bond issues. The Office handles all investments on behalf of the General Fund, the Capital Construction Fund, the Road Fund, and approximately 50 other accounts.

The Office of Procurement Services is responsible for the central purchasing and materials management for state government (excluding construction and road maintenance). The Office supports the Procurement software module of eMARS, designing and testing modifications to the software to ensure it meets the needs of user agencies. The Division of Goods and Services Procurement and the Division of Technology Services Procurement are responsible, with respect to their area of expertise, for purchasing all commodities and non-professional services for state agencies that exceed an agency's small purchase authority limit. The office also provides administrative oversight and review of all personal service contracts and Memoranda of Agreement, and ensures compliance with the provisions of KRS Chapter 45A prior to forwarding contracts to the Legislative Research Commission, Government Contract Review Committee, for review. Pursuant to KRS 45.065, the Kentucky Procurement Institute provides procurement training to all Executive Branch agencies.

The Division of the Customer Resource Center (CRC) operates a help desk to support over 4,000 users of the eMARS system and is responsible for training Commonwealth employees on all eMARS products. In addition, CRC is responsible for developing and analyzing reports to identify areas that need improvement.

The Division of State Risk & Insurance Services manages the state property insurance program, the state building sprinkler system program and the state automobile insurance program in accordance with KRS Chapter 56.

Policy

Additional Restricted Funds appropriation is included for the Customer Resource Center in fiscal years 2027 and 2028 in the amount of \$822,400 and \$832,100 respectively to provide ongoing support for eMARS, the Commonwealth's financial management system.

The Governor's budget includes additional funding in the amount of \$201,100 in fiscal year 2027 and \$412,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028. The General Fund portion is \$70,400 and \$144,500 respectively.

**Finance and Administration
Debt Service**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	392,545,500	379,897,300	721,737,800	608,316,400	834,836,400
Continuing Approp-General Fund				18,500,000	
Total General Fund	392,545,500	379,897,300	721,737,800	626,816,400	834,836,400
Tobacco Fund					
Tobacco Settlement - Phase I	23,666,200	23,466,900	16,783,700	14,100,200	13,880,800
Total Tobacco Fund	23,666,200	23,466,900	16,783,700	14,100,200	13,880,800
TOTAL SOURCE OF FUNDS	416,211,700	403,364,200	738,521,500	640,916,600	848,717,200
EXPENDITURES BY CLASS					
Debt Service	267,911,723	303,675,915	711,979,700	615,317,600	780,618,000
TOTAL EXPENDITURES	267,911,723	303,675,915	711,979,700	615,317,600	780,618,000
EXPENDITURES BY FUND SOURCE					
General Fund	245,744,511	281,527,015	696,320,700	601,217,400	766,737,200
Tobacco Fund	22,167,212	22,148,900	15,659,000	14,100,200	13,880,800
TOTAL EXPENDITURES	267,911,723	303,675,915	711,979,700	615,317,600	780,618,000
EXPENDITURES BY UNIT					
Debt Service	267,911,723	303,675,915	711,979,700	615,317,600	780,618,000
TOTAL EXPENDITURES	267,911,723	303,675,915	711,979,700	615,317,600	780,618,000

Previously authorized State Property and Buildings Commission General Fund debt service and new 2026-2028 General Fund debt service for all agencies is consolidated in the Finance and Administration Cabinet.

Policy

The Governor's budget includes additional General Fund of \$54,595,000 in fiscal year 2027 and \$122,418,000 in fiscal year 2028 to support new debt authorized in the capital budget. Unlike in past biennial budgets where new debt service was appropriated in the budgets of the affected agencies, the Governor's 2026-2028 budget appropriates the full amount of new General Fund debt service to the Finance Cabinet Debt Service budget unit, which more accurately reflects the manner in which the budget is implemented. The only exception to this is new School Facilities Construction Commission (SFCC) debt service, which remains in SFCC's budget.

The American Recovery and Reinvestment Act of 2009 created a new debt instrument for tax-exempt municipal bond issuers, called Build America Bonds. Municipal bond issuers could issue Build America Bonds for eligible tax-exempt purposes on a permanent basis only. The Commonwealth was eligible for a subsidy for bonds issued as Build America Bonds prior to December 31, 2010. Subsidies from the Build America Bonds shall lapse to the General Fund. The amount of the General Fund lapse is \$6,318,100 in fiscal year 2026 and the amount of Tobacco Fund lapse is \$1,124,700 in fiscal year 2026. All remaining subsidized debt was refunded for economic savings, and the Commonwealth will no longer receive Build America Bond subsidies after fiscal year 2026.

KRS 150.021 requires that the Finance and Administration Cabinet assess the Department of Fish & Wildlife Resources each fiscal year an amount equal to five percent of the debt service associated with all phases of the Kentucky State Police Two-Way Radio capital project. In fiscal year 2026 that amounts to \$599,000, in fiscal year 2027 it equals \$599,000, and in fiscal year 2028 it equals \$599,200. Those amounts are included as a net adjustment to General Fund debt service expenditures included above.

Excess unbudgeted funds in the amount of \$38,500,000 in each fiscal year are transferred to the Debt Service Fund to be used to pay debt service on previously issued bonds. These funds include: \$12,000,000 in each fiscal year from Medical Cannabis application fees; \$9,000,000 in each fiscal year from the Department of Financial Institutions; \$6,500,000 in each fiscal year from interest earnings on funds from the Local Government Economic Development fund; \$6,000,000 in each fiscal year from the Department for Alcoholic Beverage Control; and \$5,000,000 in each fiscal year from the Secretary of State. In addition, in accordance with the appropriations act, Restricted Funds from excess bond proceeds and investment income earned on bond proceeds in the amount of \$17,725,700 in fiscal year 2027 are transferred to the Debt Service Fund to be used to pay debt service.

**Finance and Administration
Facilities and Support Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	27,879,500	17,097,200	9,572,000	9,157,900	9,339,600
State Salary and Compensation Allocation	124,100		700		
Budget Reduction-General Fund			(287,200)		
Total General Fund	28,003,600	17,097,200	9,285,500	9,157,900	9,339,600
Restricted Funds					
Balance Forward	7,303,848	6,251,870	9,764,100	10,867,000	9,721,300
Current Receipts	56,131,994	59,683,796	59,346,700	59,273,100	59,273,100
Non-Revenue Receipts	(411,010)	(1,094,318)	(843,400)	(561,100)	(561,100)
Total Restricted Funds	63,024,832	64,841,347	68,267,400	69,579,000	68,433,300
TOTAL SOURCE OF FUNDS	91,028,432	81,938,547	77,552,900	78,736,900	77,772,900
EXPENDITURES BY CLASS					
Personnel Costs	29,842,348	30,019,906	31,056,500	31,900,100	32,700,200
Operating Expenses	21,596,252	22,361,313	22,935,600	24,441,100	24,983,200
Debt Service	31,085,281	18,114,381	10,362,700	10,312,300	10,273,100
Capital Outlay	2,252,681	1,678,858	2,331,100	2,362,100	2,356,100
TOTAL EXPENDITURES	84,776,562	72,174,458	66,685,900	69,015,600	70,312,600
EXPENDITURES BY FUND SOURCE					
General Fund	28,003,600	17,097,200	9,285,500	9,157,900	9,339,600
Restricted Funds	56,772,962	55,077,258	57,400,400	59,857,700	60,973,000
TOTAL EXPENDITURES	84,776,562	72,174,458	66,685,900	69,015,600	70,312,600
EXPENDITURES BY UNIT					
Commissioner's Office	1,431,657	1,311,734	928,200	920,500	934,300
Facility Development and Efficiency	5,385,153	6,040,014	6,268,500	6,433,800	6,541,400
Real Property	1,476,818	1,810,173	2,021,000	2,001,600	2,041,700
Historic Properties	472,215	494,101	488,700	499,600	506,000
Building and Mechanical Services	75,180,479	61,569,743	56,021,700	58,174,800	59,287,000
State Surplus Property	804,259	912,112	926,900	954,400	971,300
Federal Surplus Property	25,982	36,580	30,900	30,900	30,900
TOTAL EXPENDITURES	84,776,562	72,174,458	66,685,900	69,015,600	70,312,600

The Department for Facilities and Support Services consists of the Commissioner's Office and five offices/divisions: Facility Development and Efficiency, Historic Properties, Real Properties, Surplus Properties, and the Office of Building and Mechanical Services. The Department manages the State's facilities construction program, maintains Finance and Administration Cabinet buildings, provides management and oversight of state-owned historical buildings and sites, and provides real property acquisition, disposition, leasing, and inventory services.

The Commissioner's Office coordinates and supervises the activities of the five offices/divisions authorized in KRS 42.425.

The Office of Facility Development and Efficiency includes the Division of Engineering and Contract Administration which provides professional and technical engineering and architectural services to state agencies, reviews capital construction design documents, acts as a liaison between the Department and state agencies on new construction and major maintenance projects, and monitors construction and maintenance contracts for compliance with plans and specifications. The Division is also responsible for administering the procurement process for construction projects of the Commonwealth of Kentucky, excluding roads and bridges, as prescribed by the Kentucky Model Procurement Code (KRS 45A) and the related administrative regulations. The Division prepares invitations to bid, opens and evaluates those bids, and awards contracts.

The Office of Facility Development and Efficiency also includes the Division of Facility Efficiency which is responsible for managing the Guaranteed Energy Saving Performance Contracting program and for implementing the Commonwealth Energy Management and Control System (CEMCS). The CEMCS project is an aggressive effort to use an enterprise software platform to reduce energy use in state buildings.

The Division of Real Properties provides buildings and parking facilities for state agencies throughout the Commonwealth. The Division manages the Commonwealth's acquisition, inventory, and use of both state-owned and privately-owned leased space.

The Division of Historic Properties, in accordance with KRS 42.019 and KRS 11.026, is responsible for the preservation and maintenance of Finance and Administration Cabinet-owned historic sites including the Kentucky State Capitol, Executive Mansion, Old Governor's Mansion, Berry Hill Mansion, and the Vest-Lindsey State Meeting House. The Division consults with the Department of Parks to preserve and maintain those historic sites under the management and control of the Tourism Cabinet. The same consultation services are provided to other agencies within state government as requested. The Director of the Division of Historic Properties serves as State Curator and a member of the Historic Properties Advisory Commission.

The Office of Building and Mechanical Services, which includes the Division of Building Services and the Division of Mechanical Services, as authorized by KRS 42.425, provides services for all Finance and Administration Cabinet- operated buildings and for the state agencies occupying those facilities. The Office is responsible for several buildings in Frankfort including the Capitol, New Capitol Annex, Old Capitol, Old Capitol Annex, Human Resources Building, Executive Mansion, Old Governor's Mansion, 300 Building, State Office Building, KHEAA Building, Library and Archives Building, Central Lab Facility, the Kentucky History Center, the Transportation Cabinet building, and the Mayo-Underwood Building. The Office also services buildings at the London Regional state office complex, the Spindletop Research Complex in Fayette County, and offices in Louisville and Richmond that were formerly owned and operated by Cabinet for Health and Family Services. Services provided include minor renovations; maintaining parking lots, sidewalks and ramps; janitorial and landscaping services; maintaining the heating, ventilating, and air conditioning systems; maintaining special equipment within the buildings as requested; roof repair; fire alarm and security systems; electrical systems; energy conservation; maintaining elevators and escalators; maintaining emergency power systems; and after-hours emergency services.

The Department entered into two public-private partnerships for the development of new state office space in Franklin County. The first, included in the 2014-2016 Executive Branch appropriations act, authorized the Department for Facilities and Support Services to construct a new state office building to house displaced state workers from the Capital Plaza Tower and privately leased space. The Department entered into an agreement with a private developer to construct, operate, and maintain the property at 300 Sower Boulevard in Franklin County for a period of 35 years, at which time the Commonwealth will take over ownership of the property. Construction was complete in the spring of 2016, and state employees began to occupy the new building shortly thereafter. Payments to the developer for amortization of the construction cost and for ongoing maintenance and operations are made by the Department for Facilities and Support Services in conjunction with the Office of Financial Management. The second project was authorized by Senate Bill 238 from the 2017 Regular Session of the General Assembly and was completed in the Fall of 2019. The Mayo-Underwood Building is on the former site of the Capital Plaza Tower in downtown Frankfort. Both new construction projects are consistent with the Cabinet's goal of reducing the Commonwealth's reliance on private leases.

Policy

Included in the Restricted Funds appropriation is an additional \$1,017,400 in fiscal year 2027 and \$1,726,700 in fiscal year 2028 from the Property Management Fund to cover inflated costs for utilities, rental and maintenance of equipment, pest control services, garbage collection, supplies, and materials.

The Governor's budget includes additional funding in the amount of \$398,300 in fiscal year 2027 and \$818,100 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028. The General Fund portion is \$123,500 and \$253,600 respectively.

**Finance and Administration
County Costs**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	29,243,500	29,243,500	29,243,500	29,243,500	29,243,500
Mandated Allotments	3,553,400	3,500,000			
Total General Fund	32,796,900	32,743,500	29,243,500	29,243,500	29,243,500
Restricted Funds					
Current Receipts	1,121,157	1,015,692	1,702,500	1,702,500	1,702,500
Total Restricted Funds	1,121,158	1,015,692	1,702,500	1,702,500	1,702,500
TOTAL SOURCE OF FUNDS	33,918,058	33,759,192	30,946,000	30,946,000	30,946,000
EXPENDITURES BY CLASS					
Personnel Costs	6,136,171	6,023,115	5,419,700	5,419,700	5,419,700
Operating Expenses	27,199,340	27,153,883	24,710,500	24,710,500	24,710,500
Grants Loans Benefits	582,547	567,429	815,800	815,800	815,800
TOTAL EXPENDITURES	33,918,058	33,744,427	30,946,000	30,946,000	30,946,000
EXPENDITURES BY FUND SOURCE					
General Fund	32,796,900	32,728,735	29,243,500	29,243,500	29,243,500
Restricted Funds	1,121,158	1,015,692	1,702,500	1,702,500	1,702,500
TOTAL EXPENDITURES	33,918,058	33,744,427	30,946,000	30,946,000	30,946,000
EXPENDITURES BY UNIT					
Public Defender Program	6,103,261	5,988,851	5,386,700	5,386,700	5,386,700
Witnesses	65,400	97,367	90,000	90,000	90,000
DUI Service Fees	582,547	567,429	815,800	815,800	815,800
Sheriffs Fees'	23,201,580	23,378,728	20,516,700	20,516,700	20,516,700
County Clerks (Make Tax Bills)	204,870	224,706	230,000	230,000	230,000
Board Of Assessment Appeals	34,325	19,850	40,000	40,000	40,000
Fugitive From Justice	1,382,274	1,320,537	1,498,300	1,498,300	1,498,300
Jury Fund	1,879,938	1,661,237	1,901,400	1,901,400	1,901,400
Sheriffs Expense Allowance	463,110	483,253	462,100	462,100	462,100
Premium On Sheriffs' Bonds	753	2,469	5,000	5,000	5,000
TOTAL EXPENDITURES	33,918,058	33,744,427	30,946,000	30,946,000	30,946,000

The County Costs program provides payment to local officials for the performance of functions required by state statutes. Payments under the County Costs program are statutorily mandated and are regarded as a necessary governmental expense.

KRS 31.185 requires the fiscal court or legislative body of an urban county government to annually appropriate twelve and one-half cents (\$0.125) per capita of the population of the county as determined by the Council of Local Governments' most recent population statistics. The funds, which shall not lapse, shall be held in a special account to be administered by the Finance and Administration Cabinet, and shall be used to pay all court orders that have been entered into as a result of a needy defendant's motion for funding assistance. If the funds are depleted in any given year, any unpaid court orders will be paid as a judgment against the Commonwealth.

In accordance with KRS 421.015 and 421.250, circuit and district court clerks provide witnesses compensation with reimbursement being provided by the State Treasury upon claim accompanied by documentation.

The service fee imposed by KRS 189A.050 for persons convicted of driving under the influence of alcohol or other substances shall be disbursed among various state and local agencies to fund such programs as enforcement, indigent defense, and the traumatic brain injury trust fund.

Pursuant to KRS 64.092, the sheriff or other law enforcement officer providing security in a Circuit or District Court shall be compensated at the rate of \$8 per hour of service.

Pursuant to KRS 133.240, county clerks are paid \$0.30 per tax bill for preparing property tax bills and \$1.00 for omitted assessments. The Finance and Administration Cabinet is responsible for remitting half of the allowed amount to the county clerk.

Pursuant to KRS 133.030, each member of a county board of assessment appeals is compensated \$100 per day for their services in hearing tax appeals and reviewing tax assessments. The Finance and Administration Cabinet refunds county fiscal courts for half of the board members' compensation.

As authorized by the County Judge Executive or the Governor, and pursuant to KRS 440.090 and 440.380, duly appointed officers are reimbursed by the Finance and Administration Cabinet for mileage and expenses incurred while traveling out of state and returning a fugitive from justice to Kentucky.

KRS 29A.170 and KRS 30A.110 require that all jurors in circuit and district court be paid a daily compensation of \$12.50 per day. The Finance and Administration Cabinet administers this compensation and reimbursement program in cooperation with each county circuit court clerk office. Under KRS 29A.180, sequestered jurors are provided meals, housing, transportation, and security which are funded by the Finance and Administration Cabinet.

Pursuant to KRS 70.170, the Finance and Administration Cabinet administers the sheriffs' expense allowance program by issuing monthly checks to each of the 120 county sheriffs. The payments of \$300 per month are for expenses incurred in the performance of his or her official duties.

KRS 62.140 and KRS 62.155 requires the Commonwealth to reimburse each county sheriff for the cost of bond premiums required by law in the performance of his or her official duties.

Under KRS 27A.630, filing fees for civil actions include \$20 in Circuit Court and \$10 in District Court to support access to justice by indigent clients. The fees are paid to the General Fund, and the Finance and Administration Cabinet distributes them monthly to non-profit agencies designated by the Chief Justice in each judicial district to provide the legal services. In previous years these have been accounted for as expenditures requiring an appropriation. Upon recommendation of the Finance Cabinet, these will be considered as reductions to revenue and accounted for solely on the revenue side of the ledger.

Policy

Funds required to pay county costs are appropriated, and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet as a necessary governmental expense, subject to the conditions and procedures provided in the appropriations act.

The budget sustains the \$15 per hour wage rate for Court Security Officers budgeted in the Sheriffs' Fees program.

**Finance and Administration
Commonwealth Office of Technology**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,793,800	318,500			
State Salary and Compensation Allocation		730,400			
Total General Fund	8,793,800	1,048,900			
Restricted Funds					
Balance Forward	22,934,819	18,051,891	22,231,600	21,705,600	14,227,600
Current Receipts	135,307,849	139,252,278	141,072,400	138,742,700	138,742,700
Non-Revenue Receipts	(976,830)	(1,358,200)	(1,319,700)	(999,400)	(999,400)
Total Restricted Funds	157,265,838	155,945,969	161,984,300	159,448,900	151,970,900
Federal Fund					
Balance Forward	(2,439)	(2,439)	(2,400)		
Current Receipts	1,716,476	271,580	1,716,600	1,716,600	1,716,600
Non-Revenue Receipts			2,400		
Total Federal Fund	1,714,037	269,141	1,716,600	1,716,600	1,716,600
TOTAL SOURCE OF FUNDS	167,773,675	157,264,010	163,700,900	161,165,500	153,687,500
EXPENDITURES BY CLASS					
Personnel Costs	69,423,271	60,958,844	66,865,000	69,279,200	69,934,200
Operating Expenses	61,640,816	66,928,348	68,758,200	70,816,500	71,973,700
Grants Loans Benefits	23,944				
Debt Service		318,500			
Capital Outlay	18,366,336	6,829,177	6,372,100	6,842,200	6,842,200
TOTAL EXPENDITURES	149,454,367	135,034,869	141,995,300	146,937,900	148,750,100
EXPENDITURES BY FUND SOURCE					
General Fund	8,523,944	1,048,900			
Restricted Funds	139,213,947	133,714,389	140,278,700	145,221,300	147,033,500
Federal Fund	1,716,476	271,580	1,716,600	1,716,600	1,716,600
TOTAL EXPENDITURES	149,454,367	135,034,869	141,995,300	146,937,900	148,750,100
EXPENDITURES BY UNIT					
Commonwealth Office of Technology	14,611,258	8,933,366	5,465,600	6,115,900	6,157,800
Chief Information Security Officer	19,462,089	14,609,859	16,031,900	19,162,100	20,350,300
Infrastructure Services	49,238,778	38,650,788	40,742,600	41,705,500	41,836,100
Architecture and Governance	36,168,314	36,544,543	39,637,000	38,877,100	39,043,800
Client Support Services	29,973,928	36,296,313	40,118,200	41,077,300	41,362,100
TOTAL EXPENDITURES	149,454,367	135,034,869	141,995,300	146,937,900	148,750,100

The Commonwealth Office of Technology (COT) provides leadership, policy direction, and technical support to all Executive Branch agencies in the application of information technology and the delivery of information services. This broad statement of responsibility encompasses major information resource functions such as data center operations; voice, data, and video communications; application development; data security administration; computer hardware selection and installation; and related end-user and customer support services. The workload for COT is highly sensitive to agency programmatic shifts, particularly changes mandated by state and federal legislation.

COT consists of five units: Commissioner, Chief Information Security Officer, Architecture and Governance, Infrastructure Services, and Client Support Services.

The Commissioner's Office is responsible for developing strategies and policies to promote the effective application of information technology within state government as a means of saving money, increasing efficiency and employee productivity, and improving services to the public, including electronic access to information of the Commonwealth.

The Chief Information Security Officer manages security, access and acceptable use policies for all COT functions. As more and more of the Commonwealth's mission-critical applications go on-line, their potential exposure to malicious activity increases. In addition to maintaining the physical security of the Commonwealth Data Center and other COT facilities, the Security Office develops and maintains the disaster recovery business continuity plan.

The Office of Architecture and Governance is responsible for providing comprehensive application development services. These services are provided upon request to Commonwealth agencies and adhere to the structure of the Office's system development lifecycle process that follows industry best practices for software development.

The Office of Infrastructure Services is responsible for operation of the Commonwealth enterprise computing and communications environment. The office offers day-to-day technical support and operation of Executive Branch IT resources and operates the Commonwealth Data Center. This includes oversight of shared IT infrastructure resources and services, including large-scale computing, server hosting, IT security, data and voice communications networks, and phone systems.

The Office of Client Support Services provides frontline customer support, asset management, and monitoring of the Commonwealth's infrastructure and application availability.

The Commonwealth Office of Technology operates as an internal service fund agency with budgetary support derived through the application of a federally-approved cost allocation plan, which distributes costs to user agencies based upon utilization of services. The rate schedule by which COT bills agencies for IT services is reviewed annually and adjusted as necessary to accurately reflect actual cost. By consolidating infrastructure services and purchases of equipment and software licenses, COT is able to provide many basic services at very competitive rates.

Policy

Additional Restricted Funds in the amount of \$775,000 each fiscal year are included to support the requirements of KRS 42.731, which was effective March 24, 2025. The law added new duties to COT surrounding governance over the use of artificial intelligence by state government agencies.

The Governor's budget includes additional Restricted Fund spending of \$2,500,000 in each fiscal year to procure and implement Citizen Identity software to provide secure and seamless digital services to the public.

Additional spending in the area of cybersecurity is included in the amount of \$625,800 in fiscal year 2027 and \$1,719,100 in fiscal year 2028 from Restricted Funds. Funds will be invested in key areas such as email integrity, data classification, directory resilience, and incident response and training.

The Governor's budget includes additional funding in the amount of \$540,300 in fiscal year 2027 and \$1,109,800 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

**Finance and Administration
Revenue**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	121,304,300	117,664,600	119,721,400	119,523,000	121,576,600
State Salary and Compensation Allocation	2,620,300	101,100	216,300		
Budget Reduction-General Fund			(3,598,100)		
Total General Fund	123,924,600	117,765,700	116,339,600	119,523,000	121,576,600
Tobacco Fund					
Tobacco Settlement - Phase I	250,000	250,000	250,000	250,000	250,000
Total Tobacco Fund	250,000	250,000	250,000	250,000	250,000
Restricted Funds					
Balance Forward	22,597,994	29,632,460	26,371,400	7,922,600	3,961,300
Current Receipts	10,431,100	14,911,124	3,166,000	9,378,200	9,378,200
Non-Revenue Receipts	50,000	(2,302,900)	(9,165,900)	(890,600)	(890,600)
Total Restricted Funds	33,079,095	42,240,684	20,371,500	16,410,200	12,448,900
Federal Fund					
Balance Forward	(2,874)	(3,637)	(200)		
Current Receipts	19,238	19,504	50,200	50,000	50,000
Total Federal Fund	16,363	15,868	50,000	50,000	50,000
TOTAL SOURCE OF FUNDS	157,270,058	160,272,251	137,011,100	136,233,200	134,325,500
EXPENDITURES BY CLASS					
Personnel Costs	90,741,580	94,776,154	93,748,900	97,062,300	99,115,900
Operating Expenses	36,355,354	38,997,226	35,339,600	35,209,600	35,209,600
Capital Outlay	544,300	127,751			
TOTAL EXPENDITURES	127,641,234	133,901,132	129,088,500	132,271,900	134,325,500
EXPENDITURES BY FUND SOURCE					
General Fund	123,924,600	117,765,700	116,339,600	119,523,000	121,576,600
Tobacco Fund	250,000	250,000	250,000	250,000	250,000
Restricted Funds	3,446,634	15,869,326	12,448,900	12,448,900	12,448,900
Federal Fund	20,000	16,106	50,000	50,000	50,000
TOTAL EXPENDITURES	127,641,234	133,901,132	129,088,500	132,271,900	134,325,500
EXPENDITURES BY UNIT					
Commissioner's Office	48,398,685	51,126,100	48,087,800	46,501,100	46,735,000
Property Valuation	12,067,763	10,161,600	10,563,500	10,982,400	11,191,600
Field Operations	12,368,232	14,890,803	13,190,000	14,186,400	14,517,300
Income Taxation	10,394,344	11,064,000	11,812,700	12,743,400	13,041,300
Sales and Excise Taxes	10,955,491	12,189,386	12,595,700	13,485,800	13,767,000
Registration and Operations	18,384,473	19,136,900	19,368,800	20,217,400	20,628,800
Office of Tax Policy & Regulation	937,131	948,100	1,017,300	1,124,300	1,146,400
Enforcement	14,135,115	14,384,243	12,452,700	13,031,100	13,298,100
TOTAL EXPENDITURES	127,641,234	133,901,132	129,088,500	132,271,900	134,325,500

The Department of Revenue is responsible for the accurate and equitable administration of all state revenue laws, and for the assessment and collection of over 40 separate state taxes. The Department aims to ensure the taxpayer's voluntary compliance with the revenue laws, to enforce such laws in those instances where necessary, and to supervise and assist county property valuation administrators in assessing property for taxation.

The Commissioner's Office includes the Division of Protest Resolution, the Division of Information Management, the Special Investigations Division, and the Taxpayer Ombudsman. Department-wide costs such as office rent, printing, postage, and information technology are budgeted in this unit.

The Office of Property Valuation monitors and evaluates the real property assessments produced by the 120 locally- elected Property Valuation Administrators (PVAs). The office is charged with assessing the property of public service companies; collecting and distributing personal property taxes; and providing education, training, and technical support to the PVAs and sheriffs.

The Office of Field Operations has 10 regional taxpayer service centers located across the state and is responsible for field audits and providing taxpayer assistance.

The Office of Income Taxation administers individual and business income taxes, including employer withholding. The Office is responsible for technical tax research, compliance, taxpayer assistance, tax-specific training, and publications.

The Office of Sales and Excise Taxes administers sales and use taxes and miscellaneous excise taxes. The Office conducts technical tax research and is responsible for compliance, taxpayer assistance, training, and publications.

The Office of Enforcement, comprised of the Division of Collections, is responsible for collecting, in the most efficient manner, delinquent debt owed the Commonwealth.

The Office of Registration and Operations receives all tax receipts, returns, refunds, documents and correspondence; registers new businesses; and maintains appropriate storage, retrieval and management of tax records for the Commonwealth.

The Office of Tax Policy and Regulation is responsible for providing oral and written technical advice on Kentucky tax law; drafting proposed tax legislation and regulations; analyzing tax publications; providing expert witness testimony in tax litigation cases; providing consultation and assistance in protested tax cases; and conducting training and education programs.

Policy

The budget includes Tobacco Settlement Funds in the amount of \$250,000 in each fiscal year for the state's diligent enforcement of noncompliant nonparticipating manufacturers.

The Governor's budget includes additional General Fund in the amount of \$1,402,900 in fiscal year 2027 and \$2,881,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

**Finance and Administration
Property Valuation Administrators**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	64,518,800	67,671,500	69,626,800	65,542,000	67,216,000
State Salary and Compensation Allocation	2,453,500				
Budget Reduction-General Fund			(2,088,800)		
Total General Fund	66,972,300	67,671,500	67,538,000	65,542,000	67,216,000
Restricted Funds					
Balance Forward	509,826	509,630	689,500		
Current Receipts	7,626	191,887	4,097,300	4,786,800	4,786,800
Total Restricted Funds	517,452	701,517	4,786,800	4,786,800	4,786,800
TOTAL SOURCE OF FUNDS	67,489,752	68,373,017	72,324,800	70,328,800	72,002,800
EXPENDITURES BY CLASS					
Personnel Costs	64,168,231	65,869,102	71,585,700	69,587,700	71,261,700
Operating Expenses	436,781	448,406	739,100	741,100	741,100
TOTAL EXPENDITURES	64,605,012	66,317,508	72,324,800	70,328,800	72,002,800
EXPENDITURES BY FUND SOURCE					
General Fund	64,597,190	66,305,479	67,538,000	65,542,000	67,216,000
Restricted Funds	7,821	12,029	4,786,800	4,786,800	4,786,800
TOTAL EXPENDITURES	64,605,012	66,317,508	72,324,800	70,328,800	72,002,800
EXPENDITURES BY UNIT					
Property Valuation Administrators	64,605,012	66,317,508	72,324,800	70,328,800	72,002,800
TOTAL EXPENDITURES	64,605,012	66,317,508	72,324,800	70,328,800	72,002,800

Each of the state's 120 counties has a locally elected Property Valuation Administrator (PVA). The PVA and an appointed staff are responsible for locating, identifying, and assessing at fair market value all taxable real property (land and improvements) and tangible personal property in the county. Tax revenues generated by these assessments are used to fund services provided by the state, cities, counties, and school districts as well as special taxing districts such as fire departments, libraries, extension offices, and refuse disposal services. Funding for PVA offices is provided by state, county, and city governments as well as from sales of maps and other geographic information.

Policy

The Governor's budget includes additional General Fund in the amount of \$1,136,500 in fiscal year 2027 and \$2,334,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

Health and Family Services

Health and Family Services

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,501,679,400	3,675,583,100	4,193,966,700	3,969,906,900	4,714,939,300
Budget Reserve		64,000,000	2,000,000		
State Salary and Compensation Allocation	16,814,600	25,800	56,900		
Continuing Approp-General Fund		14,780,916	1,767,200		
Budget Reduction-General Fund			(27,050,200)		
Total General Fund	3,518,494,000	3,754,389,816	4,170,740,600	3,969,906,900	4,714,939,300
Tobacco Fund					
Tobacco Settlement - Phase I	26,000,000	23,203,300	23,380,000	23,449,900	21,629,300
Continuing Approp-Tob Settlement	28,419,437	15,406,390	9,649,600		
Other	655,551	515,780			
Total Tobacco Fund	55,074,988	39,125,470	33,029,600	23,449,900	21,629,300
Restricted Funds					
Balance Forward	580,688,299	465,025,600	220,698,600	128,798,100	61,880,700
Current Receipts	1,434,991,608	1,920,064,410	2,420,721,000	2,347,746,200	2,300,676,400
Non-Revenue Receipts	592,122,833	562,856,036	544,124,300	793,482,000	470,123,400
Total Restricted Funds	2,607,802,739	2,947,946,046	3,185,543,900	3,270,026,300	2,832,680,500
Federal Fund					
Balance Forward	(13,309,443)	(14,233,918)	31,096,900		
Current Receipts	16,195,988,426	17,438,437,865	19,340,338,200	18,884,325,500	19,938,064,300
Non-Revenue Receipts	4,115	(4,315)			
Total Federal Fund	16,182,683,098	17,424,199,631	19,371,435,100	18,884,325,500	19,938,064,300
TOTAL SOURCE OF FUNDS	22,364,054,825	24,165,660,964	26,760,749,200	26,147,708,600	27,507,313,400
EXPENDITURES BY CLASS					
Personnel Costs	1,334,164,797	1,297,595,116	1,501,506,700	1,399,219,600	1,389,496,600
Operating Expenses	165,710,014	171,376,862	162,336,500	165,723,700	163,854,900
Grants Loans Benefits	20,365,856,554	22,416,813,609	24,942,261,400	24,510,938,100	25,911,310,600
Debt Service	12,134,944	14,680,663	9,810,800	9,810,800	9,810,800
Capital Outlay	5,209,511	423,801	135,700	135,700	135,700
Construction	17	996			
TOTAL EXPENDITURES	21,883,075,837	23,900,891,047	26,616,051,100	26,085,827,900	27,474,608,600
EXPENDITURES BY FUND SOURCE					
General Fund	3,503,713,084	3,751,065,133	4,154,840,600	3,969,906,900	4,714,939,300
Tobacco Fund	39,668,598	29,475,864	33,029,600	23,449,900	21,629,300
Restricted Funds	2,142,777,139	2,727,247,579	3,056,745,800	3,208,145,600	2,799,975,700
Federal Fund	16,196,917,016	17,393,102,471	19,371,435,100	18,884,325,500	19,938,064,300
TOTAL EXPENDITURES	21,883,075,837	23,900,891,047	26,616,051,100	26,085,827,900	27,474,608,600

EXPENDITURES BY UNIT

General Administration and Program Support	148,505,964	165,017,653	162,537,900	160,985,900	162,929,500
Aging and Independent Living	94,899,748	91,017,700	101,621,400	100,724,100	100,950,300
Income Support					
Public Health	566,856,089	539,222,084	548,213,300	768,284,500	761,243,600
Behavioral Health, Developmental & Intellectual Disabilities	536,231,512	554,677,339	555,500,800	570,669,100	572,021,800
Family Resource Centers and Volunteer Services	39,795,195	38,956,359	46,380,300	39,080,200	39,133,500
Community Based Services	1,988,026,294	1,924,816,248	1,949,450,600	1,896,686,000	1,910,283,400
Medicaid Services	18,508,761,034	20,587,183,663	23,252,346,800	22,549,398,100	23,928,046,500
TOTAL EXPENDITURES	21,883,075,837	23,900,891,047	26,616,051,100	26,085,827,900	27,474,608,600

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; and the Department for Family Resource Centers and Volunteer Services.

**Health and Family Services
General Administration and Program Support**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,140,400	15,443,300	13,684,700	13,851,500	14,043,900
State Salary and Compensation Allocation	178,300	17,500	29,700		
Budget Reduction-General Fund			(411,400)		
Total General Fund	11,318,700	15,460,800	13,303,000	13,851,500	14,043,900
Restricted Funds					
Balance Forward	12,147,973	13,928,495	37,481,400	32,797,400	6,226,000
Current Receipts	11,819,280	41,241,226	14,034,400	14,032,600	15,380,600
Non-Revenue Receipts	65,233,615	70,416,968	61,400,300	38,081,800	62,581,800
Total Restricted Funds	89,200,867	125,586,689	112,916,100	84,911,800	84,188,400
Federal Fund					
Balance Forward	1,554,024	2,118,485	2,250,800		
Current Receipts	62,479,352	62,020,407	66,865,400	68,448,600	69,010,700
Total Federal Fund	64,033,376	64,138,892	69,116,200	68,448,600	69,010,700
TOTAL SOURCE OF FUNDS	164,552,944	205,186,381	195,335,300	167,211,900	167,243,000
EXPENDITURES BY CLASS					
Personnel Costs	123,047,904	118,442,991	115,569,900	112,487,000	114,430,600
Operating Expenses	23,912,768	25,542,381	25,677,500	26,746,700	26,746,700
Grants Loans Benefits	1,332,145	20,740,624	21,290,500	21,752,200	21,752,200
Capital Outlay	213,147	290,661			
Construction		996			
TOTAL EXPENDITURES	148,505,964	165,017,653	162,537,900	160,985,900	162,929,500
EXPENDITURES BY FUND SOURCE					
General Fund	11,318,700	15,024,312	13,303,000	13,851,500	14,043,900
Restricted Funds	75,272,372	88,105,301	80,118,700	78,685,800	79,874,900
Federal Fund	61,914,891	61,888,040	69,116,200	68,448,600	69,010,700
TOTAL EXPENDITURES	148,505,964	165,017,653	162,537,900	160,985,900	162,929,500
EXPENDITURES BY UNIT					
Administrative Support	98,664,264	103,737,157	96,278,200	94,518,300	95,832,600
Inspector General	49,841,700	54,185,785	59,118,900	59,438,600	59,969,800
Office of Medical Cannabis		7,094,711	7,140,800	7,029,000	7,127,100
TOTAL EXPENDITURES	148,505,964	165,017,653	162,537,900	160,985,900	162,929,500

General Administration and Program Support consists of Administrative Support and the Office of the Inspector General (OIG).

The Administrative Support function includes the Office of the Secretary, the Office of Public Affairs, the Office of Legal Services, the Office of Administrative Services, the Office of Application Technology Services, the Office of Data Analytics, the Office of Human Resource Management, the Office of Legislative & Regulatory Affairs, and the Office of Finance and Budget. These offices provide policy, administrative, legal, financial, technological, and personnel support services to the program areas of the Cabinet.

Senate Bill 48 from the 2023 Regular Session reorganizes the Office of the Ombudsman and Administrative Review out of the Office of the Secretary in the Health and Family Services Cabinet and creates a Commonwealth Office of Ombudsman that is administratively attached to the Auditor of Public Accounts and moves Administrative Review to the Office of Attorney General effective July 1, 2024.

The Office of Inspector General provides support to other programs in the Cabinet for Health and Family Services as well as its programmatic functions of health care facility licensure and child care facility regulation.

The OIG has four major functions:

- Audits and Investigations
- Regulated Child Care
- Health Care Licensing
- Certificate of Need

Policy

The Governor's budget includes additional funding in the amount of \$1,330,400 in fiscal year 2027 and \$2,731,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$146,300 and \$300,500, respectively.

**Health and Family Services
General Administration and Program Support
Administrative Support**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,500,200	1,500,000	650,000	1,278,400	1,278,400
State Salary and Compensation Allocation		17,500	29,700		
Reorganization Adjustment	(500,200)				
Total General Fund	2,000,000	1,517,500	679,700	1,278,400	1,278,400
Restricted Funds					
Balance Forward			231,500		
Current Receipts	4,105,653	3,652,646	3,550,000	2,228,900	3,319,900
Non-Revenue Receipts	56,571,974	62,045,992	52,310,300	52,541,800	52,541,800
Total Restricted Funds	60,677,628	65,698,638	56,091,800	54,770,700	55,861,700
Federal Fund					
Balance Forward	1,188,802	2,725,653	1,577,600		
Current Receipts	37,523,487	35,604,465	37,929,100	38,469,200	38,692,500
Total Federal Fund	38,712,290	38,330,117	39,506,700	38,469,200	38,692,500
TOTAL SOURCE OF FUNDS	101,389,917	105,546,255	96,278,200	94,518,300	95,832,600
EXPENDITURES BY CLASS					
Personnel Costs	77,056,936	61,772,656	53,764,900	50,403,800	51,718,100
Operating Expenses	20,305,184	21,183,196	21,318,200	22,457,700	22,457,700
Grants Loans Benefits	1,088,998	20,645,917	21,195,100	21,656,800	21,656,800
Capital Outlay	213,147	135,388			
TOTAL EXPENDITURES	98,664,264	103,737,157	96,278,200	94,518,300	95,832,600
EXPENDITURES BY FUND SOURCE					
General Fund	2,000,000	1,517,500	679,700	1,278,400	1,278,400
Restricted Funds	60,677,627	65,467,157	56,091,800	54,770,700	55,861,700
Federal Fund	35,986,637	36,752,500	39,506,700	38,469,200	38,692,500
TOTAL EXPENDITURES	98,664,264	103,737,157	96,278,200	94,518,300	95,832,600

Administrative Support provides funding for organizational units within the Cabinet for Health and Family Services (CHFS) including the Office of the Secretary, the Office of Legal Services, the Office of Public Affairs, the Office of Human Resource Management, the Office of Legislative & Regulatory Affairs, the Office of Finance and Budget, the Office of Administrative Services, the Office of Application Technology Services, and the Office of the Ombudsman and Administrative Review.

The Office of the Secretary provides leadership, oversight and guidance in order for CHFS to deliver quality services that enhance the health, safety, and well being of all people in the Commonwealth of Kentucky.

Legal Services provides legal guidance and assistance to all units of the Cabinet in any legal action in which it may be involved. This office provides legal representation for the Cabinet in federal courts, state courts, and before quasi-judicial and administrative bodies; administers all personal service contracts of the Cabinet for legal services; assists in drafting and reviewing legislation, regulations, statutes, and other legal documents and instruments; and provides the Secretary, Commissioners, and Directors in the Cabinet with the legal guidance and representation necessary for them to properly administer the Cabinet's programs.

Administrative Services consists of Cabinet functions related to accounting, facilities management, and procurement; Accounting services supports and oversees the cabinet's accounting functions. Facility Services oversees the management of facilities, fixed assets and leased properties; Procurement services oversees grants and Memoranda of Agreement, personal services contracts, acquisition of commodities and services, IT procurement and requests for proposals.

Application Technology Services is responsible for providing CHFS agencies information technology (IT) support for cabinet and agency IT systems, including development, maintenance and operations, technical support (help desk), project management and oversight of all vendor developed/lead IT systems.

Human Resource Management serves all Cabinet employees and programs and provides payroll and health benefits administration, equal employment opportunity compliance, and professional development and training activities. This office serves as the Cabinet's appointing authority and performs all the duties, responsibilities and functions required to maintain an effective and efficient personnel management system in accordance with the Kentucky Revised Statutes, Kentucky Administrative Regulations, and the policy guidelines of the Secretary of the Cabinet.

Legislative & Regulatory Affairs coordinates activities related to the Cabinet's public policy initiatives and administrative and legislative agendas with other governmental and private agencies. The office is responsible for coordination and oversight of over 660 regulations in the cabinet on behalf of the Office of the Secretary. This office develops, implements, and pursues the cabinet's legislative agenda including reviewing, evaluating, and analyzing all legislative, regulatory, and public policy proposals impacting the cabinet and responding to requests for public policy information from the cabinet. Each legislative session, CHFS and its departments provide comprehensive reviews, analysis, and feedback on approximately 200 bills and numerous amendments impacting the cabinet's departments and programs.

Finance and Budget manages the cabinet's budget in coordination with departments on behalf of the Office of the Secretary. This office reviews and coordinates activities related to budgetary and programmatic issues across agency lines within the cabinet as well as with other state agencies outside the cabinet, including the Governor's Office for Policy and Management, the Finance and Administration Cabinet, and the Legislative Research Commission. In addition, the office reviews legislation for fiscal impact on the cabinet and responds to budgetary requests for information from various sources.

The Office of Data Analytics provides enterprise analytic services to inform effective program implementation and provide strategic information to the policy-making process.

Policy

The base budget includes General Fund appropriation in the amount of \$150,000 in each fiscal year to support the operations of Special Olympics Kentucky.

The budget includes additional General Fund appropriation of \$461,700 each year to support the Kentucky Eating Disorder Council Trust Fund.

**Health and Family Services
General Administration and Program Support
Inspector General**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,640,200	8,728,300	7,880,100	7,418,500	7,610,900
State Salary and Compensation Allocation	178,300				
Reorganization Adjustment	500,200				
Budget Reduction-General Fund			(411,400)		
Total General Fund	9,318,700	8,728,300	7,468,700	7,418,500	7,610,900
Restricted Funds					
Balance Forward	12,147,972	13,928,494	10,036,500	5,370,200	2,498,200
Current Receipts	7,713,627	7,269,006	8,284,400	9,628,700	9,893,100
Non-Revenue Receipts	8,661,640	9,160,977	9,090,000	9,540,000	10,040,000
Total Restricted Funds	28,523,239	30,358,477	27,410,900	24,538,900	22,431,300
Federal Fund					
Balance Forward	365,222	(607,168)	673,200		
Current Receipts	24,955,865	26,415,942	28,936,300	29,979,400	30,318,200
Total Federal Fund	25,321,087	25,808,775	29,609,500	29,979,400	30,318,200
TOTAL SOURCE OF FUNDS	63,163,026	64,895,551	64,489,100	61,936,800	60,360,400
EXPENDITURES BY CLASS					
Personnel Costs	45,990,968	50,367,535	55,300,900	55,690,900	56,222,100
Operating Expenses	3,607,584	3,755,503	3,755,600	3,685,300	3,685,300
Grants Loans Benefits	243,147	61,750	62,400	62,400	62,400
Construction		996			
TOTAL EXPENDITURES	49,841,700	54,185,785	59,118,900	59,438,600	59,969,800
EXPENDITURES BY FUND SOURCE					
General Fund	9,318,700	8,728,300	7,468,700	7,418,500	7,610,900
Restricted Funds	14,594,745	20,321,945	22,040,700	22,040,700	22,040,700
Federal Fund	25,928,254	25,135,540	29,609,500	29,979,400	30,318,200
TOTAL EXPENDITURES	49,841,700	54,185,785	59,118,900	59,438,600	59,969,800

The Inspector General has seven divisions: the Division of Inspector General, the Division of Telehealth Services, the Division of Kentucky Health Information Exchange, the Division of Audits and Investigations, the Division of Regulated Child Care, the Division of Health Care, and the Division of Certificate of Need. The general authority for the Office of the Inspector General is codified within KRS 194A.030.

The Division of Inspector General administers the Kentucky Applicant Registry and Employment Screening Program (KARES). This program provides comprehensive fingerprint-supported background checks for prospective employees in Long Term Care facilities.

The Division of Telehealth Services provides oversight and direction to Kentucky's telehealth providers to help expand telehealth adoption and increase access to healthcare services.

The Division of Kentucky Health Information Exchange provides a statewide health information exchange that facilitates the safe, secure, electronic exchange of patient health information among participating providers and organizations.

The Division of Audits and Investigations examines Cabinet programs to assess contractor compliance with state and federal laws and regulations. In accordance with KRS 194A.030, the Division is responsible for conducting audits of programs within the Cabinet for Health and Family Services, their grantees and contractors. Investigations are conducted to detect fraud or abuse of any program by any client, or vendor of services with whom the Cabinet has contracted. Special investigations may be requested by the Secretary, commissioners, or agency heads into matters related to the Cabinet and its programs. Any information relevant to possible criminal violations is forwarded to the appropriate prosecuting authority. The agency operates a toll-free welfare and Medicaid fraud and abuse hotline (mandated by KRS 205.8483 and 42 CFR 455); conducts investigations of Women, Infants, and Children program vendors; and collects and reports data on assistance program fraud investigations by the Office of the Inspector General and the Office of the Attorney General. The Kentucky All Schedule Prescription Enforcement Reporting or KASPER system is also maintained here.

Regulated Child Care is charged with licensing certified Family Day Care homes, licensed day care centers (Type I and II), child caring facilities, child-placing agencies, and private adoptive service agencies. This includes initial licensure surveys, yearly re-licensure surveys, and complaint surveys.

Health Care is responsible for inspecting, monitoring, licensing and certifying all health care facilities as defined by KRS 216.510 (1). On-site inspections are conducted of all health facilities and services throughout the state (including nursing homes, hospitals and laboratories) to determine compliance with state licensing standards and federal Medicare and Medicaid certification requirements. Allegations of abuse and neglect that may occur in a licensed health facility are also investigated.

Certificate of Need (CON) staff is responsible for administering the certificate of need program in order to prevent unnecessary proliferation and/or duplication of health care facilities, health services and major medical equipment that increase the cost of health care within the Commonwealth. Staff are responsible for developing the State Health Plan which guides the decision-making process for many types of CON applications. The proposed State Health Plan goes through an extensive review process allowing for comment and input from the public as well as the provider community.

**Health and Family Services
General Administration and Program Support
Office of Medical Cannabis**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		5,215,000	5,154,600	5,154,600	5,154,600
Total General Fund		5,215,000	5,154,600	5,154,600	5,154,600
Restricted Funds					
Balance Forward			27,213,400	27,427,200	3,727,800
Current Receipts		30,319,574	2,200,000	2,175,000	2,167,600
Non-Revenue Receipts		(790,000)		(24,000,000)	
Total Restricted Funds		29,529,574	29,413,400	5,602,200	5,895,400
TOTAL SOURCE OF FUNDS		34,744,574	34,568,000	10,756,800	11,050,000
EXPENDITURES BY CLASS					
Personnel Costs		6,302,801	6,504,100	6,392,300	6,490,400
Operating Expenses		603,681	603,700	603,700	603,700
Grants Loans Benefits		32,956	33,000	33,000	33,000
Capital Outlay		155,273			
TOTAL EXPENDITURES		7,094,711	7,140,800	7,029,000	7,127,100
EXPENDITURES BY FUND SOURCE					
General Fund		4,778,512	5,154,600	5,154,600	5,154,600
Restricted Funds		2,316,199	1,986,200	1,874,400	1,972,500
TOTAL EXPENDITURES		7,094,711	7,140,800	7,029,000	7,127,100

Senate Bill 47 of the 2023 Regular Session legalizes medical cannabis in the commonwealth effective January 1, 2025 and established the Office of Medical Cannabis.

The Office of Medical Cannabis in the Cabinet for Health and Family Services is charged under KRS Chapter 218B with implementing and administering Kentucky's Medical Cannabis Program.

As of April 18, 2024, the Program has filed 17 regulations establishing the processes and procedures for medical cannabis businesses and registered cardholders.

Regulations regarding cannabis businesses establish how cultivators, processors, producers, safety compliance facilities, and dispensaries will apply, become licensed, and operate in the Commonwealth. Regulations regarding patients, designated caregivers, and practitioners establish the procedures to receive a written certification and a medical cannabis card, supply limits, and procedures to publish a list of varieties of medical cannabis.

**Health and Family Services
Medicaid Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,473,126,200	2,568,077,200	3,088,857,700	2,790,491,300	3,506,756,900
Budget Reserve		62,000,000			
State Salary and Compensation Allocation	143,600	8,300	20,000		
Budget Reduction-General Fund			(2,316,100)		
Other			(9,100,000)		
Total General Fund	2,473,269,800	2,630,085,500	3,077,461,600	2,790,491,300	3,506,756,900
Restricted Funds					
Balance Forward	366,075,964	290,669,046	99,818,300	25,471,500	4,341,000
Current Receipts	936,723,387	1,386,673,143	1,752,187,400	1,727,588,200	1,678,156,800
Non-Revenue Receipts	572,158,161	534,198,679	503,499,900	788,810,100	441,021,100
Total Restricted Funds	1,874,957,512	2,211,540,869	2,355,505,600	2,541,869,800	2,123,518,900
Federal Fund					
Balance Forward	(8,505,096)	4,536,733	38,783,200		
Current Receipts	14,464,240,510	15,879,626,340	17,821,967,900	17,221,378,000	18,297,770,700
Non-Revenue Receipts	4,089	(4,289)			
Total Federal Fund	14,455,739,502	15,884,158,785	17,860,751,100	17,221,378,000	18,297,770,700
TOTAL SOURCE OF FUNDS	18,803,966,814	20,725,785,153	23,293,718,300	22,553,739,100	23,928,046,500
EXPENDITURES BY CLASS					
Personnel Costs	236,001,418	211,675,519	368,520,600	288,967,300	265,107,200
Operating Expenses	14,287,112	16,314,843	19,565,200	17,118,200	17,118,200
Grants Loans Benefits	18,258,472,504	20,359,193,301	22,864,261,000	22,243,312,600	23,645,821,100
TOTAL EXPENDITURES	18,508,761,034	20,587,183,663	23,252,346,800	22,549,398,100	23,928,046,500
EXPENDITURES BY FUND SOURCE					
General Fund	2,473,269,800	2,630,085,500	3,061,561,600	2,790,491,300	3,506,756,900
Restricted Funds	1,584,288,466	2,111,722,656	2,330,034,100	2,537,528,800	2,123,518,900
Federal Fund	14,451,202,769	15,845,375,508	17,860,751,100	17,221,378,000	18,297,770,700
TOTAL EXPENDITURES	18,508,761,034	20,587,183,663	23,252,346,800	22,549,398,100	23,928,046,500
EXPENDITURES BY UNIT					
Medicaid Administration	311,656,205	280,316,385	444,763,800	359,763,500	335,903,400
Medicaid Benefits	18,197,104,829	20,306,867,278	22,807,583,000	22,189,634,600	23,592,143,100
TOTAL EXPENDITURES	18,508,761,034	20,587,183,663	23,252,346,800	22,549,398,100	23,928,046,500

Medicaid Services is comprised of two appropriation units: Administration and Benefits. Additionally, two major programs operate within each of those appropriation units: the Kentucky Medical Assistance program (regular Medicaid program) and the Kentucky Children's Health Insurance program (KCHIP).

The Medical Assistance program provides for comprehensive physical and behavioral health services by reimbursing providers for health care provided to medically indigent Kentuckians. Providers are reimbursed directly on a fee-for-service basis or indirectly through contractual arrangements with managed care organizations who receive a monthly capitation payment for each enrolled recipient. Eligibility for services is determined by staff in each county through a contractual agreement with the Department for Community Based Services. Individuals may automatically qualify for benefits if they are eligible for Supplemental Security Income benefits administered by the Social Security Administration.

KCHIP provides for comprehensive physical and behavioral health services for uninsured children up to 213 percent of the federal poverty level who are not otherwise eligible for Medicaid.

Policy

The Governor's budget includes additional funding in the amount of \$483,200 in fiscal year 2027 and \$992,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$67,600 and \$138,900, respectively.

**Health and Family Services
Medicaid Administration**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	70,437,500	67,047,400	77,182,900	82,956,700	76,443,600
State Salary and Compensation Allocation	143,600	8,300	20,000		
Budget Reduction-General Fund			(2,316,100)		
Total General Fund	70,581,100	67,055,700	74,886,800	82,956,700	76,443,600
Restricted Funds					
Balance Forward	3,170,031	12,147,960	14,633,600	8,681,900	4,341,000
Current Receipts	10,756,290	6,590,039	11,400,000	13,545,300	13,162,900
Non-Revenue Receipts	45,022,043	30,571,320	17,666,700	17,630,000	17,629,800
Total Restricted Funds	58,948,364	49,309,320	43,700,300	39,857,200	35,133,700
Federal Fund					
Balance Forward	7,800,590	11,048,118	14,432,500		
Current Receipts	197,518,141	181,973,579	320,426,100	241,290,600	224,326,100
Non-Revenue Receipts	4,089	(4,289)			
Total Federal Fund	205,322,820	193,017,408	334,858,600	241,290,600	224,326,100
TOTAL SOURCE OF FUNDS	334,852,283	309,382,427	453,445,700	364,104,500	335,903,400
EXPENDITURES BY CLASS					
Personnel Costs	236,001,418	211,675,519	368,520,600	288,967,300	265,107,200
Operating Expenses	14,287,112	16,314,843	19,565,200	17,118,200	17,118,200
Grants Loans Benefits	61,367,675	52,326,022	56,678,000	53,678,000	53,678,000
TOTAL EXPENDITURES	311,656,205	280,316,385	444,763,800	359,763,500	335,903,400
EXPENDITURES BY FUND SOURCE					
General Fund	70,581,100	67,055,700	74,886,800	82,956,700	76,443,600
Restricted Funds	46,800,404	34,675,810	35,018,400	35,516,200	35,133,700
Federal Fund	194,274,702	178,584,875	334,858,600	241,290,600	224,326,100
TOTAL EXPENDITURES	311,656,205	280,316,385	444,763,800	359,763,500	335,903,400
EXPENDITURES BY UNIT					
Medical Assistance Administration	301,737,145	271,030,096	432,763,800	347,785,600	323,906,100
KCHIP Administration	9,919,060	9,286,289	12,000,000	11,977,900	11,997,300
TOTAL EXPENDITURES	311,656,205	280,316,385	444,763,800	359,763,500	335,903,400

Administrative functions of the Medicaid program and the Kentucky Children's Health Insurance program (KCHIP) include determining applicant eligibility, formulating policy, processing claims, assuring appropriate utilization of medical services, and managed care oversight. For the fee for service elements of the program, claims are paid through contracts with a fiscal agent and a pharmacy benefits administrator. For the managed care elements of the program, a monthly capitation fee for each member is paid. The Medicaid program contracts for medical review of acute care admissions, level of care determinations for long-term care patients, and care reviews for recipients in mental hospitals and psychiatric facilities.

The Department for Community Based Services performs the eligibility determination function on behalf of the Department for Medicaid Services through a contractual arrangement. The Department for Medicaid Services also administers KCHIP, a program to provide health care services for uninsured children with family incomes below 200 percent of the federal poverty level but above the federal income level for the Medicaid Program.

Policy

To implement new federal requirements from the 2025 legislation, H.R. 1, additional funding in the amount of \$35,551,600 in fiscal year 2027 and \$11,031,600 in fiscal year 2028 is provided for the necessary information system changes needed to implement the new community engagement and work requirements for the Medicaid expansion population, and the shifting of annual Medicaid redeterminations to every six months, for the Medicaid expansion population to retain eligibility. The General Fund portion is \$8,137,900 and \$1,532,900, respectively.

**Health and Family Services
Medicaid Benefits**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,402,688,700	2,501,029,800	3,011,674,800	2,707,534,600	3,430,313,300
Budget Reserve		62,000,000			
Other			(9,100,000)		
Total General Fund	2,402,688,700	2,563,029,800	3,002,574,800	2,707,534,600	3,430,313,300
Restricted Funds					
Balance Forward	362,905,932	278,521,086	85,184,700	16,789,600	
Current Receipts	925,967,097	1,380,083,104	1,740,787,400	1,714,042,900	1,664,993,900
Non-Revenue Receipts	527,136,118	503,627,359	485,833,200	771,180,100	423,391,300
Total Restricted Funds	1,816,009,148	2,162,231,549	2,311,805,300	2,502,012,600	2,088,385,200
Federal Fund					
Balance Forward	(16,305,686)	(6,511,385)	24,350,700		
Current Receipts	14,266,722,369	15,697,652,761	17,501,541,800	16,980,087,400	18,073,444,600
Total Federal Fund	14,250,416,683	15,691,141,377	17,525,892,500	16,980,087,400	18,073,444,600
TOTAL SOURCE OF FUNDS	18,469,114,530	20,416,402,726	22,840,272,600	22,189,634,600	23,592,143,100
EXPENDITURES BY CLASS					
Grants Loans Benefits	18,197,104,829	20,306,867,278	22,807,583,000	22,189,634,600	23,592,143,100
TOTAL EXPENDITURES	18,197,104,829	20,306,867,278	22,807,583,000	22,189,634,600	23,592,143,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,402,688,700	2,563,029,800	2,986,674,800	2,707,534,600	3,430,313,300
Restricted Funds	1,537,488,062	2,077,046,846	2,295,015,700	2,502,012,600	2,088,385,200
Federal Fund	14,256,928,067	15,666,790,632	17,525,892,500	16,980,087,400	18,073,444,600
TOTAL EXPENDITURES	18,197,104,829	20,306,867,278	22,807,583,000	22,189,634,600	23,592,143,100
EXPENDITURES BY UNIT					
Medicaid Benefits	17,721,401,913	19,777,192,167	22,113,690,400	21,440,994,200	22,789,634,100
KCHIP Benefits	475,702,916	529,675,111	693,892,600	748,640,400	802,509,000
TOTAL EXPENDITURES	18,197,104,829	20,306,867,278	22,807,583,000	22,189,634,600	23,592,143,100

The Kentucky Medicaid program, under Title XIX of the Social Security Act and KRS 205.520, provides for preventive and remedial medical care for financially and medically indigent citizens in Kentucky who meet the income and resource criteria for Medicaid eligibility. The following services are currently provided by Kentucky's Medicaid program: Inpatient Hospital; Mental Hospital (for individuals under age 21 and age 65 and over); Renal Dialysis; Model Waiver II (home based services for individuals who are ventilator dependent); Psychiatric Residential Treatment Facilities (8-9 bed group homes for adolescents needing psychiatric residential services); Outpatient Hospital (including Emergency Room); Ambulatory Surgical Centers; HANDS (home visiting services for new and expectant parents); Specialized Children's Services Clinics (sexual abuse examinations); School-Based Services (Medicaid coverage for health services provided by schools to children with disabilities); Commission for Children with Special Health Care Needs; Intermediate Care Facility Services for Individuals with Intellectual Disabilities-ICF/IID (residential habilitation for Medicaid recipients with intellectual disabilities); Nursing Facility Services (residential placement for the elderly and/or disabled); Preventative Services (health care) through the Local Health Departments; Early Intervention Services for Infants through age 2 with developmental problems; Early and Periodic Screening, Diagnosis and Treatment Services (EPSDT) which is preventive health care for children under 21 and coverage of any Federally-allowable, medically necessary Medicaid service for children, even if the service is not covered by the state's Medicaid plan; Chiropractic; X-ray and Laboratory Services; Physical, Occupational and Speech Therapy; Durable Medical Equipment (DME); Federally Qualified Health Centers (FQHC); Primary Care Centers (PCC); Community Mental Health Centers (CMHC); Rural Health Centers; Family Planning; Home Health services; Supports for Community Living (SCL) Waiver Services (long term community services and supports for individuals with intellectual

disabilities); Home and Community Based (HCBS) Waiver Services (long term community services and supports for individuals who meet nursing facility level of care); Adult Day Health Care; Brain Injury Waiver Services (long term community services and supports for individuals with acquired brain injuries); Michelle P. Waiver services (long term community services and supports for individuals with intellectual or developmental disabilities); Nurse Anesthetist; Hospice; Transportation (Non-Emergency and Emergency/Ambulance); Pharmacy; Vision Care; Dental; Physician Services; Nurse Practitioner/Midwife; Audiology Services; Podiatry; Comprehensive Outpatient Rehabilitative Facilities (CORF); Distinct Psychiatric Units in hospitals; Distinct Rehabilitative Units in hospitals; Physicians Assistants; Private Duty Nursing Services; Behavioral health (mental health or substance use disorder services) provided by licensed practitioners, practitioner groups and licensed organizations; Targeted Case Management for individuals with serious mental health or substance abuse disorders; Medicare Premiums (Medicare beneficiaries with incomes below the federal poverty level receive Medicaid assistance for payment of Medicare premiums, deductibles and cost sharing). These individuals are Qualified Medicare Beneficiaries (QMBs). Individuals at the lowest income levels are entitled to full Medicaid benefits. Medicare beneficiaries with income levels slightly higher than poverty receive Medicaid assistance for payment of Medicare premiums. These individuals are Specified Low-Income Medicare Beneficiaries (SLMBs).

Effective January 1, 2014, the federal Patient Protection and Affordable Care Act (ACA) changed the basis for Medicaid eligibility from eligibility categories tied to deprivation to income-based eligibility, with household income for most beneficiaries determined by the Modified Adjusted Gross Income (MAGI) reported on income tax returns. ACA also simplified and streamlined eligibility processes for most beneficiaries. ACA required states with Medicaid benchmark benefit packages, including Kentucky, to align their Medicaid benefits with ten essential health benefits defined by the benchmark plan adopted for the state's health benefit exchange (the 2012 Anthem PPO plan for Kentucky). This required Kentucky to add substance use treatment services and private duty nursing to its benefit package for all Medicaid beneficiaries. Prior to ACA, Kentucky Medicaid only covered substance use treatment for children and pregnant women. Kentucky adopted the adult Medicaid eligibility expansion which extends Medicaid eligibility to individuals in households with income at or below 138% of the federal poverty level (FPL).

Kentucky Medical Assistance Program (KMAP) Recipient Groups

Based on the eligibility changes in ACA, individuals who are eligible for KMAP benefits are classified into two groups: the Modified Adjusted Gross Income (MAGI) eligibility group and the non-MAGI eligibility group.

The **MAGI eligibility group** includes children and non-disabled adults under age 65. Specifically, this group includes children, pregnant women, caretaker relatives of children eligible for Medicaid, the adult Medicaid expansion eligibility group and former foster care children who are eligible for Medicaid up to age 26. Eligibility for each of these groups is based on the following income levels: pregnant women and infants under one year of age – 200% of the Federal Poverty Level (FPL); children from one to eighteen years of age: 147% FPL; and the adult Medicaid expansion eligibility group: 138% FPL. Former foster care children are eligible for Medicaid up to age 26 regardless of their income.

The **non-MAGI eligibility group includes** aged, blind and disabled individuals whose eligibility is associated with their health status and who are subject to resource requirements as well as income limits in establishing Medicaid eligibility.

Projecting Benefits Cost

Forecasting models were combined in the preparation of the Medicaid Benefits projections. Both the Office of State Budget Director (OSBD) and the Department for Medicaid Services (DMS) prepared cash forecasts to arrive at a consensus forecast. These forecasts examine past trends in categorical spending to generate projections for future cash expenditures, adjusting for policy changes. It should be noted that fewer members and services remain under fee-for-service due to the expansion of managed care which was implemented November 1, 2011. Using member eligibility information, historical monthly cash fee-for-service data was classified as either fee-for-service or managed care. Managed care costs were calculated based on the monthly member forecast and the negotiated rates with the contracted managed care organizations. The managed care portion of the budget does not include individual categories of service; therefore, total projected costs for individual services cannot be determined.

Provider Taxes

Dedicated provider assessments are levied on hospitals, home health agencies, Intermediate Care Facilities for Persons with Intellectual Disabilities, providers of alternative community services and long-term care facilities. The recommended budget assumes continuation of the current level of provider tax collections to maintain existing reimbursement levels for hospitals established in state fiscal year 2006.

Disproportionate Share Hospital (DSH) Payments

The budget includes funding for Disproportionate Share Hospital (DSH) payments equal to the maximum amount established by federal law. Disproportionate Share Hospital payments to state mental hospitals are budgeted in each year of the biennium. This budget includes funds transferred from the university teaching hospitals to be used as state matching funds for the portion of DSH funds received by those facilities.

Managed Care

The budget request assumes that Medicaid services are provided statewide by five (5) contracted Managed Care Organizations (MCOs). Recipients in long term care facilities and waiver programs are excluded from managed care enrollment.

Benefit Match Rate

The budget request assumes a federal medical assistance percentage (FMAP) of 71.55 percent for state fiscal year 2027 and 71.60 percent for fiscal year 2028 for eligibility groups other than the ACA Medicaid expansion group. The FMAP for the Medicaid expansion eligibility group authorized by the Affordable Care Act (ACA) is 90 percent for the biennium. The federal Medicaid match rate for KCHIP is estimated at 80.90 percent for fiscal year 2027 and 80.12 percent for fiscal year 2028.

Kentucky Children's Health Insurance Program (KCHIP)

The Kentucky Children's Health Insurance program was initiated under Title XXI of the Social Security Act and currently serves eligible children up to 213 percent of the federal poverty level.

Policy

The Office of State Budget Director and the Department for Medicaid Services work together to arrive at a consensus forecast of the amount needed to maintain the Medicaid Benefits budget. These forecasts examine past trends in categorical spending to generate projections for future cash expenditures, adjusting for policy changes. Using member eligibility information, historical monthly cash fee-for-service data was classified as either fee-for-service or managed care. Managed care costs were calculated based on the monthly member forecast and the negotiated rates with the contracted managed care organizations.

An additional \$442,498,700 General Fund was added in fiscal year 2028 to support Medicaid Benefits. This will cover estimated program needs and forecasted eligibles in the Medicaid Benefits Program determined through a consensus forecasting process.

The budget accommodates the following estimated average monthly enrollment for fiscal year 2027 and fiscal year 2028.

Medicaid Enrollment

Projections FY 2026 - FY 2028

	MCO (Traditional Medicaid)	MCO (Medicaid Expansion)	MCO (KCHIP)	Fee For Service (FFS)	Grand Total
FY 2026	716,419	459,675	137,590	151,846	1,465,530
FY 2027	709,928	452,126	145,432	152,384	1,459,870
FY 2028	700,085	423,400	153,282	152,426	1,429,193

The budget includes a state fiscal year 2027 federal share or FMAP of 71.55 percent for Medicaid eligibility groups, 80.90 percent for the Kentucky Children's Health Insurance Program eligibility group, and 90 percent for the Medicaid expansion eligibility group. The budget includes a state fiscal year 2028 federal share or FMAP of 71.60 percent for Medicaid eligibility groups, 80.12 percent for the Kentucky Children's Health Insurance Program eligibility group, and 90 percent for the Medicaid expansion eligibility group.

The budget includes an additional 500 slots for the Michelle P. Waiver program. The total additional funding for Michelle P slots is \$27,300,000 each year, with \$7,766,200 from the General Fund and \$19,533,800 from federal funds. This increase will bring the total number of funded slots to 11,850.

The budget includes an additional 250 slots for the Supports for Community Living program. The total additional funding for Supports for Community Living slots is \$28,625,000 each year, with \$8,143,100 from the General Fund and \$20,481,900 from federal funds. This will bring the total number of funded slots to 5,666.

The budget includes an additional 500 slots for the Home and Community Based Services program over the biennium. The total additional funding for Home and Community Based Services slots is \$20,349,900 each year, with \$5,789,100 from the General Fund and \$14,560,800 from federal funds. This will bring the total number of funded slots to 18,300.

The budget includes an additional \$1,441,400 General Fund in fiscal year 2028 as a federal fund replacement to support the four currently operating pilot Certified Community Behavioral Health Clinics. Funds are needed due to an expiring enhanced federal match rate at the end of calendar year 2027.

Congress passed H.R. 1 in July 2025 which made significant changes to the Medicaid program. Among them are new work or community engagement requirements for the expansion population and changing the eligibility determination timeline for the expansion population from annually to every six months. These two changes are effective January 2027. The Medicaid eligibility forecast assumes that the work or community engagement change will reduce enrollment by 4,295 in fiscal year 2027 and by 9,660 in fiscal year 2028. The more frequent eligibility redetermination change is estimated to reduce enrollment by 18,879 in fiscal year 2028. When these two changes are combined, the estimated enrollment reduction is 28,539 in fiscal year 2028. H.R. 1 also impacts Medicaid program income from provider taxes. It imposes limits on provider tax, used as a match for federal funds. The legislation reduces the allowable Medicaid provider tax rate by phasing it down over five years from 6% to 3.5% by 2032, starting January 1, 2028 with 0.5% annual drops. The first year of impact to Kentucky is in 2029. Starting October 2028, the new law imposes a cost sharing requirement on the expansion population between 100-138 percent of the federal poverty level, capped at \$35 dollars per service and 5 percent of total family income annually.

One of the most significant changes is the new law's limits on state directed payments to hospitals. In Kentucky, the most prominent example is the Hospital Rate Improvement Program (HRIP). State directed payments help fill the gap between base Medicaid rates and the average commercial rate. The change phases down these payments by 10 percentage points each year to no more than what Medicare pays. The phase down is scheduled to begin in 2028. The Kentucky Hospital Association has estimated this change will amount to a 90 percent loss of the current payments. One national study has estimated that Kentucky would be at risk of losing 35 rural hospitals because of H.R. 1.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	186,810,300	190,981,100	189,492,900	202,555,100	203,500,200
State Salary and Compensation Allocation	1,253,700		1,300		
Budget Reduction-General Fund			(5,594,700)		
Total General Fund	188,064,000	190,981,100	183,899,500	202,555,100	203,500,200
Tobacco Fund					
Tobacco Settlement - Phase I	1,400,000	1,300,000	1,300,000	1,258,900	249,300
Continuing Approp-Tob Settlement	5,531,751	4,124,272	3,122,300		
Other		515,780			
Total Tobacco Fund	6,931,751	5,940,052	4,422,300	1,258,900	249,300
Restricted Funds					
Balance Forward	58,477,945	52,819,910	50,718,100	46,826,400	42,965,800
Current Receipts	235,166,480	251,860,171	262,836,800	262,703,000	253,251,200
Non-Revenue Receipts	1,053,243	186,057	1,555,300	1,540,300	1,525,200
Total Restricted Funds	294,697,668	304,866,138	315,110,200	311,069,700	297,742,200
Federal Fund					
Balance Forward	(2,715,314)	(1,793,046)	(1,912,300)		
Current Receipts	104,404,543	106,611,254	100,807,500	98,751,200	98,921,400
Total Federal Fund	101,689,230	104,818,208	98,895,200	98,751,200	98,921,400
TOTAL SOURCE OF FUNDS	591,382,648	606,605,499	602,327,200	613,634,900	600,413,100
EXPENDITURES BY CLASS					
Personnel Costs	112,448,161	119,130,324	117,384,500	115,866,600	117,175,500
Operating Expenses	15,697,643	18,152,298	17,130,600	16,883,400	16,886,100
Grants Loans Benefits	397,022,316	404,134,384	411,114,200	428,047,600	428,088,700
Debt Service	10,989,944	13,212,163	9,810,800	9,810,800	9,810,800
Capital Outlay	73,432	48,170	60,700	60,700	60,700
Construction	17				
TOTAL EXPENDITURES	536,231,512	554,677,339	555,500,800	570,669,100	572,021,800
EXPENDITURES BY FUND SOURCE					
General Fund	188,064,000	190,981,100	183,899,500	202,555,100	203,500,200
Tobacco Fund	2,807,479	2,817,724	4,422,300	1,258,900	249,300
Restricted Funds	241,877,758	254,148,107	268,283,800	268,103,900	269,350,900
Federal Fund	103,482,275	106,730,408	98,895,200	98,751,200	98,921,400
TOTAL EXPENDITURES	536,231,512	554,677,339	555,500,800	570,669,100	572,021,800

EXPENDITURES BY UNIT

Community Behavioral Health	85,973,335	93,594,377	94,015,900	90,494,500	90,929,100
Community Developmental and Intellectual Disabilities	24,418,483	24,123,469	24,435,000	24,385,100	24,442,900
Community Mental Health Services	80,367,050	83,540,653	82,233,600	82,114,900	82,252,500
General Support	8,756,307	9,017,439	12,086,000	11,962,800	12,105,400
Residential	336,716,338	344,401,401	342,730,300	361,711,800	362,291,900
TOTAL EXPENDITURES	536,231,512	554,677,339	555,500,800	570,669,100	572,021,800

The Department for Behavioral Health, Developmental and Intellectual Disabilities operates behavioral health, substance use disorder, developmental and intellectual disabilities programs. Services are provided in the community and in state-owned, state-operated and contracted residential facilities. Approximately 800 inpatients are cared for daily in the facilities operated or contracted by the Cabinet, and over 175,000 more are treated as outpatients in the community setting by the 14 Regional Boards for Mental Health and Intellectual Disability (Community Mental Health Centers) established by KRS 210.

Policy

The Governor's budget includes additional funding in the amount of \$897,500 in fiscal year 2027 and \$1,844,500 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$646,200 and \$1,328,000, respectively.

**Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Community Developmental and Intellectual Disabilities**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	17,723,400	17,754,500	17,800,100	17,216,200	17,274,000
State Salary and Compensation Allocation	31,100				
Other	612,500	(440,000)			
Budget Reduction-General Fund			(534,000)		
Total General Fund	18,367,000	17,314,500	17,266,100	17,216,200	17,274,000
Restricted Funds					
Balance Forward	59,590	58,855	40,700	40,700	40,700
Non-Revenue Receipts	2,725,700	2,822,619	3,414,400	3,414,400	3,414,400
Total Restricted Funds	2,785,290	2,881,474	3,455,100	3,455,100	3,455,100
Federal Fund					
Balance Forward	(1,804,990)	(1,618,350)	(1,792,100)		
Current Receipts	3,511,689	3,794,440	5,546,600	3,754,500	3,754,500
Total Federal Fund	1,706,698	2,176,090	3,754,500	3,754,500	3,754,500
TOTAL SOURCE OF FUNDS	22,858,988	22,372,064	24,475,700	24,425,800	24,483,600
EXPENDITURES BY CLASS					
Personnel Costs	3,111,121	3,626,390	3,016,500	2,972,800	3,030,600
Operating Expenses	455,775	499,220	619,300	619,300	619,300
Grants Loans Benefits	20,851,587	19,997,860	20,799,200	20,793,000	20,793,000
TOTAL EXPENDITURES	24,418,483	24,123,469	24,435,000	24,385,100	24,442,900
EXPENDITURES BY FUND SOURCE					
General Fund	18,367,000	17,314,500	17,266,100	17,216,200	17,274,000
Restricted Funds	2,726,435	2,840,818	3,414,400	3,414,400	3,414,400
Federal Fund	3,325,048	3,968,151	3,754,500	3,754,500	3,754,500
TOTAL EXPENDITURES	24,418,483	24,123,469	24,435,000	24,385,100	24,442,900

Community Developmental and Intellectual Disabilities is responsible for administration of the Supports for Community Living Medicaid waiver program for individuals with intellectual and developmental disabilities and for the oversight of community providers of both waiver and state General Fund service programs.

Developmental and Intellectual Disability Services provides support and services to individuals to help them be contributing members of their community. Services are provided through contracts with the 14 Regional Community Mental Health Centers and with for-profit and non-profit agencies which provide residential, vocational, community, respite, and a variety of other services that increase independence in the community. Some of the residential services include support to individuals within their own homes, family homes, group home living placements, apartment living supervision, community staffed residences, and assistance with other living arrangements. It is the responsibility of the provider to ensure that people are safe, healthy, respected and valued; that they live in the community with effective, individualized assistance; and are contributing members of the community in which they live and work. Additionally, each of the 14 Regional Community Mental Health Centers have 24/7 crisis prevention and intervention support available to individuals, families and providers with the goal of enabling an individual to remain in his/her community and to prevent future crisis events.

**Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Community Substance Use Disorder Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,048,300	7,986,700	9,418,400	9,112,700	9,139,600
State Salary and Compensation Allocation	66,300				
Other	788,200	1,422,000			
Budget Reduction-General Fund			(282,500)		
Total General Fund	8,902,800	9,408,700	9,135,900	9,112,700	9,139,600
Tobacco Fund					
Tobacco Settlement - Phase I	1,400,000	1,300,000	1,300,000	1,258,900	249,300
Continuing Approp-Tob Settlement	5,531,751	4,124,272	3,122,300		
Other		515,780			
Total Tobacco Fund	6,931,751	5,940,052	4,422,300	1,258,900	249,300
Restricted Funds					
Balance Forward	22,187,579	33,857,056	41,922,600	40,835,300	39,943,100
Current Receipts	17,591,046	17,561,360	17,121,800	17,126,100	7,672,900
Non-Revenue Receipts	74,312	73,167	73,200	73,200	73,200
Total Restricted Funds	39,852,937	51,491,584	59,117,600	58,034,600	47,689,200
Federal Fund					
Balance Forward	(1,884,581)	(845,894)	(1,283,900)		
Current Receipts	69,305,861	71,360,940	63,459,300	62,031,400	62,201,600
Total Federal Fund	67,421,281	70,515,045	62,175,400	62,031,400	62,201,600
TOTAL SOURCE OF FUNDS	123,108,769	137,355,382	134,851,200	130,437,600	119,279,700
EXPENDITURES BY CLASS					
Personnel Costs	6,121,026	5,734,431	5,888,000	5,533,800	5,927,200
Operating Expenses	317,964	456,304	437,000	437,000	437,000
Grants Loans Benefits	79,534,345	87,403,642	87,690,900	84,523,700	84,564,900
TOTAL EXPENDITURES	85,973,335	93,594,377	94,015,900	90,494,500	90,929,100
EXPENDITURES BY FUND SOURCE					
General Fund	8,902,800	9,408,700	9,135,900	9,112,700	9,139,600
Tobacco Fund	2,807,479	2,817,724	4,422,300	1,258,900	249,300
Restricted Funds	5,995,882	9,569,005	18,282,300	18,091,500	19,338,600
Federal Fund	68,267,175	71,798,948	62,175,400	62,031,400	62,201,600
TOTAL EXPENDITURES	85,973,335	93,594,377	94,015,900	90,494,500	90,929,100

The Community Substance Use Disorder Services Program provides quality treatment, prevention, and education services to citizens suffering from, or at-risk of, substance use disorders (tobacco, alcohol and prescription or illegal drugs). Services are provided through contracts with the CMHCs and other state, local, and private non-profit providers. Substance abuse prevention and treatment services are provided pursuant to KRS 222. The receipts from alcohol intoxication fines are received pursuant to KRS 431.100. Other statutes under which the program operates include: KRS 189A (Driving Under the Influence assessment, education, and treatment) and KRS 218A.410 (Drug Property subject to forfeiture).

Contracts with the CMHCs and their subcontractors, schools, local government agencies, and other community-based organizations provide services which include: community prevention programming (offered through 14 Regional Prevention Centers); juvenile diversion programs; DUI assessment, education, and treatment programs; consultation with businesses on the development of a drug-free work place and employee assistance programs; social setting detoxification centers, residential treatment for men, women and youth, outpatient treatment, intensive outpatient treatment, and case management services; and specialized treatment services for pregnant women, women with dependent children, adolescents, and intravenous drug users. In addition, opiate replacement therapy (medication) and corresponding counseling is available to opiate dependent persons who are at high risk for HIV/AIDS due to their intravenous drug use. Training, consultation and client evaluations are made available, within budget limitations, to criminal justice agencies and other agencies within the Cabinet for Health and Family Services for clients with substance use disorders. As the State Substance Abuse Authority and the State Opiate Replacement Authority, the Department is tasked with leading the Kentucky Opioid Response Effort (KORE) and collaborating with other departments within the Cabinet, the Office of Drug Control Policy, and other state and local agencies in the effort to eradicate addiction.

Policy

The base budget includes Tobacco Settlement Funds in the amount of \$1,258,900 in fiscal year 2027 and \$249,300 in fiscal year 2028, and \$1,050,700 in interest income from the Early Childhood Development trust fund, for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

The base budget includes General Fund of \$900,000 in each fiscal year to support direct services to clients provided by The Healing Place, \$14,600,000 General Fund each year to support the Appalachian Regional Hospital, and \$750,000 General Fund each year to support Lee Specialty Clinic.

**Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Community Mental Health Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	56,868,600	59,247,200	48,879,000	46,993,900	47,131,500
State Salary and Compensation Allocation	108,700				
Other	(10,388,200)	(7,857,000)			
Budget Reduction-General Fund			(1,766,400)		
Total General Fund	46,589,100	51,390,200	47,112,600	46,993,900	47,131,500
Restricted Funds					
Balance Forward	10,708,969	11,565,640	8,373,300	5,696,200	2,855,100
Current Receipts	1,276,618	1,656,621	610,900	461,900	463,000
Non-Revenue Receipts	2,131,263	(3,643,221)	1,867,700	1,852,700	1,837,600
Total Restricted Funds	14,116,850	9,579,039	10,851,900	8,010,800	5,155,700
Federal Fund					
Balance Forward	1,025,183	671,312	1,163,900		
Current Receipts	30,872,868	31,437,315	28,801,400	29,965,300	29,965,300
Total Federal Fund	31,898,051	32,108,627	29,965,300	29,965,300	29,965,300
TOTAL SOURCE OF FUNDS	92,604,001	93,077,866	87,929,800	84,970,000	82,252,500
EXPENDITURES BY CLASS					
Personnel Costs	5,951,131	7,158,554	6,721,500	6,600,800	6,738,400
Operating Expenses	434,244	280,674	364,900	364,900	364,900
Grants Loans Benefits	73,981,674	76,101,425	75,147,200	75,149,200	75,149,200
TOTAL EXPENDITURES	80,367,050	83,540,653	82,233,600	82,114,900	82,252,500
EXPENDITURES BY FUND SOURCE					
General Fund	46,589,100	51,390,200	47,112,600	46,993,900	47,131,500
Restricted Funds	2,551,210	1,205,755	5,155,700	5,155,700	5,155,700
Federal Fund	31,226,739	30,944,698	29,965,300	29,965,300	29,965,300
TOTAL EXPENDITURES	80,367,050	83,540,653	82,233,600	82,114,900	82,252,500

The Community Mental Health Services program provides services and support to Kentuckians with mental health conditions in an effort to improve their ability to function in the community. The Department for Behavioral Health, Developmental and Intellectual Disabilities contracts with 14 Regional Community Mental Health Centers (CMHCs) and other local entities to provide these services and supports. In addition, the Community Mental Health Services program has targeted funds to the most vulnerable citizens with behavioral health conditions. These include:

- Adults with severe mental illness (KRS 210, KRS 202A),
- Children/youth with severe emotional disabilities (KRS 200.501 to KRS 200.509), and
- Uninsured or underinsured individuals with behavioral health disorders.

In accordance with KRS 210.410, CMHCs must provide mentally ill persons and persons who abuse drugs and alcohol with specific services such as: consultation and educational services to help individuals understand their illnesses and treatment options; community support programs to assist individuals with mental health conditions in developing skills that allow them to live independently within the community; outpatient services; emergency services; and inpatient services, which are generally made available through referrals to crisis stabilization units or state or community hospitals.

State and Federal funds are used to provide psychiatric screening and assessment services, case management services, psychotropic medications, housing, and employment support services for adults with severe mental illness and children with severe emotional disabilities. Funds are also provided for unique services and supports designed to “wraparound” an adult or child who is at risk of psychiatric hospitalization.

Funding is used to support promotion of mental “wellness” and early intervention assessment and treatment services. Suicide prevention for youth, adults and older adults is an important focus of the Department as well as services to individuals, and their families, dealing with behavioral health issues related to or exasperated by military service.

Funding is used to support statewide needs assessment and planning, monitoring of services provided, training and technical assistance for providers and other community partners (child welfare, law enforcement, education), and procurement and administration of federal and other funds for the provision of effective, community-based services and supports. Integrated (physical and behavioral health) healthcare delivery is necessary for achieving optimal outcomes.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
General Support

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,230,600	8,505,400	8,819,000	8,432,500	8,575,200
State Salary and Compensation Allocation	274,800		1,300		
Other	91,000	153,000			
Budget Reduction-General Fund			(264,600)		
Total General Fund	8,596,400	8,658,400	8,555,700	8,432,500	8,575,200
Restricted Funds					
Balance Forward	84,410	327,003	381,500	254,200	126,900
Current Receipts	402,500	412,870	403,000	403,000	403,300
Non-Revenue Receipts		311			
Total Restricted Funds	486,910	740,185	784,500	657,200	530,200
Federal Fund					
Current Receipts		311	3,000,000	3,000,000	3,000,000
Total Federal Fund		311	3,000,000	3,000,000	3,000,000
TOTAL SOURCE OF FUNDS	9,083,310	9,398,896	12,340,200	12,089,700	12,105,400
EXPENDITURES BY CLASS					
Personnel Costs	7,053,603	7,208,470	7,386,700	7,277,500	7,420,200
Operating Expenses	888,926	842,040	781,100	781,100	781,100
Grants Loans Benefits	813,777	966,929	3,918,200	3,904,200	3,904,100
TOTAL EXPENDITURES	8,756,307	9,017,439	12,086,000	11,962,800	12,105,400
EXPENDITURES BY FUND SOURCE					
General Fund	8,596,400	8,658,400	8,555,700	8,432,500	8,575,200
Restricted Funds	159,907	358,728	530,300	530,300	530,200
Federal Fund		311	3,000,000	3,000,000	3,000,000
TOTAL EXPENDITURES	8,756,307	9,017,439	12,086,000	11,962,800	12,105,400

General Support includes the Commissioner's Office, the Division of Administration and Financial Management, the Division of Program Integrity and the Office of Autism. This unit's activities include policy and budget development, proactive program monitoring, standards development, contract development and implementation, oversight of personnel and staffing, Autism Spectrum Disorder support, legislative monitoring and management decision-making for the overall direction of the Department.

Health and Family Services
Behavioral Health, Developmental & Intellectual Disabilities
Residential

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	95,939,400	97,487,300	104,576,400	120,799,800	121,379,900
State Salary and Compensation Allocation	772,800				
Other	8,896,500	6,722,000			
Budget Reduction-General Fund			(2,747,200)		
Total General Fund	105,608,700	104,209,300	101,829,200	120,799,800	121,379,900
Restricted Funds					
Balance Forward	25,437,398	7,011,356			
Current Receipts	215,896,315	232,229,320	244,701,100	244,712,000	244,712,000
Non-Revenue Receipts	(3,878,033)	933,180	(3,800,000)	(3,800,000)	(3,800,000)
Total Restricted Funds	237,455,680	240,173,856	240,901,100	240,912,000	240,912,000
Federal Fund					
Balance Forward	(50,926)	(113)	(200)		
Current Receipts	714,126	18,248	200		
Total Federal Fund	663,200	18,135			
TOTAL SOURCE OF FUNDS	343,727,580	344,401,290	342,730,300	361,711,800	362,291,900
EXPENDITURES BY CLASS					
Personnel Costs	90,211,281	95,402,479	94,371,800	93,481,700	94,059,100
Operating Expenses	13,600,733	16,074,060	14,928,300	14,681,100	14,683,800
Grants Loans Benefits	221,840,932	219,664,529	223,558,700	243,677,500	243,677,500
Debt Service	10,989,944	13,212,163	9,810,800	9,810,800	9,810,800
Capital Outlay	73,432	48,170	60,700	60,700	60,700
Construction	17				
TOTAL EXPENDITURES	336,716,338	344,401,401	342,730,300	361,711,800	362,291,900
EXPENDITURES BY FUND SOURCE					
General Fund	105,608,700	104,209,300	101,829,200	120,799,800	121,379,900
Restricted Funds	230,444,325	240,173,801	240,901,100	240,912,000	240,912,000
Federal Fund	663,313	18,300			
TOTAL EXPENDITURES	336,716,338	344,401,401	342,730,300	361,711,800	362,291,900

Residential Services provides inpatient care in the areas of psychiatric hospitalization, intermediate care for persons with developmental and intellectual disabilities, nursing facility care, and forensic psychiatry for approximately 800 individuals each day.

Inpatient psychiatric services are provided for adults through four psychiatric hospitals: Eastern State Hospital in Lexington with an average daily census (ADC) of 136; Central State Hospital in Louisville with an ADC of 52; and Western State Hospital in Hopkinsville with an ADC of 143. The ARH Psychiatric Facility located in Hazard, owned and operated by Appalachian Regional Healthcare, Inc., with an ADC of 84, provides acute inpatient psychiatric services through a contract with the Department. Eastern State Hospital is operated under a management contract with the University of Kentucky.

Glasgow Nursing Facility with an ADC of 45 and Western State Nursing Facility with an ADC of 66 provide quality care to adults with severe and persistent mental illness who require a skilled nursing facility's level of care.

Ten facilities provide intermediate care for individuals with developmental and intellectual disabilities who are unable to live unassisted in their communities: the Oakwood Community Center in Somerset with an ADC of 107, Outwood in Dawson Springs with an ADC of 43, Hazelwood in Louisville with an ADC of 73, Bingham Gardens located in Louisville with an ADC of 22, Del Maria in Fern Creek with an ADC of 8, the Meadows in Mount Washington with an ADC of 8, and Windsong in Crestwood with an ADC of 8. Residents are assisted in self-care skills and community living skills and are provided specialized services to promote their personal growth.

The Department has established three specialty clinics in support of individuals with developmental and intellectual disabilities living in the community, who may have transitioned from a facility placement. Moving from a facility placement to a community placement creates a gap in services that can negatively impact clients and jeopardize a successful placement. These clinics provide a vast array of specialized services including medical, dental and therapeutic services on an outpatient basis, avoiding institutionalization. These three specialty clinics are located on the campuses of Bingham Gardens, Hazelwood Center, and Oakwood.

Forensic psychiatric and competency evaluation services are provided at the Kentucky Correctional Psychiatric Center within the Luther Lockett Correctional Complex in LaGrange with an ADC of 34. Pretrial services are provided for persons with felony charges who are referred by district and circuit courts for evaluation of competency to stand trial. The correctional component may serve some post-convicted females in need of acute inpatient psychiatric treatment who are transferred from various institutions within the Department of Corrections.

Policy

The budget includes an additional \$20,000,000 in General Fund in each fiscal year to meet the needs of increased census numbers and higher costs of operating residential facilities for individuals who are court ordered for involuntary treatment due to severe mental illness or intellectual disability and who pose a risk to themselves, family, or others.

The base budget includes General Fund in the amount of \$9,807,300 in fiscal year 2027 and \$9,808,000 in fiscal year 2028 for lease payments for Eastern State Hospital.

**Health and Family Services
Public Health**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	107,537,600	89,151,800	88,543,300	98,735,100	100,208,200
Budget Reserve		2,000,000	2,000,000		
State Salary and Compensation Allocation	996,200		4,300		
Budget Reduction-General Fund			(2,656,400)		
Total General Fund	108,533,800	91,151,800	87,891,200	98,735,100	100,208,200
Tobacco Fund					
Tobacco Settlement - Phase I	12,200,000	10,103,300	10,580,000	10,691,000	9,880,000
Continuing Approp-Tob Settlement	21,190,523	11,282,118	6,527,300		
Other	655,551				
Total Tobacco Fund	34,046,074	21,385,418	17,107,300	10,691,000	9,880,000
Restricted Funds					
Balance Forward	31,294,256	43,361,029	26,943,600	17,176,300	7,727,600
Current Receipts	103,189,301	105,509,317	135,780,000	146,221,400	151,123,100
Non-Revenue Receipts	43,032	(1,156,467)	(4,962,700)	(6,962,600)	(7,012,600)
Total Restricted Funds	134,526,588	147,713,879	157,760,900	156,435,100	151,838,100
Federal Fund					
Balance Forward	(4,057,612)	(4,876,581)	(6,187,800)		
Current Receipts	343,573,806	311,130,711	308,818,000	510,150,900	499,317,300
Total Federal Fund	339,516,194	306,254,130	302,630,200	510,150,900	499,317,300
TOTAL SOURCE OF FUNDS	616,622,655	566,505,227	565,389,600	776,012,100	761,243,600
EXPENDITURES BY CLASS					
Personnel Costs	160,838,660	158,364,354	173,521,800	174,833,200	171,823,600
Operating Expenses	36,446,503	40,382,955	28,512,700	30,319,000	28,465,200
Grants Loans Benefits	364,647,993	338,921,305	346,103,800	563,057,300	560,879,800
Debt Service		1,468,500			
Capital Outlay	4,922,932	84,970	75,000	75,000	75,000
TOTAL EXPENDITURES	566,856,089	539,222,084	548,213,300	768,284,500	761,243,600
EXPENDITURES BY FUND SOURCE					
General Fund	108,533,800	91,151,800	87,891,200	98,735,100	100,208,200
Tobacco Fund	22,763,956	14,858,140	17,107,300	10,691,000	9,880,000
Restricted Funds	91,165,559	120,770,229	140,584,600	148,707,500	151,838,100
Federal Fund	344,392,774	312,441,915	302,630,200	510,150,900	499,317,300
TOTAL EXPENDITURES	566,856,089	539,222,084	548,213,300	768,284,500	761,243,600

EXPENDITURES BY UNIT

General Health Support	60,600,129	45,937,871	36,529,300	249,953,400	250,530,700
Women's Health	8,507,683	8,387,373	8,567,400	8,611,000	8,648,200
Prevention and Quality Improvement	35,641,682	31,170,629	34,286,000	39,306,000	39,284,800
Epidemiology and Health Planning	147,927,339	135,883,963	141,150,800	132,501,300	113,324,800
Maternal and Child Health	233,374,270	235,424,387	249,015,800	257,426,900	267,582,900
Laboratory Services	14,549,798	14,449,952	14,632,200	16,572,200	17,411,800
Public Health Protection and Safety	44,342,220	45,792,419	41,782,300	41,635,100	41,937,900
Children's Health Services	21,912,968	22,175,490	22,249,500	22,278,600	22,522,500
TOTAL EXPENDITURES	566,856,089	539,222,084	548,213,300	768,284,500	761,243,600

The Department for Public Health's (DPH) mission is to improve the health and safety of all people in Kentucky through Prevention, Promotion and Protection. DPH is responsible for carrying out the core public health functions of:

- Assessment of health status and programs;
- Science-based health policy development; and
- Assurance of health services, codes, and programs to meet the needs of Kentuckians.

Pursuant to KRS 211.025 and 211.180, DPH, with its seven divisions, enforces public health laws and regulations, assists local boards of health and health departments, and acts to protect and improve health. It does so by formulating, promoting, establishing, and executing policies, plans, and programs "relating to all matters of public health", partnering with 61 local health departments (LHDs) covering 120 counties as well as other local, state and federal agencies.

The department's focus is improving the health status of the population. Due in part to public health efforts, fewer Kentuckians smoke, a greater number of colon cancers are prevented, teen pregnancy rates are down, and deaths from cardiovascular disease are decreasing.

The department strives to protect and improve the health and quality of life of each of over 4.4 million Kentuckians every day by administering approximately 150 distinct programs and services, which are as varied as immunizations, newborn screening, women's cancer prevention, radon control and the regulation of tattoo parlors. A sizable part of the state's economy is regulated by the actions of the department including the operation of food retail services, food manufacturing, radiation health services, hotels and pools. In fiscal year 2023, the public health system in Kentucky provided clinical services to an average of about 300,000 unduplicated patients. Many public health services are unavailable from any other source or are unattainable from another source at low or no cost.

The department relies on LHDs to carry out many public health activities required by statute, regulation, or participation in federal grant awards. Federal monies support over half of the department's yearly budget. The majority of these awards are allocated to the community level for the performance of services. LHDs may also choose to perform enhanced services based on community health needs and for which the availability of funding allows.

The department consists of seven divisions: Administration and Financial Management to include the Commissioner's Office, Women's Health, Prevention and Quality Improvement, Epidemiology and Health Planning, Maternal and Child Health, Laboratory Services, and Public Health Protection and Safety.

A healthy population can help create a more robust workforce and contribute to driving down societal costs for healthcare. Kentucky's public health system, which touches numerous lives daily with its wide array of programs and messages, is critical to protecting and improving the state's health through its myriad programs and services many of which are performed only by public health agencies.

Senate Bill 48 enacted in the 2023 regular session reorganized the Cabinet for Health and Family Services (CHFS). Effective July 1, 2024 the Office for Children with Special Health Care Needs was reorganized to the Department for Public Health.

Policy

The Governor's budget includes additional funding in the amount of \$1,394,000 in fiscal year 2027 and \$2,861,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$487,900 and \$1,001,600, respectively.

**Health and Family Services
Public Health
General Health Support**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	53,433,200	34,839,500	32,870,700	33,058,600	33,940,800
State Salary and Compensation Allocation	224,900		4,300		
Other	(20,450,000)	(1,310,300)			
Budget Reduction-General Fund			(2,656,400)		
Total General Fund	33,208,100	33,529,200	30,218,600	33,058,600	33,940,800
Restricted Funds					
Balance Forward	1,852,348	1,121,973	1,412,300	955,800	17,400
Current Receipts	434,509	93,519	3,849,200	3,849,400	4,451,000
Non-Revenue Receipts	434,214	2,614,511	(2,730,000)	(2,730,000)	(2,730,000)
Total Restricted Funds	2,721,071	3,830,003	2,531,500	2,075,200	1,738,400
Federal Fund					
Balance Forward	(366,150)	(3,419,157)	(195,000)		
Current Receipts	22,739,925	13,215,099	4,930,000	214,837,000	214,851,500
Total Federal Fund	22,373,774	9,795,942	4,735,000	214,837,000	214,851,500
TOTAL SOURCE OF FUNDS	58,302,945	47,155,145	37,485,100	249,970,800	250,530,700
EXPENDITURES BY CLASS					
Personnel Costs	13,076,957	11,693,272	9,407,500	8,883,700	9,465,000
Operating Expenses	2,409,989	2,873,501	777,200	551,700	547,700
Grants Loans Benefits	45,000,334	29,902,598	26,344,600	240,518,000	240,518,000
Debt Service		1,468,500			
Capital Outlay	112,850				
TOTAL EXPENDITURES	60,600,129	45,937,871	36,529,300	249,953,400	250,530,700
EXPENDITURES BY FUND SOURCE					
General Fund	33,208,100	33,529,200	30,218,600	33,058,600	33,940,800
Restricted Funds	1,599,097	2,417,685	1,575,700	2,057,800	1,738,400
Federal Fund	25,792,932	9,990,986	4,735,000	214,837,000	214,851,500
TOTAL EXPENDITURES	60,600,129	45,937,871	36,529,300	249,953,400	250,530,700

The General Health Support Program includes two organizational units: the Commissioner and Administration and Financial Management.

The Commissioner is responsible for the leadership, management, oversight, and policy direction of the Department for Public Health. The Commissioner advises the heads of major agencies in state government on policies, plans, and programs relating to matters of public health. This includes actions necessary to respond to extraordinary events in order to safeguard the health of the citizens of the Commonwealth. The Commissioner serves as the State Health Officer for the Commonwealth. The Commissioner's role includes the coordination of public health emergency response capabilities with federal and other state agencies and involvement in the statewide management of anti-terrorist (nuclear, biologic, chemical) activities. The Commissioner provides leadership in transforming the role of public health in Kentucky to new models as more uninsured citizens have opportunities for healthcare coverage under the new insurance marketplace and expanded Medicaid coverage.

The Chief Nursing Officer for Public Health, located in the Commissioner's Office, provides nurse administration consultation and technical assistance to the Commissioner, executive staff, and state and local health departments including approximately 800 nurses and APRNs who practice in local health departments across the state. This guidance includes nursing scope of practice issues, the development and implementation of clinical protocols, nursing education and clinical competencies as well as public health nursing workforce development initiatives.

The Office of Population Health functionally operates through the Commissioner's Office. The Office seeks to eliminate health disparities in the state of Kentucky specifically those social, cultural, and environmental factors that contribute to adverse health outcomes. The Office serves in an advisory capacity to all divisions across the Department of Public Health, Local Health Departments, and other partners.

Quality improvement, performance management, and national accreditation efforts continue to be a focus of the department. The goal of this program is for participants to make fundamental changes in their organizations and practices so that they can improve the delivery of public health services and create a culture of continuous quality improvement. The ten (10) essential public health services and Public Health Accreditation Board (PHAB) are the driving forces to achieve minimum standards and measures for public health.

The Division of Administration and Financial Management provides all resource support to the department. This includes approximately 450 department-level personnel and more than 2,600 Local Health Department personnel represented by the 61 Kentucky LHDs in all 120 counties. The division provides all budget and accounting support, payments, grant allocation, fee collection, procurement, and contracting support. The division plays a vital role in providing effective and efficient training that enhances workforce abilities of the department, LHDs, public health preparedness, and other public health system partners. The division develops the department's biennial budget and oversees LHDs' fiscal planning and administrative management functions. The division works in concert with the other divisions in the department to plan, program, execute, manage, and report the financial activities of the department and LHDs.

The division is also responsible for overseeing the day-to-day operations of the 61 LHDs. This responsibility includes conducting training on medical coding and billing practices, local health personnel procedures, and financial operations. Additionally, this division has the responsibilities for personnel management; medical records and forms management, reporting of clinical and community-based services, operating the online local health network that tracks more than three (3) million services to over 300,000 patients, policy interpretation, and the local Board of Health appointment process. The division is the primary liaison between the department and LHDs.

Policy

The budget includes an additional General Fund of \$3,960,000 each year to retain the funding provided in the 2024-26 budget for the Public Health Transformation program. The 2024-26 budget included this funding from one-time money out of the Budget Reserve Trust Fund. This budget replaces the one-time money with recurring funds. The total amount for the program is \$23,981,400.

Kentucky recently received a \$212,905,600 award from the new Rural Health Transformation Fund established in H.R.1 that Congress passed in July 2025. This is expected to be the first year of five years of this award amount. Its purpose is to lessen the impacts of recent federal cuts to the Medicaid program and help support health care in Kentucky's rural communities. Kentucky's plan was developed in partnership with health partners across the state and will use the funding to help address the unique challenges rural Kentucky faces, including high rates of chronic conditions, maternity care deserts and gaps in coverage for oral care, emergency services and behavioral health.

**Health and Family Services
Public Health
Women's Health**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	425,500	433,600	521,300	518,700	522,600
State Salary and Compensation Allocation	8,100				
Other		87,700			
Total General Fund	433,600	521,300	521,300	518,700	522,600
Restricted Funds					
Balance Forward	6,173	6,173	7,700	5,100	2,500
Current Receipts		1,500	400	400	500
Total Restricted Funds	6,173	7,673	8,100	5,500	3,000
Federal Fund					
Balance Forward	(423,601)	(412,442)	(824,400)		
Current Receipts	8,085,242	7,454,149	8,867,500	8,089,300	8,122,600
Total Federal Fund	7,661,641	7,041,707	8,043,100	8,089,300	8,122,600
TOTAL SOURCE OF FUNDS	8,101,414	7,570,680	8,572,500	8,613,500	8,648,200
EXPENDITURES BY CLASS					
Personnel Costs	4,788,258	4,753,499	4,582,400	4,626,100	4,663,300
Operating Expenses	255,290	208,888	189,400	189,400	189,500
Grants Loans Benefits	3,464,136	3,424,986	3,795,600	3,795,500	3,795,400
TOTAL EXPENDITURES	8,507,683	8,387,373	8,567,400	8,611,000	8,648,200
EXPENDITURES BY FUND SOURCE					
General Fund	433,600	521,300	521,300	518,700	522,600
Restricted Funds			3,000	3,000	3,000
Federal Fund	8,074,083	7,866,073	8,043,100	8,089,300	8,122,600
TOTAL EXPENDITURES	8,507,683	8,387,373	8,567,400	8,611,000	8,648,200

The Division of Women's Health (DWH), in partnership with key stakeholders, provides leadership to improve the physical and socio-emotional health, safety, and well-being of Kentucky's women, including those with low incomes, diverse ethnic or racial backgrounds and isolated populations with limited access to care. The Division also represents Kentucky for the federal Health Resources Service Administration (HRSA) Office of Women's Health. The DWH includes the following programs:

The Kentucky Women's Cancer Screening Program (KWCSF) provides breast and cervical cancer screenings and diagnostic case management and treatment referral services to reduce cancer morbidity and mortality among Kentucky's medically underserved, low income, and uninsured women. The Kentucky Women's Cancer Screening program is funded by a federal grant from the Centers for Disease Control and Prevention (CDC). The CDC grant requires the program to provide appropriate referrals for medical treatment; assure appropriate follow-up services and case management; develop and disseminate public information and education programs for the detection and control of breast and cervical cancers; improve the education, training, and skills of health professionals; monitor the quality of screening procedures for breast and cervical cancers; and evaluate activities through appropriate surveillance. In the past, this program has primarily been contracted to local health departments (LHDs). Through Kentucky's Public Health Transformation initiative, the LHDs will be allowed, at their discretion, to opt out of providing these services and the department will secure other partners to provide the services such as Federally Qualified Health Centers, Rural Health Clinics, and other community providers.

The Breast Cancer Research and Education Trust Fund program, is funded by revenue collected from breast cancer license plate purchases and the State Income tax form optional checkbox. Funds collected through these methods are distributed to community-based affiliates through an annual Request for Proposal process. Projects awarded support breast cancer research, education, treatment, screening, and awareness in Kentucky.

The Title X Family Planning program provides individuals with the information and means to exercise personal decisions to determine the number and spacing of their children. Title X family planning clinics play a critical role in assuring access to voluntary, confidential family planning services for low-income or uninsured families. Charges to participants are at no cost or at a reduced cost based on their household income. Family Planning services are offered in LHDs and clinics targeting special populations (e.g. males, Hispanics, and adolescents). Title X supported clinics also provide a number of preventive health services such as patient education and counseling, breast and pelvic examinations, cervical cancer screenings, sexually transmitted disease prevention, human immunodeficiency virus (HIV) screenings, preconception counseling, and pregnancy diagnosis. The Title X Family Planning program is funded through the federal Office of Population Affairs, Health and Human Services agency. Through the Public Health Transformation initiative, the department will secure non-LHD providers for these services if the LHD declines participation.

	Health and Family Services Public Health Prevention and Quality Improvement				
SOURCE OF FUNDS	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
General Fund					
Regular Appropriation	14,439,900	13,541,600	14,254,000	26,720,400	26,770,700
Budget Reserve		2,000,000	2,000,000		
State Salary and Compensation Allocation	101,700				
Other	775,000	192,000			
Total General Fund	15,316,600	15,733,600	16,254,000	26,720,400	26,770,700
Tobacco Fund					
Tobacco Settlement - Phase I	3,400,000	3,069,300	3,200,000	3,311,000	2,500,000
Continuing Approp-Tob Settlement	8,654,305	7,142,810	4,587,600		
Other	655,551				
Total Tobacco Fund	12,709,856	10,212,110	7,787,600	3,311,000	2,500,000
Restricted Funds					
Balance Forward	1,143,256	1,254,313	801,600	534,400	267,200
Current Receipts	390,071	245,797	304,800	304,800	304,800
Non-Revenue Receipts	500,000				700,000
Total Restricted Funds	2,033,328	1,500,110	1,106,400	839,200	1,272,000
Federal Fund					
Balance Forward	10,693	(493,336)	(159,000)		
Current Receipts	13,474,992	9,448,311	9,831,400	8,702,600	8,742,100
Total Federal Fund	13,485,685	8,954,974	9,672,400	8,702,600	8,742,100
TOTAL SOURCE OF FUNDS	43,545,469	36,400,795	34,820,400	39,573,200	39,284,800
EXPENDITURES BY CLASS					
Personnel Costs	7,939,678	7,227,708	7,530,400	7,455,000	7,544,800
Operating Expenses	1,057,093	1,416,815	939,300	939,200	939,200
Grants Loans Benefits	26,525,215	22,526,106	25,816,300	30,911,800	30,800,800
Capital Outlay	119,696				
TOTAL EXPENDITURES	35,641,682	31,170,629	34,286,000	39,306,000	39,284,800
EXPENDITURES BY FUND SOURCE					
General Fund	15,316,600	15,733,600	16,254,000	26,720,400	26,770,700
Tobacco Fund	5,567,046	5,624,577	7,787,600	3,311,000	2,500,000
Restricted Funds	779,015	698,520	572,000	572,000	1,272,000
Federal Fund	13,979,021	9,113,933	9,672,400	8,702,600	8,742,100
TOTAL EXPENDITURES	35,641,682	31,170,629	34,286,000	39,306,000	39,284,800

The mission of the Prevention and Quality Improvement (PQI) program is to deliver programs and services which can be implemented at the local level including chronic disease management, clinical and community education/promotion, self-management education, quality improvement, health care access for low income Kentuckians, and health risk behavior data analysis through the Kentucky Behavioral Risk Factor Surveillance System in order to effectively prioritize health issues and implement appropriate evidence-based interventions. The program's activities cover the spectrum of population-based and personal preventive health services, delivered through a wide range of health partners and health care organizations.

The PQI division provides leadership and facilitates partnerships with key stakeholders in order to improve care and services with a special focus on populations with low incomes, diverse ethnicity and racial backgrounds, and underserved populations with limited access to care. Division staff support partners who provide clinical and community based services and provide technical assistance in infrastructure building through policy development and implementation, providing data and surveillance activities, and developing appropriate disease management strategies.

The PQI division is also involved in the departmental preparations to apply for national accreditation by the Public Health Accreditation Board (PHAB). Key division staff are working on domain teams for public health accreditation activities. Division staff also serve on the department accreditation readiness team, strategic plan committee, State Health Improvement Plan committee, and State Health Assessment committee, and provide data through the Behavioral Risk Factor Surveillance System (BRFSS) to all local health departments in Kentucky for their own accreditation efforts.

The Chronic Disease Prevention Branch utilizes evidence-based programming and interventions to reduce morbidity and mortality from chronic diseases. Programs include asthma, community health action teams, community health worker, comprehensive cancer, pediatric cancer, colon cancer, chronic obstructive pulmonary disease, diabetes, heart disease and stroke, obesity prevention, and tobacco prevention. The Branch provides partial funding to local health departments for capacity building, which will lead to sustainable interventions in order to improve health status at the community level through local coalitions, health systems improvement strategies, and by increasing community-clinical linkages for access to screening and disease self-management.

The Health Care Access Branch provides a departmental focus on primary care and administers federal grants and programs relative to primary care. Through these programs, approximately 120 additional physicians are serving Kentucky's medically underserved population. The Branch is responsible for determining areas of Kentucky that meet the criteria for Health Professional Shortage Area and Medically Underserved Area. The Branch is also responsible for the Charitable Health Program, National Health Service Corps Program, Kentucky Physician Care Program, J-1 VISA Program, Kentucky Prescription Assistance Program (KPAP) and Kentucky Spinal Cord and Head Injury Research Board.

The Division of Prevention and Quality Improvement, including both branches, is working toward alignment with Kentucky's public health transformation principles. In order to ensure continuity of services for Kentuckians, in those geographic areas in which these programs are not identified as local community priorities and will no longer be provided by the LHD, the division is seeking non-traditional partners. Many programs have been in alignment with transformation principles for years and are serving as guidance for others.

Policy

The base budget in each fiscal year includes General Fund resources in the amount of \$500,000 for the Kentucky Colon Cancer Screening Program, and an additional \$250,000 in each fiscal year, for a total of \$750,000 each year.

The base budget includes Tobacco Settlement Funds in the amount of \$2,111,000 in fiscal year 2027 and \$2,000,000 in fiscal year 2028 for Smoking Cessation; \$700,000 fiscal year 2027 for Early Childhood Oral Health, and \$500,000 in each fiscal year for the Lung Cancer Screening Program. A restricted fund appropriation of \$700,000 is added in fiscal year 2028 for Early Childhood Oral Health.

The budget includes an additional \$12,500,000 of General Fund in each fiscal year for a nursing student loan forgiveness program.

**Health and Family Services
Public Health
Epidemiology and Health Planning**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,005,800	3,253,900	3,287,000	3,443,800	3,582,800
State Salary and Compensation Allocation	48,100				
Other	830,000	10,000			
Total General Fund	3,883,900	3,263,900	3,287,000	3,443,800	3,582,800
Tobacco Fund					
Continuing Approp-Tob Settlement	26	26			
Total Tobacco Fund	26	26			
Restricted Funds					
Balance Forward	8,505,828	10,826,946	8,163,600	5,442,400	2,721,200
Current Receipts	48,448,643	44,086,996	58,560,300	64,201,100	66,201,100
Non-Revenue Receipts	(1,000,000)	438,723	(300,000)	(300,000)	(300,000)
Total Restricted Funds	55,954,470	55,352,665	66,423,900	69,343,500	68,622,300
Federal Fund					
Balance Forward	(2,050,389)	(2,174,851)	(4,897,300)		
Current Receipts	98,791,453	82,708,515	81,779,600	62,435,200	41,119,700
Total Federal Fund	96,741,064	80,533,664	76,882,300	62,435,200	41,119,700
TOTAL SOURCE OF FUNDS	156,579,460	139,150,255	146,593,200	135,222,500	113,324,800
EXPENDITURES BY CLASS					
Personnel Costs	78,355,875	66,584,475	75,481,800	76,892,600	72,282,400
Operating Expenses	17,015,099	18,006,359	12,689,800	11,989,800	9,389,800
Grants Loans Benefits	48,661,670	51,293,129	52,979,200	43,618,900	31,652,600
Capital Outlay	3,894,695				
TOTAL EXPENDITURES	147,927,339	135,883,963	141,150,800	132,501,300	113,324,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,883,900	3,263,900	3,287,000	3,443,800	3,582,800
Restricted Funds	45,127,524	47,189,064	60,981,500	66,622,300	68,622,300
Federal Fund	98,915,915	85,431,000	76,882,300	62,435,200	41,119,700
TOTAL EXPENDITURES	147,927,339	135,883,963	141,150,800	132,501,300	113,324,800

The mission of the Division of Epidemiology and Health Planning is to provide quality epidemiological and vital records services, public health planning, and reportable disease prevention and control services in order to promote, protect, and plan for the health and safety of Kentuckians.

To accomplish these responsibilities, the Division conducts activities in four areas:

- The Infectious Disease Branch, which includes disease surveillance, prevention, and control activities related to vaccine-preventable diseases, sexually transmitted diseases, tuberculosis, adult viral hepatitis, healthcare associated infections, and other reportable diseases,
- The Viral Disease Prevention and Services Branch, which is responsible for the prevention and control of viral diseases through surveillance, prevention, and client services.
- The Immunization Branch, which includes providing vaccines for children-enrolled health care providers at no cost, enforcing school and child care immunization regulations, providing immunization education and training for health care providers and the general public, coordinating surveillance and control efforts for vaccine-preventable diseases, and promoting vaccine safety, and

- The Vital Statistics Branch, which collects and preserves mandatory records of vital events including births, deaths, marriages, and divorces.

The Sexually Transmitted Disease (STD) Prevention and Control Section is designed to reduce the occurrence and prevent the transmission and debilitating complications of sexually transmitted diseases. The STD Section provides educational materials, staff training, program planning and evaluation services, technical consultation, and selected antibiotics to all local health departments (LHDs) and other selected health care providers.

The Tuberculosis (TB) Prevention and Control Section aims to reduce the number of cases and deaths due to TB by preventing non-infected individuals from becoming infected, keeping those infected without disease from progressing to disease, and by attempting to maintain infected individuals with disease as non-infectious.

The Reportable Disease Program is responsible for case confirmation, oversight of disease investigations, and surveillance for reportable diseases such as meningitis, hepatitis, diarrheal diseases, foodborne illnesses, and vector-borne diseases.

The Adult Viral Hepatitis Prevention Program is a federally funded program that focuses on the prevention of viral hepatitis in adults caused by hepatitis A, hepatitis B, and hepatitis C viruses.

The Healthcare Associated Infection (HAI) Program establishes an infrastructure within the Kentucky Department for Public Health to develop statewide activities focused on the prevention of HAIs within healthcare facilities.

The Viral Disease Prevention and Services Branch seeks to identify and track cases of HIV and AIDS, prevent the disease by raising awareness and promoting risk reduction behaviors and connect HIV-positive clients to care. The HIV Prevention program focuses on testing, awareness of one's status, and strategic intervention activities to reduce HIV transmission for at-risk populations. The HIV/AIDS Services program assists HIV-positive clients with case management, in addition to providing life-saving medications and insurance continuation for qualified clients, as a payor of last resort.

The Immunization Branch provides financial support and vaccines to LHDs and other providers for the provision of over one million immunizations each year to about 700,000 persons, primarily ages 0-18 years. Immunization rates are tracked in schools, day care facilities, LHD clinics, and the general child population. This branch also operates the Kentucky Immunization Registry.

The Vital Statistics Branch is responsible for the registration, certification, and issuance of vital records (birth, death, marriage, and divorce certificates) in Kentucky. The program's primary responsibility is the maintenance and security of these vital records as well as responding to specific requests for vital statistics data.

Policy

The budget includes additional Restricted Funds of \$4,000,000 in fiscal year 2026-2027 and \$6,000,000 in fiscal year 2027-2028 to support increased services for the Ryan White HIV/AIDS Program.

The budget includes additional Restricted Funds of \$1,640,800 in each year to support the ongoing operations of the Office of Vital Statistics including staffing, technology, security, and maintenance of records

**Health and Family Services
Public Health
Maternal and Child Health**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,527,100	17,146,500	17,604,100	17,570,500	17,620,500
State Salary and Compensation Allocation	119,400				
Other	12,995,000	593,600			
Total General Fund	29,641,500	17,740,100	17,604,100	17,570,500	17,620,500
Tobacco Fund					
Tobacco Settlement - Phase I	8,800,000	7,034,000	7,380,000	7,380,000	7,380,000
Continuing Approp-Tob Settlement	12,536,192	4,139,282	1,939,700		
Total Tobacco Fund	21,336,192	11,173,282	9,319,700	7,380,000	7,380,000
Restricted Funds					
Balance Forward	10,855,405	20,928,623	14,385,000	8,789,800	3,994,900
Current Receipts	35,374,524	40,113,914	48,749,800	49,550,100	50,350,100
Non-Revenue Receipts	(316,668)	(1,764,986)	(2,050,000)	(2,050,000)	(2,050,000)
Total Restricted Funds	45,913,261	59,277,552	61,084,800	56,289,900	52,295,000
Federal Fund					
Balance Forward	(950,005)	1,761,354	1,092,500		
Current Receipts	164,262,582	162,889,360	168,704,500	180,181,400	190,287,400
Total Federal Fund	163,312,577	164,650,714	169,797,000	180,181,400	190,287,400
TOTAL SOURCE OF FUNDS	260,203,530	252,841,647	257,805,600	261,421,800	267,582,900
EXPENDITURES BY CLASS					
Personnel Costs	14,460,505	19,455,600	24,722,500	24,987,900	25,243,900
Operating Expenses	1,915,950	1,872,327	1,610,200	1,547,700	1,547,700
Grants Loans Benefits	216,997,815	214,096,461	222,683,100	230,891,300	240,791,300
TOTAL EXPENDITURES	233,374,270	235,424,387	249,015,800	257,426,900	267,582,900
EXPENDITURES BY FUND SOURCE					
General Fund	29,641,500	17,740,100	17,604,100	17,570,500	17,620,500
Tobacco Fund	17,196,910	9,233,563	9,319,700	7,380,000	7,380,000
Restricted Funds	24,984,638	44,892,524	52,295,000	52,295,000	52,295,000
Federal Fund	161,551,223	163,558,200	169,797,000	180,181,400	190,287,400
TOTAL EXPENDITURES	233,374,270	235,424,387	249,015,800	257,426,900	267,582,900

The Division of Maternal and Child Health (MCH) promotes and safeguards the health of all Kentuckians, with an emphasis on at-risk mothers, infants, children, and adolescents. The division's goal is to help those at risk of adverse health effects achieve the highest level of health and wellness possible through public health surveillance, education, nutrition, perinatal care, early childhood promotion and intervention, well-child care, injury prevention, coordinated school health, and selected primary and preventive care activities.

The Surveillance and Evaluation Branch is responsible for public health surveillance systems including the Neonatal Abstinence Reporting, Pregnancy Risk Assessment Monitoring System, and the Sudden Unexpected Infant Death Registry. The Kentucky Birth Surveillance Registry, which is required by KRS 211.651-.670, identifies children in Kentucky who are at risk for serious medical conditions and developmental delays, and works closely with the Newborn Screening and Case Management program to ensure infants get appropriate and timely follow-up to mitigate adverse outcomes, and in some cases, prevent early death.

The Child Development Branch is required, by KRS 211.689-.690, to provide early childhood initiatives such as home visitation (Health Access Nurturing Development Services [HANDS]), childcare health consultation, early childhood mental health services for children, Kentucky Strengthening Families, and Help Me Grow. HANDS is a voluntary statewide home visitation program designed to assist overburdened parents during the prenatal period until the child's third birthday. Home visitation services include education and information on prenatal and postnatal health, early brain development, family self-sufficiency, home safety, and parent-child interactive curriculum activities.

The Early Intervention Branch administers the Kentucky Early Intervention System (KEIS), within the Child Development Branch, referred to as First Steps. The Branch provides case management and coordination of services for infants and toddlers between birth and three years of age with developmental disabilities or developmental delays. These early intervention services include services such as physical therapy, occupational therapy, speech therapy, hearing and vision services, and other services as needed to meet the child's developmental needs. KEIS services are provided in the home or other community settings. Families and other interested parties access the KEIS program locally through 15 points of entry covering the state. Children served by KEIS transition at age three to the local education agency or other community supports.

The Clinical Support Services Branch provides oversight to services and activities including prenatal care, childhood lead poisoning prevention, maternal mortality review, and coordinated school health. The Newborn Screening Follow-up and Metabolic Nutritional Support programs identify children in Kentucky who are at risk for serious medical conditions and developmental delays, and works closely with the Birth Surveillance Registry.

The Population Health Branch provides oversight to services and activities including child and adolescent preventative health, child fatality review and injury prevention. In addition, this branch houses the division's infant mortality efforts, including the safe sleep campaign and the division's population health efforts of the Title V Block Grant that are executed through the Local Health Department system in all 120 counties.

The Nutrition Services Branch administers the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); Clinical Nutrition Services, Breastfeeding Peer Counselor Program; and the WIC Farmer's Market Nutrition Program. The Women, Infants and Children program is funded wholly by the US Department of Agriculture and provides food packages and nutrition education to low-income pregnant and postpartum women, infants, and children at nutritional risk, and sets standards for nutrition services. Nutritionists in local health departments provide medical nutrition therapy and follow-up nutrition care for mothers and children with special nutrition needs.

Policy

The base budget includes \$750,000 from the General Fund in each fiscal year for the Kentucky Poison Control Center.

The base budget each year includes Tobacco Settlement Funds in the amount of \$700,000 for the Healthy Start initiatives, \$700,000 for Early Childhood Mental Health, and \$5,980,000 in each fiscal year for the Health Access Nurturing Development Services Program.

**Health and Family Services
Public Health
Laboratory Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,779,200	6,251,000	6,201,400	6,141,400	6,231,000
State Salary and Compensation Allocation	121,800				
Other	3,100,000	(300,000)			
Total General Fund	9,001,000	5,951,000	6,201,400	6,141,400	6,231,000
Restricted Funds					
Balance Forward	1,272,677	3,224,995	423,000	282,000	141,000
Current Receipts	7,403,959	8,929,739	9,879,800	11,879,800	12,629,800
Non-Revenue Receipts		(3,291,723)	(1,700,000)	(1,700,000)	(1,700,000)
Total Restricted Funds	8,676,636	8,863,011	8,602,800	10,461,800	11,070,800
Federal Fund					
Balance Forward	(3,841)				
Current Receipts	100,998	58,952	110,000	110,000	110,000
Total Federal Fund	97,157	58,952	110,000	110,000	110,000
TOTAL SOURCE OF FUNDS	17,774,793	14,872,963	14,914,200	16,713,200	17,411,800
EXPENDITURES BY CLASS					
Personnel Costs	8,179,952	8,293,094	8,891,000	8,834,700	8,924,300
Operating Expenses	6,362,345	6,143,357	5,727,800	7,724,200	8,474,400
Grants Loans Benefits	7,501	13,500	13,400	13,300	13,100
TOTAL EXPENDITURES	14,549,798	14,449,952	14,632,200	16,572,200	17,411,800
EXPENDITURES BY FUND SOURCE					
General Fund	9,001,000	5,951,000	6,201,400	6,141,400	6,231,000
Restricted Funds	5,451,641	8,440,000	8,320,800	10,320,800	11,070,800
Federal Fund	97,157	58,952	110,000	110,000	110,000
TOTAL EXPENDITURES	14,549,798	14,449,952	14,632,200	16,572,200	17,411,800

The Division of Laboratory Services (DLS) performs sophisticated state of the art chemical, biological, and molecular laboratory testing. In partnership with federal, state, and local entities, testing performed at the state public health laboratory supports critical activities like disease investigation, control, prevention and surveillance; food safety; and environmental health and protection. Leveraging expertise and resources, DLS serves as a reference center for hospitals and local health departments across the Commonwealth.

DLS detects and identifies a wide variety of microorganisms (bacterial and viral) and toxic chemical substances that pose a threat to public health. These include infectious agents related to food-borne disease outbreaks, seasonal influenza, and high-risk and high mortality diseases like antibiotic resistant tuberculosis, hospital-associated pneumonia, and sepsis. This requires the use of technology such as Next-Generation Sequencing (NGS) to look for relatedness between organisms that are identified from human or food sources. DLS also tests for environmental contaminants like pesticides in fruits or vegetables sold at farmers markets and bacterial contamination in commercial dairy products. When DLS identifies hospital-associated infections or dangerous, emerging infectious pathogens such as the Zika or Ebola virus, methods for their detection are rapidly deployed. Timely and precise detection of these biological agents is essential for effectively limiting spread and harm to the public.

DLS tests packages and/or substances with possible links to chemical or biological terrorism in a highly secured biosafety level 3 laboratory with specialized protocols developed and distributed by the Centers for Disease Control and Prevention (CDC) as a part of the Laboratory Response Network (LRN). These facilities and protocols are not available to other laboratories in the state making DLS a reference laboratory for Kentucky. DLS' specially trained and skilled scientists develop and maintain capacity for testing for low incidence or high-risk diseases (e.g. botulism, rabies, etc.) which may be unavailable in the private sector.

DLS performs testing for heritable conditions in newborns that may be undetectable by physical examination or by other clinical signs or symptoms. DLS performs initial laboratory screening for the identification of metabolic, endocrine, hemoglobin, and other disorders. In July 2018, DLS added X-linked Adrenoleukodystrophy to its screening panel through a collaboration with Mayo Clinic Laboratories. Additionally, in August 2019 screening for Spinal Muscular Atrophy was implemented bringing the total number of disorders on the panel to 55. DLS also began providing paid courier service to birthing hospitals in 2017 in order to meet national timeliness requirements for newborn screening. To meet the timeliness requirements, DLS instituted a six-day workweek. Timeliness is critical for newborn screening as there are treatments or preventive measures that work only if initiated early after birth. DLS is regulated by CLIA (Clinical Laboratory Improvement Amendments) and is accredited by the College of American Pathologists. In January 2017, the laboratory received accreditation as a food-testing laboratory. Other agencies that routinely inspect and/or certify DLS include the CDC, U.S. Department of Homeland Security, U.S. Department of Transportation, Environmental Protection Agency, and American Industrial Hygiene Association.

DLS performs testing for the Department for Public Health (DPH) and Occupational Safety and Health Administration (OSHA), often requiring very specific laboratory support. Workload is largely driven by state program needs in compliance with applicable state statutes and/or regulations.

Policy

The budget includes additional Restricted Funds of \$2,000,000 in fiscal year 2026-2027 and \$2,750,000 in fiscal year 2027-2028 for drug and supplement analysis. This additional funding will fully support new, mandated testing requirements for drugs and supplements, including medical marijuana and related edibles, supplements, as well as potential contaminants.

**Health and Family Services
Public Health**

Public Health Protection and Safety

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,547,700	5,996,100	5,888,100	3,465,600	3,573,800
State Salary and Compensation Allocation	153,400				
Other	2,750,000	(157,000)			
Total General Fund	9,451,100	5,839,100	5,888,100	3,465,600	3,573,800
Restricted Funds					
Balance Forward	939,394	3,846,213	1,033,600	689,000	344,500
Current Receipts	5,492,401	5,629,798	7,637,400	9,637,500	10,387,500
Non-Revenue Receipts	1,171,795	(255,667)	(200,000)	(2,200,000)	(2,950,000)
Total Restricted Funds	7,603,590	9,220,344	8,471,000	8,126,500	7,782,000
Federal Fund					
Balance Forward	(197,008)	(99,873)	(1,157,900)		
Current Receipts	31,230,878	30,708,544	29,270,100	30,387,500	30,582,100
Total Federal Fund	31,033,871	30,608,671	28,112,200	30,387,500	30,582,100
TOTAL SOURCE OF FUNDS	48,088,561	45,668,115	42,471,300	41,979,600	41,937,900
EXPENDITURES BY CLASS					
Personnel Costs	17,456,853	23,656,677	26,183,000	26,392,100	26,694,800
Operating Expenses	4,823,513	6,506,245	3,894,500	4,692,500	4,692,500
Grants Loans Benefits	21,678,879	15,629,496	11,704,800	10,550,500	10,550,600
Capital Outlay	382,975				
TOTAL EXPENDITURES	44,342,220	45,792,419	41,782,300	41,635,100	41,937,900
EXPENDITURES BY FUND SOURCE					
General Fund	9,451,100	5,839,100	5,888,100	3,465,600	3,573,800
Restricted Funds	3,757,377	8,186,749	7,782,000	7,782,000	7,782,000
Federal Fund	31,133,744	31,766,569	28,112,200	30,387,500	30,582,100
TOTAL EXPENDITURES	44,342,220	45,792,419	41,782,300	41,635,100	41,937,900

The Division of Public Health Protection and Safety provides a variety of environmental health services to the general public and other local and state agency partners. These services range from monitoring exposure to radiation to ensuring sanitation of food, milk, and various public facilities including hotels, swimming pools, tattoo studios and others. These programs provide technical consultation, guidance and training to the sixty-one (61) local health departments (LHDs) and approximately 700 LHD environmental registered sanitarians, and regulatory oversight to thousands of Kentucky's regulated businesses. The Program's mission is to promote a healthier, safer public through prevention, education, communication, and regulation.

The Radiation Health Branch inspects and issues over 720 licenses to users of radioactive materials. The branch monitors the transportation of radioactive waste throughout the Commonwealth, and is mandated and equipped to respond to radiological emergencies 24 hours a day. The branch registers and inspects more than 4,000 facilities with 10,715 X-Ray tubes, conducts reviews and inspections of approximately 163 mammography facilities, and approves approximately 65 shielding plans for facilities. The branch also operates a radiation health laboratory which collects and analyzes approximately 5,000 environmental samples for radiologic contamination annually and conducts over 6,000 analyses on the samples. This branch provides monitoring for radiologic sites such as the Maxey Flats Disposal Site and the Paducah Gaseous Diffusion Plant.

The Milk Safety Branch operates under Kentucky Revised Statutes Chapter 217C, to prevent adulteration, misbranding, and false advertising of milk and milk products and protects the public from disease transmission through milk products. This mandate is achieved through inspections of dairy farms, dairy plants, micro-processors, distributors, milk haulers, and other entities improving

the quality of milk that is produced and sold to the public. This branch also monitors the development of product standards of identity and legal labeling for all dairy products as mandated by the U.S. Food and Drug Administration (FDA) and the U.S. Department of Agriculture. Kentucky adopted the 2017 edition of the Pasteurized Milk Ordinance, a federally mandated ordinance which ensures certain quality standards and which allows milk produced and processed in Kentucky to be produced, processed, transported and sold to all other forty-nine states.

The Food Safety Branch provides regulatory oversight to Kentucky's multi-billion dollar food industry. The branch provides training and technical consultation to local health department (LHD) employees who inspect food service establishments, retail food stores, vending machine companies, tattoo studios, body piercing facilities, boarding homes, tanning facilities, and bed and breakfast establishments in order to prevent the spread of communicable diseases and injuries. The branch also directly regulates food manufacturing and storage programs and the farmer's market for program compliance with state regulations. The branch responds to and investigates food recalls and works closely with the federal FDA on outbreak investigation involving regulated foods. The Food Safety Branch is also actively involved during natural and man-made disasters to protect the food supply.

The Drug and Supplement Branch is responsible for the regulatory oversight of Hemp-Derived Cannabinoid, Delta 8, Kratom and Dietary Supplement products in Kentucky. This branch aims to ensure the safety and well-being of Kentucky residents by the managing and overseeing the production and distribution of these substances.

The Environmental Management Branch is responsible for the oversight and regulatory requirements involving public facilities, including hotels/motels, public restrooms, schools, state confinement facilities, public swimming and bathing facilities, mobile home/recreational vehicle parks/communities, and youth camps through annual operating permits and routine inspections as required by law. The branch provides technical assistance and training to the sixty-one (61) LHDs which provide direct inspection of the regulated entities. The branch is also responsible for conducting initial certification and ongoing specialized trainings to LHD environmental staff, providing continuing education for septic system installers, approving septic system components and experimental designs, providing consumer education on such issues as mold and bedbugs, operating a radon education program, and providing support for both the rabies control program and issues regarding private water sources. The branch additionally is responsible for maintaining certifications and tracking continuing education for certified radon professionals.

This branch ensures that public health nuisances (illegal garbage dumps, accumulation of trash and garbage, rodent infestations, mosquito infestations, and untreated sewage) are investigated and abated by LHD inspectors. Through its education, investigation, permitting, and inspection activities, the Environmental Management Branch has a direct effect on protecting the lives of the public as well as, the operation of most private business entities.

The Public Safety Branch is responsible for the regulation and certification of lead abatement professionals and clearance testing of mitigated properties. This branch also oversees the public swimming pool construction program and the methamphetamine contaminated properties program. Public Safety provides epidemiological support for disease cluster investigations and supports statistical and standardized reporting of environmental data. This branch houses the CDC funded program that provides data to the Environmental Public Health Tracking Network to establish links between the environment and health outcomes.

The Public Health Workforce Readiness Branch is structured to include a public health workforce education section and public health student education section. This structure supports department programs and initiatives to recruit, train and sustain a competent and diverse response-ready public health workforce for the Commonwealth of Kentucky.

The Harm Reduction Branch focuses on improving the health and safety of Kentuckians through prevention, promotion, and protection. The branch works to deliver harm reduction services that aim to reach individuals who are not otherwise accessing healthcare services by providing naloxone, wound care kits and drug testing strips. Its work is made possible through community involvement and collaboration with Kentucky's local health departments and other community-based organizations.

The Emergency Preparedness and Response Branch is responsible for enhancing the capacity of the Department for Public Health (DPH), local public health departments, and the health care system to prevent, prepare for, respond to, and recover from the adverse health effects of public health emergencies. DPH is the lead agency for the Federal Emergency Management Agency (FEMA) Emergency Support Function #8 (ESF-8) for coordination of public health and medical-related preparedness, and this branch works with 38 external ESF-8 partners to conduct response and recovery activities for emergencies, exercises, and planned events. The state ESF-8 Plan builds capacity for:

- Community/Healthcare Preparedness and Recovery,
- Community/Healthcare System Recovery,
- Emergency Operations Coordination,
- Emergency Public Information and Warning,
- Fatality Management,
- Information Sharing,
- Mass Care,
- Medical Countermeasure Dispensing,
- Medical Material Management and Distribution,
- Medical Surge,
- Non-Pharmaceutical Interventions,
- Public Health Laboratory Testing,
- Public Health Surveillance and Epidemiological Investigation,
- Responder Safety and Health, and
- Volunteer Management.

**Health and Family Services
Public Health
Children's Health Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,379,200	7,689,600	7,916,700	7,816,100	7,966,000
State Salary and Compensation Allocation	218,800				
Other		884,000			
Total General Fund	7,598,000	8,573,600	7,916,700	7,816,100	7,966,000
Restricted Funds					
Balance Forward	6,719,175	2,151,792	716,800	477,800	238,900
Current Receipts	5,645,194	6,408,054	6,798,300	6,798,300	6,798,300
Non-Revenue Receipts	(746,309)	1,102,674	2,017,300	2,017,400	2,017,400
Total Restricted Funds	11,618,059	9,662,520	9,532,400	9,293,500	9,054,600
Federal Fund					
Balance Forward	(77,312)	(38,275)	(46,700)		
Current Receipts	4,887,737	4,647,782	5,324,900	5,407,900	5,501,900
Total Federal Fund	4,810,425	4,609,507	5,278,200	5,407,900	5,501,900
TOTAL SOURCE OF FUNDS	24,026,484	22,845,627	22,727,300	22,517,500	22,522,500
EXPENDITURES BY CLASS					
Personnel Costs	16,580,583	16,700,028	16,723,200	16,761,100	17,005,100
Operating Expenses	2,607,225	3,355,464	2,684,500	2,684,500	2,684,400
Grants Loans Benefits	2,312,443	2,035,028	2,766,800	2,758,000	2,758,000
Capital Outlay	412,717	84,970	75,000	75,000	75,000
TOTAL EXPENDITURES	21,912,968	22,175,490	22,249,500	22,278,600	22,522,500
EXPENDITURES BY FUND SOURCE					
General Fund	7,598,000	8,573,600	7,916,700	7,816,100	7,966,000
Restricted Funds	9,466,268	8,945,687	9,054,600	9,054,600	9,054,600
Federal Fund	4,848,700	4,656,203	5,278,200	5,407,900	5,501,900
TOTAL EXPENDITURES	21,912,968	22,175,490	22,249,500	22,278,600	22,522,500

The Office for Children with Special Health Care Needs (OCSHCN) provides comprehensive care to children and youth with special health care needs who are Kentucky residents; younger than 21 years of age; meet medical eligibility; and meet financial eligibility. OCSHCN's mission is to enhance the quality of life for Kentucky's children with special health care needs through quality service, leadership, advocacy, education and collaboration. OCSHCN supports the highest quality of life for Kentucky's children with special health care needs and their families through collaboration and creation of a more accessible community based system of support.

OCSHCN believes in working with partners including families on new initiatives to develop and promote a more robust system of care. OCSHCN continues to build collaborations to ensure more of Kentucky's most vulnerable children will have access to the care they need for a wide variety of direct, enabling, population-based and surveillance programs which provide specialized health care; early periodic screening diagnosis and treatment services; social services and support to children, youth, and his/her families.

The programs/services currently operating within OCSHCN are:

- **Support Services:** Outreaches to providers, schools, and the community through trainings, meetings, and participation in health fairs and educational symposiums. OCSHCN increases community and family engagement through the agency's Facebook page, Youth Advisory Committee, Parent Advisory Committee and Spanish speaking support groups. OCSHCN provides interpreters (at no cost to families) for those directly enrolled in OCSHCN services who have limited English proficiency.
- **Family to Family:** OCSHCN employs two family consultants who oversee family-to-family connections in each OCSHCN district office through a mentoring program called the Family-to-Family (F2F) Health Information Center. The mentors identify available community resources and educate families, children, and young adults about how to navigate and access those resources. Over the last few fiscal years, F2F had over 70 support parents across the state assisting over 1,000 families for various needs related to healthcare. OCSHCN utilizes data to identify areas of the Commonwealth where there may be gaps in services. Based on the data, outreach is increased and partnerships are pursued. To ensure a successful transition from pediatric to adult health care, OCSHCN works with the patient and their family to connect the patient with an adult health care provider prior to discharge from OCSHCN services at 21 years of age. OCSHCN partners with schools, state and local agencies and other community organizations, to encourage family centered decision-making, which leads to each child reaching his/her personal goals for the future. The transition administrator conducts regular follow-up calls to aged-out youth – of over 100 patients who have been contacted, 98% have successfully transitioned to adult health care providers.
- **Clinical and Augmentative Services Program:** Provides services to children with special needs under 21 years of age throughout the Commonwealth as authorized by KRS 200.460 - 200.499 and 902 KAR 4:100. Three new OCSHCN regulations became effective July 2019 and August 2019: Application to Clinical programs (911 KAR 1:010), Billing and fees (911 KAR 1:020) and Medical staff (911 KAR 1:060). The program provides preventative, diagnostic, and treatment services, which include: medical care; hospitalization; durable medical goods; care coordination/medical case management; therapy; transportation; and nutritional education. Diagnostic conditions eligible for direct service, care coordination/case management and/or financial assistance include: asthma (severe), autism spectrum disorder; cardiology, cerebral palsy; craniofacial anomalies, cleft lip & palate, cystic fibrosis, diabetes; hearing loss, hemophilia, neurology, ophthalmology, orthopedic, otology, rheumatology, scoliosis and spina bifida. The critical services provided enhances the quality of many children's lives enabling them to reach their full potential during their lives.
- **Hemophilia Program:** Mandated by KRS 200.550 and KRS 200.560. It is a unique program that provides care for both children and adults with hemophilia and related bleeding disorders. This program is designed to assist those people who require continuing treatment with blood derivatives or a manufactured product to avoid debilitating effects and premium assistance toward health insurance for qualified patients. The program is operated through partnership with both University of Louisville and the University of Kentucky. Together they provide clinical services and systems of intervention and education in order to provide a safety net for this vulnerable population and improve the quality of life for those enrolled in the program across the Commonwealth.
- **Foster Care:** Provides children and youth safe and nurturing foster homes that cultivate trust and stability and provide for their health needs, as well as a service delivery system that supports access among our community's most vulnerable citizens, the children and youth who are medically complex and in foster care. Nurses stationed in child welfare offices (and those in regional OCSHCN offices) now convene individual health planning meetings and reviews, as well as conduct monthly home visits to approximately 140 medically complex children placed in out-of-home care throughout the state. Annually, over 1,500 visits are conducted by OCSHCN. Medical consultation is also available on behalf of any child in or at risk of placement in the child welfare system on an as-needed basis.
- **Early Hearing Detection and Intervention (EHDI) Program:** Mandated by KRS 216.2970 with the goal of ensuring that infants diagnosed with permanent hearing loss receive timely and appropriate services, and thereby live a greater quality of life. It strives to ensure that all infants born in a Kentucky hospital (with at least 40 births annually) receive a physiologic hearing screening prior to discharge, and that the results of the screen are shared with the parents, physicians, and OCSHCN for tracking and follow-up purposes. The program is designed to assist families in obtaining diagnostic follow-up and early intervention in a timely manner. EHDI supports statewide screening for the early detection of hearing disorders and referral for follow-up treatment. The program has strong partnerships with Kentucky birthing hospitals, resulting in a consistently high hearing screening rate (98%) prior to discharge.

- First Steps Point of Entry (POE) for KIPDA Region: Serves as the Local Lead Agency in the KIPDA Region for Kentucky's Early Intervention System (KEIS). KEIS is mandated by 20 US Code Chapter 33: Education of Individuals with Disabilities, Part 303 (Part C) –Early Intervention Program for Infants and Toddlers with Disabilities the program serve children from birth to age three that have significant developmental delay or a specific medically established risk condition that is known to cause a developmental delay. The Department for Public Health, which serves as the state lead agency, funds the POE for the KIPDA region. The POE ensures access to core services, which include screenings; service coordination; evaluation and assessment; individualized family service plan development; and implementation of procedural safeguards. The EHDI program expanded the Early Childhood Hearing Outreach in Kentucky that distributed Otoacoustic Emissions equipment to Part 303 (Part C) –Early Intervention Program for Infants and Toddlers with Disabilities (First Steps) point of entry staff, and provided training in service delivery and EHDI reporting procedures. OCSHCN district offices receive direct referrals from First Steps for any child at risk of hearing loss who cannot be screened or who fails the screening provided by First Steps.

**Health and Family Services
Family Resource Centers and Volunteer Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	22,566,200	26,578,200	26,626,200	26,512,200	26,555,700
State Salary and Compensation Allocation	56,300				
Total General Fund	22,622,500	26,578,200	26,626,200	26,512,200	26,555,700
Restricted Funds					
Balance Forward		5,189	14,900		
Current Receipts	5,189	9,708	3,700		
Non-Revenue Receipts			(18,600)		
Total Restricted Funds	5,189	14,897			
Federal Fund					
Balance Forward	260,556	90,903	577,900		
Current Receipts	17,003,042	12,865,173	19,176,200	12,568,000	12,577,800
Total Federal Fund	17,263,598	12,956,076	19,754,100	12,568,000	12,577,800
TOTAL SOURCE OF FUNDS	39,891,287	39,549,173	46,380,300	39,080,200	39,133,500
EXPENDITURES BY CLASS					
Personnel Costs	3,996,830	3,660,412	3,879,700	3,783,100	3,836,400
Operating Expenses	484,423	522,015	620,200	665,200	665,200
Grants Loans Benefits	35,313,942	34,773,932	41,880,400	34,631,900	34,631,900
TOTAL EXPENDITURES	39,795,195	38,956,359	46,380,300	39,080,200	39,133,500
EXPENDITURES BY FUND SOURCE					
General Fund	22,622,500	26,578,200	26,626,200	26,512,200	26,555,700
Federal Fund	17,172,695	12,378,159	19,754,100	12,568,000	12,577,800
TOTAL EXPENDITURES	39,795,195	38,956,359	46,380,300	39,080,200	39,133,500
EXPENDITURES BY UNIT					
Family Resource and Youth Services Center	27,290,728	26,021,003	33,333,400	26,069,900	26,091,600
Serve Kentucky	12,504,468	12,935,357	13,046,900	13,010,300	13,041,900
TOTAL EXPENDITURES	39,795,195	38,956,359	46,380,300	39,080,200	39,133,500

The Department for Family Resource Centers and Volunteer Services is comprised of two separate programs: Family Resource and Youth Service Centers and Serve Kentucky.

Policy

The Governor's budget includes additional funding in the amount of \$38,700 in fiscal year 2027 and \$79,500 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$32,500 and \$66,800, respectively.

**Health and Family Services
Family Resource Centers and Volunteer Services
Family Resource and Youth Services Center**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	21,575,600	25,581,800	25,585,100	25,518,000	25,539,700
State Salary and Compensation Allocation	53,700				
Total General Fund	21,629,300	25,581,800	25,585,100	25,518,000	25,539,700
Restricted Funds					
Balance Forward		5,189	14,900		
Current Receipts	5,189	9,708	3,700		
Non-Revenue Receipts			(18,600)		
Total Restricted Funds	5,189	14,897			
Federal Fund					
Balance Forward	65,450	47,618	275,700		
Current Receipts	5,643,595	667,285	7,472,600	551,900	551,900
Total Federal Fund	5,709,045	714,903	7,748,300	551,900	551,900
TOTAL SOURCE OF FUNDS	27,343,534	26,311,600	33,333,400	26,069,900	26,091,600
EXPENDITURES BY CLASS					
Personnel Costs	2,474,963	2,417,027	2,312,300	2,243,700	2,265,400
Operating Expenses	244,207	281,510	335,800	337,300	337,300
Grants Loans Benefits	24,571,557	23,322,466	30,685,300	23,488,900	23,488,900
TOTAL EXPENDITURES	27,290,728	26,021,003	33,333,400	26,069,900	26,091,600
EXPENDITURES BY FUND SOURCE					
General Fund	21,629,300	25,581,800	25,585,100	25,518,000	25,539,700
Federal Fund	5,661,428	439,203	7,748,300	551,900	551,900
TOTAL EXPENDITURES	27,290,728	26,021,003	33,333,400	26,069,900	26,091,600

The Kentucky Education Reform Act (KERA) of 1990, KRS 156.496 and KRS 156.4977 as amended, created the Family Resource and Youth Services Centers (FRYSC). FRYSC provides technical assistance, as well as administrative and training support to the local school-based FRYSC. The primary goal of these centers is to enhance student ability to succeed in school by developing and sustaining partnerships that promote early learning and successful transition into school, academic achievement and well-being, graduation, and transition into adult life.

Each center has a unique blend of program components depending on location, available services, local need, and community input designed to promote the flow of resources and support to families in ways that strengthen their functioning and further the growth and development of each member. Services may include after-school child care, literacy programs, home visits to new/expectant parents, referrals to social services, employment counseling, summer and part-time job development, drug/alcohol counseling, and family crisis and mental health counseling. Centers also offer programs such as peer mediation, conflict resolution, pregnancy prevention and job shadowing.

There are currently 960 centers that include 503 family resource centers, 343 youth services centers, and 114 combined centers that serve a combination of elementary, middle and high school students. These centers serve approximately 1,200 schools and over 633,000 students and their families.

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

Policy

The base budget in the Department of Education includes \$48,660,500 in each year to be transferred to support Family Resource and Youth Services Centers. This has been the budgetary treatment since the 1990 Education Reform Act.

**Health and Family Services
Family Resource Centers and Volunteer Services
Serve Kentucky**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	990,600	996,400	1,041,100	994,200	1,016,000
State Salary and Compensation Allocation	2,600				
Total General Fund	<u>993,200</u>	<u>996,400</u>	<u>1,041,100</u>	<u>994,200</u>	<u>1,016,000</u>
Federal Fund					
Balance Forward	195,106	43,285	302,200		
Current Receipts	11,359,447	12,197,888	11,703,600	12,016,100	12,025,900
Total Federal Fund	<u>11,554,553</u>	<u>12,241,173</u>	<u>12,005,800</u>	<u>12,016,100</u>	<u>12,025,900</u>
TOTAL SOURCE OF FUNDS	<u>12,547,753</u>	<u>13,237,573</u>	<u>13,046,900</u>	<u>13,010,300</u>	<u>13,041,900</u>
EXPENDITURES BY CLASS					
Personnel Costs	1,521,867	1,243,385	1,567,400	1,539,400	1,571,000
Operating Expenses	240,216	240,506	284,400	327,900	327,900
Grants Loans Benefits	10,742,385	11,451,466	11,195,100	11,143,000	11,143,000
TOTAL EXPENDITURES	<u>12,504,468</u>	<u>12,935,357</u>	<u>13,046,900</u>	<u>13,010,300</u>	<u>13,041,900</u>
EXPENDITURES BY FUND SOURCE					
General Fund	993,200	996,400	1,041,100	994,200	1,016,000
Federal Fund	11,511,268	11,938,957	12,005,800	12,016,100	12,025,900
TOTAL EXPENDITURES	<u>12,504,468</u>	<u>12,935,357</u>	<u>13,046,900</u>	<u>13,010,300</u>	<u>13,041,900</u>

Serve Kentucky (formerly the Kentucky Commission on Community Volunteerism and Services or KCCVS) was created in 1994 to serve as a conduit for federal funds that support AmeriCorps programs in the Commonwealth, encourage and recognize volunteerism, and assist in service program development.

The majority of federal funds received by Serve Kentucky are contracted to community organizations that, in turn, receive local matching funds, which include cash and in-kind services. AmeriCorps members serve faith-based and nonprofit organizations with critical educational, environmental and safety needs. Grant recipients include programs dedicated to efforts such as teaching and tutoring children, offering environmental education, combating homelessness, providing drug resistance education, and increasing food security. Since AmeriCorps began in 1994, more than 17,000 Kentuckians have served more than 26 million hours and have qualified for Segal AmeriCorps Educations Awards totaling more than \$66 million.

**Health and Family Services
Community Based Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	661,125,300	734,292,800	735,637,100	779,735,600	805,672,000
State Salary and Compensation Allocation	13,913,600		1,600		
Continuing Approp-General Fund		14,780,916	1,767,200		
Budget Reduction-General Fund			(14,837,900)		
Other	1,300,000				
Total General Fund	676,338,900	749,073,716	722,568,000	779,735,600	805,672,000
Tobacco Fund					
Tobacco Settlement - Phase I	12,400,000	11,800,000	11,500,000	11,500,000	11,500,000
Continuing Approp-Tob Settlement	1,697,163				
Total Tobacco Fund	14,097,163	11,800,000	11,500,000	11,500,000	11,500,000
Restricted Funds					
Balance Forward	111,407,177	62,331,498	3,945,800	5,300,000	
Current Receipts	146,635,110	134,229,891	254,556,400	195,879,400	201,452,700
Non-Revenue Receipts	(46,840,980)	(41,417,780)	(19,599,900)	(30,182,100)	(30,182,100)
Total Restricted Funds	211,201,308	155,143,609	238,902,300	170,997,300	171,270,600
Federal Fund					
Balance Forward	504,075	(10,074,179)	(2,323,600)		
Current Receipts	1,152,923,058	1,023,383,535	984,103,900	934,453,100	921,840,800
Non-Revenue Receipts	26	(26)			
Total Federal Fund	1,153,427,159	1,013,309,330	981,780,300	934,453,100	921,840,800
TOTAL SOURCE OF FUNDS	2,055,064,529	1,929,326,655	1,954,750,600	1,896,686,000	1,910,283,400
EXPENDITURES BY CLASS					
Personnel Costs	689,603,018	676,600,296	710,683,600	691,780,500	705,395,600
Operating Expenses	73,068,489	69,137,226	69,525,000	72,911,300	72,893,600
Grants Loans Benefits	1,224,209,786	1,179,078,725	1,169,242,000	1,131,994,200	1,131,994,200
Debt Service	1,145,000				
TOTAL EXPENDITURES	1,988,026,294	1,924,816,248	1,949,450,600	1,896,686,000	1,910,283,400
EXPENDITURES BY FUND SOURCE					
General Fund	661,557,984	746,185,521	722,568,000	779,735,600	805,672,000
Tobacco Fund	14,097,163	11,800,000	11,500,000	11,500,000	11,500,000
Restricted Funds	148,869,809	151,197,786	233,602,300	170,997,300	171,270,600
Federal Fund	1,163,501,338	1,015,632,940	981,780,300	934,453,100	921,840,800
TOTAL EXPENDITURES	1,988,026,294	1,924,816,248	1,949,450,600	1,896,686,000	1,910,283,400
EXPENDITURES BY UNIT					
Family Support	556,660,689	615,300,828	586,745,500	586,645,100	592,648,600
Energy	66,573,730	61,854,690	60,000,000	59,997,900	59,998,900
Child Care	500,671,188	330,556,280	336,617,700	334,145,900	334,264,900
Family and Community Services	841,122,399	891,603,136	944,483,000	892,486,600	899,525,100
Guardianship	22,998,289	25,501,314	21,604,400	23,410,500	23,845,900
TOTAL EXPENDITURES	1,988,026,294	1,924,816,248	1,949,450,600	1,896,686,000	1,910,283,400

The Department for Community Based Services (DCBS) is responsible for administering the following programs: Family Support (includes eligibility determinations for Medicaid, Qualified Healthcare Program, the Children's Health Insurance Program and the Supplemental Nutrition Assistance Program (SNAP - formerly Food Stamps); the Child Care Assistance Program (CCAP); eligibility determination and benefits for the Temporary Assistance for Needy Families (TANF) and State Supplementation programs); Energy Assistance (LIHEAP); Child Care program; Family and Community Based Services program (includes Family Based Services, Adult Services and Alternatives for Children); and Guardianship program.

These programs benefit Kentuckians who are without sufficient resources to meet their basic needs. DCBS's mission is to preserve the family as a unit when possible and protect individuals from abuse, neglect, and/or exploitation with safety and permanency as the paramount goals.

DCBS also administers the state foster care and adoption systems, and recruits and trains parents to care for the state's children who are waiting for a safe, stable, and permanent home.

Services provided by DCBS are administered through our network of nine geographical service regions and offices in each of Kentucky's 120 counties. In addition, DCBS utilizes a network of contracting officials to deliver services including the LIHEAP and Community Services Block Grant programs. The provision of services is enhanced through a close relationship and coordination with local community partners.

The programs operate based on federal law and regulations issued by the United States Department of Health and Human Services and the United States Department of Agriculture. Supreme Court decisions, Kentucky Revised Statutes, Kentucky Administrative Regulations, state plans, and Court of Appeal decisions provide other regulatory guidance and oversight.

Policy

The Governor's budget includes additional funding in the amount of \$9,643,800 in fiscal year 2027 and \$19,879,400 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$8,100,800 and \$16,698,700, respectively.

**Health and Family Services
Community Based Services
Family Support**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	216,311,000	225,000,000	211,315,800	249,528,700	268,794,300
State Salary and Compensation Allocation	6,819,900		1,600		
Other	(17,642,000)	(7,187,949)			
Budget Reduction-General Fund			(6,599,100)		
Total General Fund	205,488,900	217,812,051	204,718,300	249,528,700	268,794,300
Restricted Funds					
Balance Forward	1,124,707	4,575,342	299,200		
Current Receipts	3,541,069	2,442,386	4,243,900	2,504,100	2,532,000
Non-Revenue Receipts	20,603,934	13,602,057	27,109,700	16,428,300	16,428,300
Total Restricted Funds	25,269,710	20,619,785	31,652,800	18,932,400	18,960,300
Federal Fund					
Balance Forward	54,993,350	56,353,668	57,364,800		
Current Receipts	331,837,739	379,300,376	293,009,600	318,184,000	304,894,000
Total Federal Fund	386,831,089	435,654,044	350,374,400	318,184,000	304,894,000
TOTAL SOURCE OF FUNDS	617,589,699	674,085,880	586,745,500	586,645,100	592,648,600
EXPENDITURES BY CLASS					
Personnel Costs	330,865,637	315,253,845	294,470,700	288,346,200	294,349,700
Operating Expenses	32,823,630	29,250,200	30,119,900	30,949,100	30,949,100
Grants Loans Benefits	192,971,421	270,796,784	262,154,900	267,349,800	267,349,800
TOTAL EXPENDITURES	556,660,689	615,300,829	586,745,500	586,645,100	592,648,600
EXPENDITURES BY FUND SOURCE					
General Fund	205,488,900	216,691,018	204,718,300	249,528,700	268,794,300
Restricted Funds	20,694,368	20,320,531	31,652,800	18,932,400	18,960,300
Federal Fund	330,477,421	378,289,280	350,374,400	318,184,000	304,894,000
TOTAL EXPENDITURES	556,660,689	615,300,828	586,745,500	586,645,100	592,648,600

The Division of Family Support (DFS) consists of the following programs: Temporary Assistance to Needy Families (TANF); Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps; eligibility determination for Medicaid and for health insurance premium assistance; and State Supplementation Program for persons who are aged, blind, or have a disability. The Division also provides direct eligibility services for the Simplified Assistance for the Elderly (SAFE), the Elderly Simplified Application Demonstration Project (ESAP), Transitional SNAP Benefits (TSNAP), the Kentucky Children's Health Insurance Program (K-CHIP) and medical assistance for guardianship cases.

The programs administered by the DFS are designed to promote self-sufficiency, access job training and provide essential services for families and children in need of assistance and are accessible to all residents in all 120 Kentucky counties. Each local office has the responsibility to determine eligibility, provide facts and information on available benefits to interested individuals, offering services to meet the needs of working recipients, advising potential clients on the availability and coordination of benefits as well as the regulatory limitations of these benefits, and maintaining case record information. Applications can be made by the individual, their parent, statutory benefit payee, committee, guardian, power of attorney or authorized representative, as applicable.

These programs operate in accordance with federal laws and regulations established by the United States Department of Health and Human Services and the United States Department of Agriculture. Additionally, regulatory guidance and oversight are provided by Supreme Court rulings, Kentucky Revised Statutes, Kentucky Administrative Regulations and state plans.

With the implementation of the new eligibility system in December 2015, the DFS established a program integrity branch. The staff within this section are responsible for resolving discrepancies from computer matches with federal and state interfaces as well as investigating national databases related to unreported income, prior fraud disqualifications, and conducting case reviews. The purpose of this section is to enhance efforts in identifying fraud and improving program accuracy rates.

The legal authority for the program includes 921 KAR 3:010 through 3:100 (SNAP), KRS 205.520 (MA), KRS 205.245 (State Supplementation), and 921 KAR 2:006 through 2:520 (TANF) as well as the Food and Nutrition Act 2008 (PL 110-246), Title XIX of the Social Security Act in accordance with 20 C.F.R. 416.2099, Title XVI, and Title IV-A (AFDC).

Temporary Assistance for Needy Families (TANF)

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) amended and combined Title IV-A Aid for Families with Dependent Children (AFDC) and Title IV-F Job Opportunities and Basic Skills Training Program (JOBS) of the Social Security Act to provide block grants to states for TANF. These federal funds support the program's administrative and benefit expenditures that include personnel, operating, and indirect costs; contracts with partnering agencies; cash assistance subsidies; supportive services; child care; and transportation. The U.S. Department for Health and Human Services (DHHS) uses a formula-driven basis for determining each state's Maintenance of Effort based on fiscal year 1994 level of expenditures and work participation rates. The General Fund budgeted for fiscal year 2025 meets the DHHS Maintenance of Effort requirement of \$71,913,000 per year. Kentucky TANF-funded programs are further specified by 921 KAR 2:006 through 2:520.

The Kentucky Transitional Assistance Program (K-TAP) is the Commonwealth's cash assistance program for families with a dependent child who is deprived of parental support due to the continued absence, unemployment, incapacity, or death of one or both parents. Monthly payments are designed to help adults find a job or obtain training that leads to employment. Gross income must fall below the Gross Income Scale appropriate for the family's size, and total family resources cannot exceed agency limits. Receipt of cash assistance is limited to 60 months in a lifetime for adults who are required to participate in work activities as part of technical eligibility.

The Kentucky Works Program (KWP) assists recipients with their transition into the workforce and achieving self-sufficiency. Adults receiving K-TAP benefits are required to participate in this program unless determined exempt and, with the assistance of a case manager, develop a Transitional Assistance Agreement (TAA) with the goal of moving off assistance and gaining self-sufficiency. KWP activities include employment, on-the-job training, work experience training programs, a job search/job readiness component, vocational training or other educational services, community service, high school completion for teen parents, and other activities necessary to prepare for employment. Referrals to providers of child care, along with supportive services such as car repairs, transportation assistance, and supplies ensure that individuals are able to take part in this program.

Safety Net Services are available to former K-TAP families who lose cash assistance as a result of time limits or failure to comply with requirements of the KWP. Families with an income at or below 200 percent of the federal poverty level can access temporary benefits to meet basic needs such as shelter, food, clothing, or utilities. A total of \$635 may be authorized for four months during a 12-month period.

The Family Assistance Short Term (FAST) program provides an alternative for working families whom, though otherwise eligible, choose not to receive K-TAP cash assistance. A maximum of \$2,600 is available to assist the family with immediate needs such as food, shelter, transportation. These benefits may be authorized for a three-month period. FAST was implemented in an effort to assist families, particularly low-income families, and former welfare clients, through difficult financial periods. FAST is designed to provide support to families who might otherwise have no alternative but to enroll, or return to, K-TAP cash assistance.

The Kinship Care Program provides financial assistance and support services to non-parental relatives caring for children who would otherwise be placed in foster care due to abuse, neglect, or the death of both parents. Effective April 1, 2013, the Department for Community Based Services (DCBS) issued a moratorium impacting a child's initial eligibility for the Kinship Care Program; however, the moratorium did not apply to previously existing beneficiaries. A one-time relative placement support benefit and K-TAP are available to address a child's immediate and ongoing needs, respectively, upon placement by the DCBS with a qualified relative caregiver as an alternative to foster care. This program is administered in accordance with 922 KAR 1:130.

Efforts to partner with local communities to achieve the goals of self-sufficiency, protection, and permanency for Kentucky's families continue. The flexibility of the TANF block grant has allowed the DCBS to pursue initiatives to address the needs of those striving to escape a life of dependency.

Medical Assistance

DCBS determines eligibility for Medicaid program under a contract with the Department for Medicaid Services. The Medicaid program is authorized under Title XIX of the U.S. Social Security Act and KRS 205.520. Subsequent amendments to this act required federal/state funding to address medical care for persons receiving benefits for subsistence needs, those designated as categorically needy, and the medically indigent only. Currently, the categorically needy designation includes individuals who receive Supplemental Security Income (SSI) administered by the Social Security Administration; participants in the State Supplementation program for aged, blind, and disabled recipients; and low-income families meeting requirements for Modified Adjusted Gross Income Medicaid Aid to Families with Dependent Children (AFDC) State Plan in effect as of July 16, 1996.

The Department provides eligibility determination services for health insurance premium assistance program via the state-based American Health Benefit Exchange (Kentucky Health Benefit Exchange) established in accordance with P.L. 111-148, as amended, and 42 U.S.C. 18031.

State Supplementation

The State Supplementation Program, authorized by KRS 205.245 and 921 KAR 2:015, provides financial support to aged, blind, or disabled individuals who have insufficient income to meet their needs in a licensed personal care home or family care home; acquire caretaker services designed to prevent institutionalization, or reside in a community-integrated private residence as an individual with serious mental illness. To be eligible, persons must meet the criteria of the Supplemental Security Income program related to age, blindness or disability as well as additional requirements associated with citizenship, Kentucky residency, enumeration, and special needs. There is also a \$2,000 per individual (\$3,000 per couple) limit on resources. State supplementation payment amounts are determined by subcontracting countable income from the standard of need living arrangement costs.

Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, helps low-income persons purchase food for a nutritional diet. SNAP, authorized by the Food and Nutrition Act 2008 (PL 110-246) and 921 KAR 3:010 through 3:100 (SNAP), is designed to promote the general welfare and safeguard the health and well-being of the nation's population by raising nutritional levels among low-income households. SNAP benefits are a work support and serve as a stimulant to the economy. A household is defined as any individual, family, or group of people living with each other who buy and prepare food together. To qualify, each household must meet eligibility standards.

The SNAP Employment and Training Program (E&T) is designed to assist SNAP recipients obtaining employment that leads to self-sufficiency. Able Bodied Adult Without Dependents (ABAWDs) must participate and comply with work requirements in order to maintain their SNAP eligibility. Participants needing assistance to comply can volunteer to be placed in an E&T component. Only ABAWDs residing in areas of the state that are waived from work requirements due to high unemployment rates can continue receiving SNAP benefits without meeting the work requirements. These designated areas are adjusted every year. ABAWDs living in counties not exempt will be required to meet work requirements and can choose to participate in the SNAP E&T program to meet the requirements. Additionally, other SNAP recipients can choose to participate in SNAP E&T in counties where services are available.

Policy

The budget includes additional General Fund in the amount of \$43,500,000 in fiscal year 2027 and \$58,000,000 in fiscal year 2028 to support the higher share of administrative costs of the Supplemental Nutrition Assistance Program (SNAP) that resulted from the U.S. Congress' passage of H.R. 1, shifting from 50 percent state share to 75 percent state share.

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

- \$1,000,000 to support the operations of the Family Scholar House.
- \$12,000,000 to support reimbursement provided to personal care homes.

**Health and Family Services
Community Based Services
Energy**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	5,209				
Current Receipts	(5,209)				
Total Restricted Funds					
Federal Fund					
Balance Forward	493,498	629,111	(1,464,200)		
Current Receipts	66,709,343	59,761,411	61,464,200	59,997,900	59,998,900
Total Federal Fund	67,202,841	60,390,521	60,000,000	59,997,900	59,998,900
TOTAL SOURCE OF FUNDS	67,202,841	60,390,521	60,000,000	59,997,900	59,998,900
EXPENDITURES BY CLASS					
Personnel Costs	118,068	69,559	56,400	61,900	62,900
Operating Expenses	14,723	17,080	18,700	24,100	24,100
Grants Loans Benefits	66,440,938	61,768,052	59,924,900	59,911,900	59,911,900
TOTAL EXPENDITURES	66,573,730	61,854,690	60,000,000	59,997,900	59,998,900
EXPENDITURES BY FUND SOURCE					
Federal Fund	66,573,730	61,854,690	60,000,000	59,997,900	59,998,900
TOTAL EXPENDITURES	66,573,730	61,854,690	60,000,000	59,997,900	59,998,900

The Low Income Home Energy Assistance Program (LIHEAP), authorized by PL 94-385 and 921 KAR 4:116, is a federally subsidized program that assists low-income households to meet the cost of energy expenses. Eligibility criteria include income that does not exceed 130 percent of the Federal Poverty Level (FPL), resources which total less than \$2,000 except when a household member has a catastrophic illness, in which case applicants may have as much as \$4,000 in liquid resources to be readily accessed on a regular basis for living and medical expenses, and the responsibility for home heating expenses. This program is divided into two components. The subsidy component operates in November and December to assist recipients with home heating costs for which they are responsible either by direct payment or as an undesignated portion of their rent. The crisis component operates from early January until the middle of March or until all funds are expended to assist eligible households experiencing a home energy emergency involving imminent loss of heating energy. Services include accepting applications, determining eligibility, implementing outreach components, and coordinating this program with other energy assistance initiatives. Extrapolations from the most recent census data report that over 537,000 Kentucky households are eligible for assistance based on income levels that do not exceed 130% FPL.

Federal program rules also allow the use of a portion of the state's LIHEAP grant for the weatherization assistance program; a federally funded program to help low-income households meet the cost of energy expenses through energy conservation repairs to their homes. It is designed to reduce energy consumption, lower heating bills, and ensure the health and safety of those whose annual income is at or below 200 percent of FPL. Funds are provided to conduct energy audits, heat system safety tests and repairs, reduce air infiltration, install insulation, and perform other energy-related conservation measures. While a house is allowed to receive this assistance only one time, a dwelling may be re-weatherized if this service was provided prior to October 1, 1993.

The weatherization assistance program was co-housed with LIHEAP in the DCBS energy budget until April 2009, when it was reorganized to the Finance and Administration Cabinet (FAC), where the Kentucky Housing Corporation (KHC) is designated to administer the program. During the 2024-2026 biennium, DCBS anticipates transfer of 15% of the state LIHEAP allocation to KHC for weatherization activities performed in accordance with a combination of LIHEAP and Department of Energy rules.

The summer cooling program is only offered when additional federal or state funds are available. It provides eligible households with a one-time payment to the household cooling (electric) provider. Air conditioners may be provided for households where residents are at a risk for health problems associated with excess heat.

**Health and Family Services
Community Based Services
Child Care**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	89,688,000	51,000,000	55,700,500	53,350,500	53,350,500
Continuing Approp-General Fund		14,780,916	1,767,200		
Budget Reduction-General Fund			(2,350,000)		
Other	(46,260,000)	(7,813,696)			
Total General Fund	43,428,000	57,967,220	55,117,700	53,350,500	53,350,500
Tobacco Fund					
Tobacco Settlement - Phase I	9,900,000	9,900,000	9,500,000	9,500,000	9,500,000
Continuing Approp-Tob Settlement	1,697,163				
Total Tobacco Fund	11,597,163	9,900,000	9,500,000	9,500,000	9,500,000
Restricted Funds					
Balance Forward	476,216	482,497	466,700		
Current Receipts	12,879	15,955	1,533,300	1,309,000	1,309,000
Total Restricted Funds	489,095	498,452	2,000,000	1,309,000	1,309,000
Federal Fund					
Balance Forward	5,316,970	(6,527,968)	1,662,400		
Current Receipts	448,575,403	272,614,817	268,337,600	269,986,400	270,105,400
Total Federal Fund	453,892,374	266,086,849	270,000,000	269,986,400	270,105,400
TOTAL SOURCE OF FUNDS	509,406,632	334,452,521	336,617,700	334,145,900	334,264,900
EXPENDITURES BY CLASS					
Personnel Costs	25,887,286	21,809,654	14,410,300	11,380,400	11,517,100
Operating Expenses	1,643,736	1,963,680	1,968,700	1,997,000	1,979,300
Grants Loans Benefits	473,140,166	306,782,946	320,238,700	320,768,500	320,768,500
TOTAL EXPENDITURES	500,671,188	330,556,280	336,617,700	334,145,900	334,264,900
EXPENDITURES BY FUND SOURCE					
General Fund	28,647,084	56,200,058	55,117,700	53,350,500	53,350,500
Tobacco Fund	11,597,163	9,900,000	9,500,000	9,500,000	9,500,000
Restricted Funds	6,598	31,765	2,000,000	1,309,000	1,309,000
Federal Fund	460,420,342	264,424,457	270,000,000	269,986,400	270,105,400
TOTAL EXPENDITURES	500,671,188	330,556,280	336,617,700	334,145,900	334,264,900

The Child Care Program administers the child care assistance subsidy program, the ALL STARS quality rating system, as well as a professional development framework for child care providers. The primary funding services for the program include the federal Child Care Development Fund, state General Fund and Tobacco Settlement-Phase I funds.

The Child Care Development Fund (CCDF) was created by Congress in August 1996 as part of the federal welfare reform legislation. Child care services delivered through CCDF are designed to promote, expand, and improve the quality of care for children in Kentucky and ensure that families most in need are aware of and have access to available, quality child care which is developmentally appropriate, affordable, and safe. The Cabinet for Health and Family Services' approach to service delivery combines the efforts of Cabinet staff and other service providers to address a family's needs in a comprehensive fashion thereby maximizing the likelihood that a family will achieve positive outcomes. The Division of Child Care (DCC) serves Kentucky's most vulnerable children prioritizing children receiving child protective or preventive services, Temporary Assistance for Needy Families (TANF) recipients and persons transitioning off TANF, children with special needs, families experiencing homelessness, and teen parents. Children of low income working families are also eligible for child care assistance.

On November 19, 2014, the Child Care and Development Block Grant (CCDBG) Act of 2014 was signed into law at the federal level. This reauthorizes the child care program for the first time since 1996 and represents an historic re-envisioning of the CCDF program. The new law makes significant advancements by defining health and safety requirements for child care providers, outlining family-friendly eligibility policies, and ensuring parents and the general public have transparent information about the child care choices available to them. The sweeping changes of the Child Care and Development Block Grant and Kentucky's participation in the federally funded Preschool Development Grant provide Kentucky's Division of Child Care with the unique opportunity to realign the current system and advance quality child care in the state to meet the complex needs of Kentucky's poorest families.

The originally unfunded mandated changes of the CCDBG Act of 2014 required additional funding in order to come into compliance with federal law. While some changes were straightforward to implement, others have been more complex, requiring additional time for planning and implementation. The Division of Child Care has successfully implemented the required changes, including the new background check requirements for childcare staff. Additional federal funding awarded to Kentucky in 2018 allowed for increases to the child care subsidy program and increased financial assistance with the federal background check program.

CCDF reauthorization increased the minimum quality set-aside from 4% to 9% over a phase-in period of 5-years. Beginning FFY 2018, the quality set-aside increased to 8% of the aggregate funds expended by the Lead Agency for quality activities. These activities include childcare health and safety requirements, the tiered quality rating and improvement system, and early care and education professional development. The infant & toddler set-aside remains at least 3% of CCDF and must be spent on activities to improve the quality of care for infants and children. The 3% infant and toddler set-aside began in FFY 2018 and is in addition to the 8% quality set-aside.

The Child Care Assistance Program is one of the support services directed at: (1) eliminating barriers to work and education for parents; (2) strengthening and maintaining client families; (3) providing early educational opportunities for at-risk children; (4) preventing or remedying abuse, neglect or exploitation of children; (5) preventing family dissolution; and (6) preventing out of home placements. These services are provided by subsidized child care through the CCDF for full and part-day care by licensed providers, certified family child care homes and registered providers. Childcare services are intended to supplement, but not supplant, the parents' responsibility for the child's protection, development, and supervision. Children with special needs and child protective services cases are the top priority for the DCC. In addition, childcare is also used to support low-income working parents and TANF client's efforts to find and keep jobs and transition off public assistance. Licensed centers and homes, certified family childcare homes, and registered providers that meet enrollment requirements and health and safety guidelines are reimbursed for services at approved rates for eligible, enrolled families.

Regulation and Monitoring of Child Care Providers: The Office of Inspector General (OIG), Division of Regulated Child Care ensures that licensed and certified childcare providers meet minimum health, safety, and quality standards. DCBS contracts with OIG to conduct on-site inspections, monitor, license center-based providers, and certify family childcare home providers. OIG is also contracted to investigate complaints against licensed and certified providers, as well as to conduct fraud investigations. KRS 199.8994 stipulates a targeted ratio of an individual caseload of 1:50 be maintained for continuation of quality services; however, the current average individual caseload is 1:80.

Tiered Quality Rating and Improvement System: The Kentucky ALL STARS Program is part of Kentucky's Early Childhood Initiative and is a quality rating system that places major emphasis on raising the quality level of early care and education in childcare settings. This program is mandatory for child care centers and in-home programs that wish to receive child care subsidy funds. Kentucky ALL STARS monetary incentives and rewards are granted to childcare providers based on environmental scoring using identified characteristics associated with positive outcomes for children and families. These scores are also combined with a list of program standards in order to achieve a STAR rating of 1 to 5. Through the provision of technical assistance, providers work to achieve quality indicators in their Environmental Rating Scale. STARS Levels 2 through 5 surpasses the minimum licensing or certification requirements that all programs must meet per regulations. STARS Levels 3 through 5 are considered high-quality programs and can receive higher levels of reimbursement. Programs are assessed in the following areas: staff/child ratios, group size, curriculum, family involvement, training and education of staff, regulatory compliance, and personnel practices. As of June 2025 there were 47,089 children receiving subsidized child care with 41,374 (87.86%) enrolled in a STARS Rated facilities. As of June 2025 out of the 1,994 ALL STARS rated providers, 35% are considered at the high-quality with a rating between 3 and 5.

Initiatives to promote the Kentucky ALL STARS program are contracted with the University of Kentucky Human Development Institute. The University of Kentucky coordinates the Quality Enhancement Program with twenty-six Quality Coaches and four Technical Assistance Quality Consultants, to recruit, train, and provide technical assistance to providers when preparing to enter the program and throughout provider participation in the program. A total of thirteen STARS Raters conduct environment assessments on all participating programs.

The Professional Development System is also part of Kentucky's Early Childhood Initiative. The Division has put in place the "Kentucky Childhood Professional Development Framework" which addresses the needs for education, training and credentialing of early care professionals in Kentucky and represents a culmination of months of planning and input from multiple stakeholders across the state. The Framework identifies individual core competencies, credentials, scholarships, grants, awards and training criteria to early care and education professionals. Additionally, targeted quality set-asides under CCDF are being utilized to promote and improve the quality of infant/toddler training opportunities, enhance professional development activities, improve education in child care programs, improve staff and child interactions, increase parental involvement, and facilitate regulatory compliance to all child care programs. As of June 30, 2025, there were 2,826 active Director's Credentials, 721 Trainer's Credentials, and 438 active Commonwealth Child Care Credentials. During fiscal year 2025, 95,944 childcare provider/staff received early care and education training.

Collaborative Efforts continue between the Division of Child Care and key stakeholders in order to ensure that outcomes will focus on continuing quality improvements in early learning environments. These efforts include partnerships with Head Start, the Department of Education, the Department for Public Health Division of Maternal and Child Health, Kentucky Out-of-School Alliance, Governor's Office of Early Childhood, and other government and quasi-government agencies that share the common goal of increasing professionalism in Early Care and Education, promoting quality care, and supporting early learning guidelines.

Annual Training Requirements: Licensed Child Care Type I and II directors and staff are required to complete nine hours of cabinet-approved early care and education training within the first year of employment (after completing a six- hour state-mandates orientation to the childcare profession), including one and one-half hours of pediatric abusive head trauma training; and 15 hours of cabinet-approved early care and education training annually, including one and one half hours of pediatric head trauma training completed once every five years.

Certified Family Child Care Home providers are required to complete nine hours of cabinet-approved early care and education training annually, including one and one-half hours of pediatric abusive head trauma training completed once every five years.

Policy

The base budget includes Tobacco Settlement Funds in the amount of \$9,500,000 in each fiscal year for the Child Care program for the Kentucky ALL STARS program quality rating system, a federal requirement. These funds provide monetary incentives and rewards to childcare providers and are used as match for the federal funds received from the Child Care Development Grant.

**Health and Family Services
Community Based Services
Family and Community Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	346,596,200	450,121,100	459,944,300	468,154,100	474,581,800
State Salary and Compensation Allocation	6,552,500				
Budget Reduction-General Fund			(5,888,800)		
Other	63,902,000	12,501,645			
Total General Fund	417,050,700	462,622,745	454,055,500	468,154,100	474,581,800
Tobacco Fund					
Tobacco Settlement - Phase I	2,500,000	1,900,000	2,000,000	2,000,000	2,000,000
Total Tobacco Fund	2,500,000	1,900,000	2,000,000	2,000,000	2,000,000
Restricted Funds					
Balance Forward	106,005,863	54,588,712	2,026,900	5,300,000	
Current Receipts	141,572,948	130,377,732	247,085,000	190,066,300	195,611,700
Non-Revenue Receipts	(66,137,119)	(54,943,129)	(46,709,600)	(46,610,400)	(46,610,400)
Total Restricted Funds	181,441,692	130,023,315	202,402,300	148,755,900	149,001,300
Federal Fund					
Balance Forward	(59,316,367)	(59,925,468)	(59,748,400)		
Current Receipts	294,109,591	299,261,045	351,073,600	273,576,600	273,942,000
Non-Revenue Receipts	26	(26)			
Total Federal Fund	234,793,250	239,335,551	291,325,200	273,576,600	273,942,000
TOTAL SOURCE OF FUNDS	835,785,643	833,881,611	949,783,000	892,486,600	899,525,100
EXPENDITURES BY CLASS					
Personnel Costs	311,566,794	317,057,628	385,021,700	373,988,000	381,026,500
Operating Expenses	36,942,239	34,915,093	32,834,100	34,918,200	34,918,200
Grants Loans Benefits	491,468,366	539,630,414	526,627,200	483,580,400	483,580,400
Debt Service	1,145,000				
TOTAL EXPENDITURES	841,122,399	891,603,135	944,483,000	892,486,600	899,525,100
EXPENDITURES BY FUND SOURCE					
General Fund	417,050,700	462,622,745	454,055,500	468,154,100	474,581,800
Tobacco Fund	2,500,000	1,900,000	2,000,000	2,000,000	2,000,000
Restricted Funds	126,852,981	127,996,398	197,102,300	148,755,900	149,001,300
Federal Fund	294,718,718	299,083,992	291,325,200	273,576,600	273,942,000
TOTAL EXPENDITURES	841,122,399	891,603,136	944,483,000	892,486,600	899,525,100

Family and Community Services are designed to provide maximum support to a family at the time of crisis to prevent the disruption of the family unit and to protect individuals from abuse, neglect, and exploitation with safety and permanency as the paramount goals.

The subprograms contained in Family and Community Services are Family Based Services, Adult Services, and Alternatives for Children. The legal authority for the program is in KRS Chapters 199, 200, 209 (Adult Protection), and 600-645, and in Titles IV, XIX and XX of the Social Security Act.

Family Based Services include child protection; reunification following out-of-home placement; home safety services; preventative services for families; community-based juvenile services; family preservation services; mental health services through contracts with local comprehensive care centers; self-help services provided through local child abuse councils; and preventative assistance. These services are provided in order to preserve the family unit while keeping safety of all family members as the primary goal.

Child Protective Services are specialized services aimed at safeguarding the rights and welfare of abused, neglected or dependent children; aiding parents or other persons responsible for the care, custody or supervision of children in recognizing and remedying conditions detrimental to the welfare of their children; and identifying conditions that contribute to the neglect, abuse, or dependency of children. Child Protective Services are both preventive and corrective in nature. This includes intake/investigation of reports of neglect, abuse, or dependency and the provision of treatment to those families in need. DCBS staff provides direct in-home services as well as serving in a case manager role and networking community resources. DCBS is mandated to receive and investigate reports of the abuse or neglect of children.

Home Safety Services provide in-home support that prevents the disruption of a family unit or expedites the return of the child by helping parents with general homemaker skills, role modeling, parenting skills, assistance in daily living skills, and direction in utilizing community services.

Preventive Services to families, who do not qualify for services under other program areas, address a family's treatment and access needs before the situation has escalated to become abusive or neglectful. Prevention services also serve to strengthen communities and promote stability and sustainability, with the goal of preventing family separations and poor family outcomes.

Family Preservation provides crisis intervention and intensive (5-20 hours per week) in-home services to families who have children at imminent risk of removal from their home. Family Reunification Services, which follow the same basic model with less intensive in-home services over a longer duration (up to 6 months), facilitate the successful return of children to the home and decrease the likelihood of repeated child placements.

Through implementation of The Family First Prevention Services Act (FFPSA) of 2018, Kentucky is in the process of expanding its Sobriety Treatment and Recovery Teams (START) and Kentucky Strengthening and Empowering Parents (KSTEP) programs. Along with FPP, these programs work with families to mitigate issues when a child is at imminent risk for removal. Kentucky is also in the process of re-implementing High Fidelity Wrap Around services to provide intensive services to both children and families who are at risk for family separation. The advent of FFPSA adds prevention services to Title IV-E of the Social Security Act, which was previously exclusive to adoption and foster care.

In addition to the tertiary prevention services, the Division for Prevention and Community Wellbeing also provides primary and secondary prevention services. These services include Parent Engagement Meetings and other hands-on and in-home services through the Community-Based Child Abuse Prevention (CBCAP) and Community Collaboration for Children (CCC) grants and provide child abuse prevention awareness and outreach during Child Abuse Prevention month and throughout the year. Kentucky remains committed to prevention services and continues to expand partnerships with national and local organizations that share our mission and goals.

Self-Help Groups provide support and education for parents in crisis or at risk of further abuse or neglect of children.

Juvenile Services in the community provide an array of preventive and treatment services for children adjudicated as status offenders under KRS 630. Because status offender behaviors such as running away from home, being beyond parental control and truancy are most often indicative of prior abuse or neglect of the child, services are targeted at prevention of further abuse or neglect and interventions to curb the child's negative behaviors. Appropriate services may be provided directly by DCBS or arranged through local mental health centers, Family Resource and Youth Service Centers, community partnerships, private child care agencies, and/or other private providers in the community.

Children's advocacy centers provide services to victims of child sexual abuse and their non-offending caregivers.

Adult Services includes protection and self-support. Adult services are directed toward preserving the vulnerable individual's independence to the maximum degree possible and protecting him/her from abuse, neglect or exploitation pursuant to KRS 209. The elements of adult services are: adult protection; adult home safety services which is the direct provision of home safety services to adults at risk or in need of protections; Alternate care (also called placement and movement) which involves assisting individuals with appropriate community and institutional placements; Preventive services for adults which entails assessment, planning, and guidance. Services often involves securing food, shelter, clothing, and medical treatment. Adult Self-Support includes the Community Services Block Grant, which provides funding for emergency needs of economically disadvantaged citizens. This program helps to alleviate the stresses on the family unit resulting from poverty while promoting self-sufficiency.

Pursuant to KRS 209, any person, including but not limited to a physician, law enforcement officer, nurse, social worker, Cabinet personnel, coroner medical examiner, alternate care facility employee, or caretaker, having reasonable cause to suspect that an adult who because of mental or physical dysfunction is being abused, neglected or exploited, shall report or cause reports to be made to the CHFS. DCBS is required to investigate the reports, notify local law enforcement officials, offer appropriate protection and support services, and maintain case records.

DCBS is involved in placement and movement of individuals into, between, and out of facilities. Placement and Movement denotes assistance provided to Medicaid eligible individuals. Alternate Care services denotes assistance to non-Medicaid eligible individuals. Approximately 56,000 Kentuckians need alternate care or placement and movement services each year. The majority of these individuals have family or friends to assist them in finding alternate living arrangements. The Department assists those individuals who are not able to locate appropriate placements. Alternate Care Services help ensure that persons are not inappropriately placed in a level of care exceeding their need and thus promotes cost effectiveness. These services also help ensure that persons assisted receive the care they require.

DCBS is involved in the completion of court ordered guardianship assessments (interdisciplinary team reports) pursuant to KRS 387. These assessments are completed by qualified DCBS employees. The employee submits the assessment to the court and testifies in a guardianship hearing.

Domestic violence shelter services are available in each of the 15 Area Development Districts under a contract between DCBS and ZeroV (formerly Kentucky Coalition Against Domestic Violence). A portion of the marriage license fee as authorized by KRS 209A.045 provides part of the funding for this element.

Rape crisis centers services are available throughout the state and are provided under a contract with the Kentucky Association of Sexual Assault Programs (KASAP), which is the statewide coalition of Rape Crisis Centers.

Batterer Intervention Program (BIP) providers are mental health professionals meeting certification standards specified by DCBS who provide services to domestic violence batterers.

Alternatives for Children provides placement resources for children who have been or are at risk of being abused or neglected. Services are directed toward finding substitute care for children who must live apart from their family, working toward reuniting the child and family, and if that is not possible, securing an alternative living arrangement which will provide permanency for the child. The legal authority includes KRS Chapters 199; 600; and 620; Titles IV-B and IV-E of the Social Security Act; and the Social Services Block Grant.

The trauma of childhood abuse or neglect often leads to emotional and behavioral problems that are difficult to manage. In recent years an increasing proportion of children have had more severe problems which require more specialized treatment services (such as mental health, intellectual and/or developmental disabilities, or sexual abuse) and medical care that, in turn, has added to the cost of care. Adoption provides permanent families for children who cannot return home.

Family Foster Care provides a planned, goal-directed service in which the care of children and youth takes place in the home of an agency-approved family. Its' value is the ability to respond to the unique, individual needs of infants, children, youth, and their families through the strength of family living, as well as family and community supports. The goal of family foster care is to provide opportunities for healing, growth, and development leading to healthier children and families with safe and nurturing relationships intended to be permanent. Effective June 27, 2019, DCBS implemented KRS 620.142 to assist relatives and/or fictive kin caregivers of abused, neglected, or dependent children.

Relative or Fictive Kin Placement is used as an alternative to foster care via a prevention plan or through temporary or permanent custody, given by the court to the relative or CHFS. This placement requires criminal background checks on all adult household members; home evaluations; 1.5 hours training regarding pediatric abusive head trauma (if child is five years of age or younger); monthly home visits to caregiver's home; and guardian ad litem services. At this time, all placements which qualify and meet DCBS guidelines are eligible for monthly stipends paid with general fund. These caregivers may also qualify for those services received by foster parents. The department provides case management activities that seek to utilize a least restrictive placement, assist parent/caretakers in reunifying with their child(ren), providing supportive services to the relative and achieving alternative permanency for the child if reunification is not possible. If CHFS is granted custody of the child, all applicable out of home care standard of practices (SOPs) are utilized. If the child is placed on a prevention plan with a relative or in the custody of the relative, in home SOPs are applicable. Fictive kin are individuals who are not related to a child by birth, marriage, or adoption but who has an emotionally significant relationship with the child, or an emotionally significant relationship with a biological parent, siblings, or half-siblings of the child in the case of a child from birth to twelve (12) months of age, prior to placement and may be utilized when a child is removed from their home of origin and when no family members or relatives are identified as an appropriate placement option for a child.

Kentucky has implemented the Title IV-E Guardianship Assistance Program (GAP). This program supports states, who opt to provide guardianship assistance payments for the care of children by relatives who have assumed legal guardianship of eligible children for whom they previously cared as foster parents. This will be a transformative program for Kentucky to increase placement and support to relatives, increase a child's timeliness to permanency, and support long term stability for youth. Additional funding is needed to support the program long term.

Independent Living services are specialized services designed to enhance the self-sufficiency skills of older children currently or formerly in foster care, private child care, and other state funded living arrangements. Services are provided both directly by staff and by contract agencies. Services include formal classroom and experiential life skills trainings; room and board assistance for aged-out youth 18-21 years of age; educational assistance for post-secondary education; the opportunity to both mentor and be mentored on post-secondary campuses and in the community; transitional planning; and provision of youth conferences. The loss of the Independent Living services would result in children leaving the foster care system unprepared to enter the world as productive, tax-paying adults. Rather is the likelihood they would enter the criminal, homeless, or adult services population increasing the poverty in Kentucky.

Private Child Caring/Child Placing services and emergency shelter services are essential components of a protective service program that provides temporary placement services for children who are unable to remain in their own homes because of severe abuse, neglect, exploitation, abandonment, or because they have specialized treatment needs.

Adoption is the legal process by which a child becomes a legal child of a person or persons other than his/her biological parents. It is a complex social and emotional experience that ensures permanency and well-being for children. DCBS provides services prior to adoption in order to bring children and families together and services after adoption to provide support to the family structure.

Intensive Family Based Services (IFBSS) are cost-effective, home-based alternatives to institutionalization for children who are dually diagnosed. Services are provided through contracts with local comprehensive care centers or other appropriate contractors. These services are designed to meet the needs of individual children and his/her families and may include, but are not limited to, in-home services, family therapy, respite care, behavior management and consultation, and individual counseling.

Psychiatric services provide 24-hour care to DCBS committed children and youth with behavioral health or mental health issues. Services are provided by various psychiatric hospitals and psychiatric residential treatment facilities throughout Kentucky.

Policy

The budget includes additional General Fund in the amount of \$14,600,000 in each fiscal year to fully fund the Relative and Fictive kin foster care reimbursements passed, but not funded, in the 2024 Regular Session through Senate Bill 151, and codified at KRS 620.142.

The budget includes additional General Fund in the amount of \$22,000,000 in each fiscal year to continue providing services for children in out-of-home-care. These funds are partially replacing TANF grant funds previously used for out-of-home care services.

The budget includes additional General Fund in the amount of \$2,000,000 for a total of \$8,000,000 in each fiscal year to support direct service costs for Domestic Violence Shelters.

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

- \$1,000,000 for Relative Placement Support Benefit;
- \$50,000 to provide forensic interviews, family counseling, and trauma remediation serving Jefferson County and surrounding Kentucky counties;
- \$1,350,000 for Maryhurst to provide reimbursement rate increase for children in the 5 Specialized Program.
- \$500,000 for the Fostering Success Program;
- \$2,000,000 for independent living supports to children aging out of the foster care system;
- \$2,000,000 for Rape Crisis Centers;
- \$5,500,000 for Child Advocacy Centers;
- \$500,000 to support the operations of the Volunteers of America - Family Recovery Court; and
- \$375,000 to support the operations of the Seven Counties Services through the Jefferson County Recovery Court to assist families involved with the child welfare system.

The base budget includes Tobacco Settlement Funds in the amount of \$2,000,000 in each fiscal year for the Early Childhood Adoption and Foster Care Supports Program.

**Health and Family Services
Community Based Services
Guardianship**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,530,100	8,171,700	8,676,500	8,702,300	8,945,400
State Salary and Compensation Allocation	541,200				
Other	1,300,000	2,500,000			
Total General Fund	10,371,300	10,671,700	8,676,500	8,702,300	8,945,400
Restricted Funds					
Balance Forward	3,795,181	2,684,948	1,153,000		
Current Receipts	1,513,424	1,393,818	1,694,200	2,000,000	2,000,000
Non-Revenue Receipts	(1,307,795)	(76,708)			
Total Restricted Funds	4,000,810	4,002,057	2,847,200	2,000,000	2,000,000
Federal Fund					
Balance Forward	(983,376)	(603,522)	(138,200)		
Current Receipts	11,690,980	12,445,886	10,218,900	12,708,200	12,900,500
Total Federal Fund	10,707,605	11,842,364	10,080,700	12,708,200	12,900,500
TOTAL SOURCE OF FUNDS	25,079,715	26,516,122	21,604,400	23,410,500	23,845,900
EXPENDITURES BY CLASS					
Personnel Costs	21,165,233	22,409,610	16,724,500	18,004,000	18,439,400
Operating Expenses	1,644,162	2,991,174	4,583,600	5,022,900	5,022,900
Grants Loans Benefits	188,895	100,530	296,300	383,600	383,600
TOTAL EXPENDITURES	22,998,289	25,501,314	21,604,400	23,410,500	23,845,900
EXPENDITURES BY FUND SOURCE					
General Fund	10,371,300	10,671,700	8,676,500	8,702,300	8,945,400
Restricted Funds	1,315,863	2,849,093	2,847,200	2,000,000	2,000,000
Federal Fund	11,311,126	11,980,521	10,080,700	12,708,200	12,900,500
TOTAL EXPENDITURES	22,998,289	25,501,314	21,604,400	23,410,500	23,845,900

Kentucky's Guardianship Program is administered by the Department for Community Based Services, Division of Guardianship in the Cabinet for Health and Family Services as authorized in KRS 210.290 and KRS 387.500-387.910. Individuals are served by offices in all regions of the state.

In Kentucky, guardianship is a legal relationship between a court-appointed adult who assumes the role of guardian for a ward. A ward is a person who has been declared legally disabled by the court and is no longer able to care for his or her personal and/or financial needs.

A guardian may be a friend or family member who is willing to care for the disabled individual. If there is no one willing to assume guardianship for the disabled person, the court will appoint the Cabinet for Health and Family Services as the state guardian. The duties of the state guardian include:

- Full Guardianship/Full Conservator – The Cabinet is responsible for the personal and financial needs of the ward. A court has found the ward fully disabled and all personal and financial rights are removed except the right to vote. The judge decides whether or not a ward retains the right to vote.
- Personal Guardian – A court finds the ward fully disabled in his/her personal affairs and appoints a personal guardian who is responsible for only personal affairs of the ward.
- Conservator – A court finds the ward fully disabled in managing his/her financial affairs and appoints a conservator who is responsible for financial or fiduciary affairs of the the ward.

- Limited Guardian – A limited guardian may be appointed if the disabled person is declared partially disabled and can manage some personal needs but may need assistance with others. In this case, the court will also decide which civil rights the person can retain and which are given to the guardian. These may include the right to vote, the right to drive a car, the right to make medical decisions and the right to determine where to live.
- Limited Conservator – A limited conservator may be appointed if the disabled person only needs help with managing some financial or fiduciary affairs. In this case, the court will also decide which civil rights the person can retain and which are given to the conservator. These may include the right to sell property and the right to sign legal documents such as checks, marriage licenses, or wills.

**Health and Family Services
Aging and Independent Living**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	39,373,400	51,058,700	51,124,800	58,026,100	58,202,400
State Salary and Compensation Allocation	272,900				
Budget Reduction-General Fund			(1,233,700)		
Other	(1,300,000)		9,100,000		
Total General Fund	38,346,300	51,058,700	58,991,100	58,026,100	58,202,400
Restricted Funds					
Balance Forward	1,284,985	1,910,434	1,776,500	1,226,500	620,300
Current Receipts	1,452,861	540,954	1,322,300	1,321,600	1,312,000
Non-Revenue Receipts	475,763	628,578	2,250,000	2,194,500	2,190,000
Total Restricted Funds	3,213,608	3,079,965	5,348,800	4,742,600	4,122,300
Federal Fund					
Balance Forward	(350,077)	(4,236,234)	(91,300)		
Current Receipts	51,364,116	42,800,445	38,599,300	38,575,700	38,625,600
Total Federal Fund	51,014,039	38,564,211	38,508,000	38,575,700	38,625,600
TOTAL SOURCE OF FUNDS	92,573,948	92,702,876	102,847,900	101,344,400	100,950,300
EXPENDITURES BY CLASS					
Personnel Costs	8,228,805	9,721,220	11,946,600	11,501,900	11,727,700
Operating Expenses	1,813,075	1,325,143	1,305,300	1,079,900	1,079,900
Grants Loans Benefits	84,857,868	79,971,337	88,369,500	88,142,300	88,142,700
TOTAL EXPENDITURES	94,899,748	91,017,700	101,621,400	100,724,100	100,950,300
EXPENDITURES BY FUND SOURCE					
General Fund	38,346,300	51,058,700	58,991,100	58,026,100	58,202,400
Restricted Funds	1,303,175	1,303,500	4,122,300	4,122,300	4,122,300
Federal Fund	55,250,273	38,655,500	38,508,000	38,575,700	38,625,600
TOTAL EXPENDITURES	94,899,748	91,017,700	101,621,400	100,724,100	100,950,300
EXPENDITURES BY UNIT					
Aging and Independent Living	94,899,748	91,017,700	101,621,400	100,724,100	100,950,300
TOTAL EXPENDITURES	94,899,748	91,017,700	101,621,400	100,724,100	100,950,300

The Department for Aging and Independent Living (DAIL) sets policies and oversees programs and services on behalf of Kentucky's elders and individuals with disabilities. The aging programs benefit Kentuckians by contributing to building self-sustaining families and improving the quality of life through an array of community-based services designed to help older persons and individuals with disabilities to be as independent as possible in the least restrictive environment. DAIL programs also provide counseling and support services to family caregivers to enable them to provide quality care to older persons while fulfilling other family and employment responsibilities. In carrying out its programs, DAIL emphasizes successful aging; independent living; planning for an aging society; and continued involvement of older persons, and disabled individuals in every aspect of the community.

The Department for Aging and Independent Living is designated as the State Unit on Aging by the Federal Administration on Aging. In accordance with the Older Americans Act Amendments of 1965 as amended through March 2020 and 45 CFR 1321. The Aging and Independent Living program is responsible for aging issues on behalf of all older persons in Kentucky. It is required to carry out a wide range of functions related to service delivery, advocacy, planning, coordination, interagency linkages, information-sharing, community preparedness, brokering, and evaluation. These functions are intended to focus on the development or enhancement of comprehensive and coordinated community-based service systems designed to help elderly and physically disabled adult Kentuckians maintain independence and dignity in their own homes and communities. This focus on community-based alternatives is consistent with Kentucky's plan developed in response to the Supreme Court's Olmstead decision and the State Plan on Aging.

The Aging and Independent Living program administers statewide services; develops the State Plan on Aging; allocates funds to the 15 Area Agencies on Aging and Independent Living (AAAIL) and approves AAAIL program plans, amendments, budgets, and contracts for local provision of aging and physical disabilities services. It provides education, training, benefits counseling, information and assistance to respond to the needs of older Kentuckians and those with physical disabilities.

The services administered to achieve these goals include:

- Title III Older Americans Act Nutritional Services provided through agreements with the AAAIL's include the Nutritional Services Incentive Program: For persons age 60 years and older, provides congregate meals at senior centers and home-delivered meals to the homebound elderly in each Kentucky county.
- Senior Community Service Employment Program (Older Americans Act Title V): Employs persons age 55 years and older who have incomes at or below 125% of the poverty level in part-time non-profit community work, such as senior citizens centers, with the goal of skill development and eventual placement in unsubsidized employment.
- State Health Insurance Assistance Program (SHIP): (Section 4360 OBRA 1990, PL 101-508) provides benefits counseling and application assistance to Medicare eligible persons and those likely to be eligible for the Low-Income subsidy program, Medicare savings program, and Medicare Part D prescription drug program.
- Long-Term Care Ombudsman Program (Older Americans Act Title IIC, 910 KAR 1:210): receives and investigates all complaints from residents of nursing homes and personal care homes in Kentucky. Collects and analyzes data related to complaints and conditions in long-term care facilities to identify and resolve problems and submits information to appropriate licensing agencies to ensure compliance with regulations.
- Aging and Disability Resource Center (ADRC): (Sec 1110 SS Act and 42 USC 3031-30378) provides a single point of entry to all long-term services and supports with the goal to empower individuals to make informed choices and streamline access to services.
- Older Americans Act In-Home Services (KRS 205.460, 910 KAR 1:170 - 180): Provides in-home services to persons 60 years and older who have functional or physical limitations and are at risk of institutionalization. Services include personal care, home health aide, home-repairs, and respite.
- Homecare Program (910 KAR 1:180): This program is offered statewide through the AAAILs and provides supports and services for daily needs as well as coordination among caregivers and provider agencies to help adults at risk of institutional care remain in their own homes.
- Hart Supported Living (KRS 210.770-795): This program provides grants for a broad category of flexible, individualized services that, when combined with natural unpaid or other eligible paid supports, provide the necessary assistance to: enable a disabled person to live in a home of the person's choice, typical of those living arrangements for persons without disabilities; encourages integrated participation in the community; promotes rights and autonomy; enhances the skills and competencies in living in the community; and enables the acceptance in the community by promoting home ownership or leasing arrangements.
- Personal Care Attendant Program (PCAP) (KRS 205.900): A state funded program that provides personal care assistant services to adults with severe physical disabilities, who have functional loss of two or more limbs and need services to prevent institutionalization or to leave an institutional setting.
- Kentucky Family Caregiver Program (910 KAR 1:260): Supports grandparents, of any age, who are primary full-time caregivers for a grandchild no older than 18 years of age. Services include information and assistance, counseling, support groups, and training. Provides financial assistance in the form of a voucher to be utilized for the child's safety, stability, and welfare. To the extent funds are available, the maximum total assistance shall be up to \$500 per grandchild in any one fiscal year.
- National Family Caregiver Support Program: A federally funded program serving family and informal caregivers who provide care to people 60 years and older or an individual of any age with Alzheimer's or a related diagnosis, as well as grandparents and other relatives 55 years and older who provide care to children up to age 19. Services include information and assistance, counseling, support groups, training, respite, and limited financial assistance.

- **Traumatic Brain Injury (TBI) Trust Fund Program (KRS 211.476, KRS 42.320):** A state program that provides services to assist children and adults with brain injuries to maintain living in the community. The TBI Trust Fund Program is a funding source of last resort for Kentucky residents. The TBI Trust Fund draws funds primarily from court fees, traffic school fees, and DUI service fees. The fund can also accept contributions and grants. The program is overseen by a board of directors to ensure that individuals with a brain injury and their families are provided services and supports to promote independence and personal productivity.
- **Traumatic Brain Injury Behavioral Program (KRS 189A.050 and KRS 42.320):** This program is funded through DUI fees and serves individuals who are in need of intense neurobehavioral services that are not available in Kentucky and are placed out-of-state.
- **Alzheimer's disease and Related Advisory Council (KRS 194.600-609):** This governor-appointed council oversees information and resources related to policy and services affecting the sixty thousand (60,000) residents of Kentucky with dementia, and the caregivers and families of the residents.
- **Health Promotion/Disease Preventive:** Provides disease prevention, education and assistance in training and care of elderly Kentuckians on health-related issues.
- **Supportive Services:** For persons aged 60 years and older, that includes: assessment/case management; transportation; escort to medical facilities, stores and other service delivery points; information assistance and referral; health promotion; visiting and telephone reassurance; legal assistance; counseling; education; advocacy; respite; preventive health services; elder abuse prevention programs; supportive services for families of elderly victims of Alzheimer's and related disorders.
- **Home and Community Based Waiver (HCB):** The HCB Waiver is part of Kentucky's Medicaid program designed to support individuals who are elderly or have physical disabilities. It aims to help them maintain their independence and avoid institutionalization by providing a range of services tailored to their needs. DAIL is contracted by the Department for Medicaid Services to serve as the operating agency performing day to day oversight of the program including certification and monitoring of waiver providers.
- **Participant Directed Services (PDS):** Allows people eligible for services through Medicaid waiver services to choose his/her own providers for nonmedical waiver services. Provider choice gives members greater flexibility in the delivery of services received. Kentucky Medicaid members may participate if he/she currently receives or are eligible for services through the: Home and Community Based Waiver; Supports for Community Living Waiver; Acquired Brain Injury Acute Waiver; Long-Term Care Brain Injury Waiver; or the Michelle P Waiver.
- **Office of Dementia Services (ODS) (KRS 194A.601):** created by SB74 in 2021, the Office of Dementia Services is Kentucky's first state entity dedicated to supporting the more than 81,000 Kentuckians living with dementia and over 400,000 unpaid caregivers who provide 307 million hours of care annually. Led by the Dementia Coordinator, ODS develops and implements the Kentucky Alzheimer's and Related Dementias State Plan, manages the Alzheimer's Disease and Related Disorders Advisory Council, advances dementia-specific training, and builds programs that improve quality of life for those impacted by dementia.
- **Centers for Independent Living (CILs)** are consumer-controlled, community-based, cross disability, nonresidential, private nonprofit agencies, designed and operated within a local community by individuals with disabilities. CILs assist people with disabilities to achieve their full potential for community inclusion through improving access, choice, and equal opportunity. DAIL distributes federal grant funding to two CILs with 4 satellite locations in Kentucky to provide independent living services in accordance with the State Plan on Independent Living. DAIL also partners with the Statewide Independent Living Council (SILC) to develop, monitor, and review a state plan and support the statewide network of independent living centers.
- **Programs of All-Inclusive Care for the Elderly (PACE):** Provides individuals the ability to live in their own home by offering needed services and supports. When an individual enrolls in PACE, the PACE organization becomes their sole source of services. PACE organizations develop a team that coordinates and/or delivers an individual's preventive, acute, and long-term care needs. DAIL is contracted by the Department for Medicaid Services to serve as the operating agency performing day to day oversight of the program.

Policy

The budget includes additional General Fund in the amount of \$9,100,000 in each fiscal year to continue providing nutritional meals to senior citizens in the community with the goal of not having a waitlist.

The Governor's budget includes additional funding in the amount of \$156,000 in fiscal year 2027 and \$320,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$121,700 and \$249,800, respectively.

Justice and Public Safety

Justice and Public Safety

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,190,244,600	1,264,243,600	1,340,412,300	1,291,310,200	1,324,796,100
State Salary and Compensation Allocation	26,325,500	403,500	683,400		
Special Appropriation	50,900,000				
Continuing Approp-General Fund	5,032,176	2,065,739	2,065,000		
Budget Reduction-General Fund			(27,738,700)		
Total General Fund	1,272,502,276	1,266,712,839	1,315,422,000	1,291,310,200	1,324,796,100
Tobacco Fund					
Tobacco Settlement - Phase I	3,250,000	3,037,500	3,250,000	3,250,000	3,250,000
Continuing Approp-Tob Settlement	4,227,343	2,061,339	1,658,200		
Total Tobacco Fund	7,477,343	5,098,839	4,908,200	3,250,000	3,250,000
Restricted Funds					
Balance Forward	161,304,427	179,515,369	193,987,700	157,751,500	140,644,100
Current Receipts	56,764,239	56,045,207	52,893,000	52,357,400	49,310,500
Non-Revenue Receipts	129,821,279	134,834,031	108,124,600	184,884,400	173,611,100
Fund Transfers	(2,057,000)	(2,301,000)	(2,301,000)	(2,368,000)	(2,368,000)
Total Restricted Funds	345,832,945	368,093,607	352,704,300	392,625,300	361,197,700
Federal Fund					
Balance Forward	(10,679,128)	163,698	1,298,500	3,112,300	2,299,000
Current Receipts	78,121,098	80,356,156	74,628,700	71,704,700	71,646,000
Non-Revenue Receipts	9,088,348	(151,678)	(38,500)		
Total Federal Fund	76,530,319	80,368,176	75,888,700	74,817,000	73,945,000
Road Fund					
Regular Appropriation	59,262,500	56,289,600	56,372,700	55,570,300	57,914,800
State Salary and Compensation Allocation	112,900				
Total Road Fund	59,375,400	56,289,600	56,372,700	55,570,300	57,914,800
TOTAL SOURCE OF FUNDS	1,761,718,283	1,776,563,061	1,805,295,900	1,817,572,800	1,821,103,600
EXPENDITURES BY CLASS					
Personnel Costs	934,217,859	916,882,877	979,035,500	969,024,500	1,002,337,100
Operating Expenses	187,993,492	215,300,656	222,954,300	230,145,500	223,081,300
Grants Loans Benefits	404,139,618	398,167,823	412,638,800	412,368,900	411,231,200
Debt Service	31,433,510	18,194,607	487,300	487,300	487,300
Capital Outlay	19,820,091	19,655,875	29,316,200	62,603,500	80,006,500
Construction	250,595	(219,767)			
TOTAL EXPENDITURES	1,577,855,164	1,567,982,071	1,644,432,100	1,674,629,700	1,717,143,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,270,379,563	1,255,076,393	1,315,422,000	1,291,310,200	1,324,796,100
Tobacco Fund	5,416,004	3,440,615	4,908,200	3,250,000	3,250,000
Restricted Funds	166,317,576	174,105,788	194,952,800	251,981,200	258,529,900
Federal Fund	76,366,620	79,069,674	72,776,400	72,518,000	72,652,600
Road Fund	59,375,400	56,289,600	56,372,700	55,570,300	57,914,800
TOTAL EXPENDITURES	1,577,855,164	1,567,982,071	1,644,432,100	1,674,629,700	1,717,143,400

EXPENDITURES BY UNIT

Justice Administration	90,097,914	81,165,996	94,095,900	85,865,800	87,706,600
Criminal Justice Training	89,833,948	98,397,477	109,736,200	141,105,000	169,676,200
Juvenile Justice	166,831,239	176,533,127	193,270,400	197,841,600	206,456,100
State Police	350,423,703	334,696,346	362,559,700	372,979,200	368,451,300
Corrections	788,870,840	773,440,082	782,405,400	776,467,300	782,597,800
Public Advocacy	91,797,519	103,749,043	102,364,500	100,370,800	102,255,400
TOTAL EXPENDITURES	1,577,855,164	1,567,982,071	1,644,432,100	1,674,629,700	1,717,143,400

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 Kentucky's 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 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 ensure that offenders learn productive skills to support themselves after release.

**Justice and Public Safety
Justice Administration**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	48,296,700	50,548,700	50,889,300	44,411,500	46,450,600
State Salary and Compensation Allocation	784,500				
Special Appropriation	1,000,000				
Continuing Approp-General Fund	1,800,000	1,800,000	1,800,000		
Budget Reduction-General Fund			(1,526,700)		
Other	(2,248,000)				
Total General Fund	49,633,200	52,348,700	51,162,600	44,411,500	46,450,600
Tobacco Fund					
Tobacco Settlement - Phase I	3,250,000	3,037,500	3,250,000	3,250,000	3,250,000
Continuing Approp-Tob Settlement	4,227,343	2,061,339	1,658,200		
Total Tobacco Fund	7,477,343	5,098,839	4,908,200	3,250,000	3,250,000
Restricted Funds					
Balance Forward	4,342,447	4,290,265	4,230,900	2,898,400	1,350,000
Current Receipts	1,804,989	295,292	301,600	301,600	301,600
Non-Revenue Receipts	1,232,582	1,499,099	1,500,000	1,459,100	1,482,700
Total Restricted Funds	7,380,018	6,084,656	6,032,500	4,659,100	3,134,300
Federal Fund					
Balance Forward	(8,095,772)	(764,775)	(193,000)		
Current Receipts	41,146,847	27,600,196	35,084,000	34,895,200	34,883,700
Total Federal Fund	33,051,074	26,835,421	34,891,000	34,895,200	34,883,700
TOTAL SOURCE OF FUNDS	97,541,636	90,367,616	96,994,300	87,215,800	87,718,600
EXPENDITURES BY CLASS					
Personnel Costs	24,535,613	23,175,099	24,905,400	24,488,500	26,551,200
Operating Expenses	2,526,800	2,591,000	2,887,400	3,261,800	3,261,800
Grants Loans Benefits	62,955,811	55,199,897	63,717,900	57,315,500	57,309,100
Capital Outlay	79,690	200,000	2,585,200	800,000	584,500
TOTAL EXPENDITURES	90,097,914	81,165,996	94,095,900	85,865,800	87,706,600
EXPENDITURES BY FUND SOURCE					
General Fund	47,776,307	48,843,251	51,162,600	44,411,500	46,450,600
Tobacco Fund	5,416,004	3,440,615	4,908,200	3,250,000	3,250,000
Restricted Funds	3,089,754	1,853,706	3,134,100	3,309,100	3,122,300
Federal Fund	33,815,849	27,028,424	34,891,000	34,895,200	34,883,700
TOTAL EXPENDITURES	90,097,914	81,165,996	94,095,900	85,865,800	87,706,600
EXPENDITURES BY UNIT					
Secretary	13,229,080	13,316,634	14,392,600	14,390,100	14,667,300
Child Fatality/Near Fatality Review Board	369,414	701,077	640,900	588,500	596,300
Office of Drug Control Policy	12,766,004	10,190,615	11,658,200	6,003,600	6,005,400
Medical Examiner Program	8,873,368	8,123,661	11,004,900	9,298,300	10,819,600
Parole Board	1,352,200	1,382,700	1,414,700	1,365,200	1,392,900
Grants	36,629,548	30,575,609	38,101,100	37,864,500	37,864,900
Access to Justice	500,000	500,000	500,000	500,000	500,000

Substance Abuse Initiatives	16,378,300	16,375,700	16,383,500	15,855,600	15,860,200
TOTAL EXPENDITURES	90,097,914	81,165,996	94,095,900	85,865,800	87,706,600

Under the authority of KRS 15A, the Department of Justice Administration (DJA), within the Justice and Public Safety Cabinet (JPSC) provides leadership, strategic planning and administrative support for all agencies within the Justice Cabinet. Per KRS 15A.020, the Office of the Secretary provides a variety of administrative, financial, investigative and legal functions that perform key oversight activities for the Department and the Cabinet. The associated offices and branches are outlined below:

Office of the Secretary is headed by the Deputy Secretary, appointed pursuant to KRS 12.050, and is responsible for the direct administrative support for the Secretary.

The Office of Financial Management Services (OFMS) is responsible for all matters relating to budgeting, fiscal function, administrative services and procurement oversight for the Justice and Public Safety Cabinet. OFMS also includes the Criminal Justice Statistical Analysis Center (CJSAC) as authorized by KRS 15.280. CJSAC is tasked with collecting, analyzing, and reporting data related to criminal justice issues that affect the Commonwealth and its citizens, and is required under KRS 209A.122 to collect and report data specifically related to domestic violence. It also manages federal grant awards, in partnership with JPSC agencies, which are utilized to strategically improve technology and data collection systems within JPSC.

The Office of Legal Services (OLS) is dedicated to providing quality legal services for the Justice and Public Safety Cabinet. As one of the largest cabinets in state government and the cabinet responsible for the Commonwealth's criminal justice services, the Justice and Public Safety Cabinet and its employees face a wide range of legal issues every day. Attorneys in OLS provide legal assistance to JPSC officers, employees, and departments on a myriad of issues, such as employment and administrative law matters, regulatory and statutory interpretation, legislative initiatives, and a wide range of civil legal questions. They also provide representation before administrative bodies and in state and federal court in any matters that involve the JPSC.

The Internal Investigations Branch serves the citizens of the Commonwealth of Kentucky by receiving and investigating certain limited allegations involving abuse of juveniles committed to, or in the custody of, the Department of Juvenile Justice and investigating administrative violations within JPSC as determined by the Cabinet Secretary. Allegations that meet certain criteria are assigned for investigation. Investigations are conducted for administrative purposes and if criminal violations are discovered, the allegation is referred to law enforcement. The duties of the office have expanded to include investigating allegations within JPSC with the exception of the Kentucky State Police and with certain restrictions in the Department of Public Advocacy.

The Office of Legislative and Intergovernmental Services (OLIS) oversees the legislative portfolio for JPSC and its agencies, including testimonies and requests for the legislative branch and statutorily required reports. OLIS advises on and coordinates inter-cabinet and intergovernmental relations and interfaces with each branch of government, advocacy groups, and key stakeholders on issues that impact JPSC. Furthermore, OLIS develops, coordinates, and manages criminal justice policy priorities of behalf of the Secretary and the Governor's Office, conducts research and produces materials as needed, and represents JPSC on commissions, committees, and working groups at the state and national level.

The Child Fatality and Near Fatality External Review Panel (the Panel) is an independent, autonomous agency administratively attached to the Cabinet and as created and established by KRS 620.055 for the purpose of conducting comprehensive reviews of child fatalities and near fatalities suspected to be the result of abuse or neglect. The Panel is a 22 member multidisciplinary team of professionals, including representatives from the medical, social services, mental health, legal, and law enforcement communities, as well as others who work with and on behalf of Kentucky's children. The Panel reviews official records and other relevant information received from a variety of sources, including: the Cabinet for Health and Family Services; the Department for Juvenile Justice; and medical records including autopsy reports, law enforcement records, and records held by a Family, Circuit, or District Court. The purpose of these reviews is to become aware of systemic deficits and to make recommendations for improvements to help prevent child fatalities and near fatalities due to abuse or neglect.

The Office of Human Resource Management (OHRM) provides functional oversight and supervision of all human resources activities within the Justice and Public Safety Cabinet.

The Office of Communications is responsible for delivering transparent communications regarding matters pertaining to justice and public safety. This office explores innovative strategies and opportunities to build proactive communications through electronic and print media outlets, social media and public outreach. The office collaborates with JPSC departments and agencies to ensure timely notification to the public as programs and services that have a direct impact on public safety while ensuring proper protocols are followed and direct oversight is given with all essential communication needs.

Pursuant to KRS 15A.020, the JPSC is responsible for housing the Office of the State Medical Examiner (OSME), which is headed by the Chief Medical Examiner for the Commonwealth of Kentucky. OSME is responsible for all matters relating to forensic pathology and forensic toxicology. Recognized as national leaders in their respective field, the scientific staff members of OSME provide death investigation services and forensic autopsy services for deaths that occur in Kentucky when authorized by county coroners or the court. All deaths that are sudden or unexpected or occur from other than natural causes must be reported to the county coroner, who then may authorize a postmortem examination by OSME. The goal of OSME is to assist county coroners, families, law enforcement agencies and the legal system by determining a scientifically unbiased and logical cause and manner of death.

The Kentucky Parole Board is an independent, autonomous agency attached in administrative capacity to the JPSC under KRS 439.330. The Kentucky Parole Board consists of nine full-time members whose primary responsibility is to grant and revoke parole for adult felony offenders incarcerated in Kentucky correctional institutions. The purpose of the Parole Board is to determine if, when and under what circumstances the best interest of society will be served by allowing an offender to serve a portion of their sentence in the community under supervision and conditions of parole. Parole is the process that endeavors to reintegrate the offender from incarceration back into society, before restoring complete freedom.

Under the provisions of KRS 15A.150, the JPSC shall administer all state and federally funded grant programs related to criminal justice. The Grants Management Division, located within the Department of Justice Administration, serves as the designated State Administering Agency for most of the criminal justice and victim service-related discretionary and formula grants issued by the U.S. Department of Justice. Programs are administered according to funding source guidelines, applicable statutes, state, and agency priorities and policies.

Pursuant to KRS 15A.020 the JPSC is responsible for housing the Office of Drug Control Policy (ODCP) which is tasked with coordinating Kentucky's response to addiction. The goal of ODCP is to change the way addiction is handled, reduce the stigma and prevalence, and make the Commonwealth a model for other states. ODCP works with leaders and stakeholders in prevention, education, treatment, and law enforcement in a united effort to confront the epidemic.

The Access to Justice Foundation is a poverty law resource center dedicated to providing opportunity for quality civil legal assistance for low-income Kentuckians. This is accomplished by supporting Kentucky's four legal services programs and pro bono lawyers and promoting awareness in the legal community of the need for volunteers to assist poor Kentuckians in civil matters.

Per KRS 15A.075, the JPSC provides administrative support to the Criminal Justice Council (CJC). When active, the CJC is intended to be a neutral forum for discussion of systemic issues by a diverse group of state and local criminal justice professionals.

Policy

The base budget provides \$15,855,600 in fiscal year 2027 and \$15,860,200 in fiscal year 2028 for substance abuse initiatives. This funding enables the Kentucky Office of Drug Control Policy to continue to work towards increased public education, access to treatment, and greater access to naloxone. Funding is provided to the following entities:

- Department of Public Advocacy to fund social worker program, for the purpose of developing individualized alternative sentencing plans.
- Prosecutors Advisory Council to enhance the use of "rocket docket" prosecutions in controlled substances cases for the Commonwealth's Attorneys and County Attorneys.
- Department of Corrections for substance abuse treatment programs for county inmates in local jails and for an injectable, FDA-approved treatment program to prevent an opiate relapse as offenders are released from custody.
- Department of Behavioral Health, Developmental and Intellectual Disabilities (DBHDID) for community mental health centers to fund additional substance abuse treatment resources on a local level. Funding to DBHDID also addresses neonatal abstinence syndrome by assisting with transitional care and wrap-around services.
- Kentucky Agency for Substance Abuse Programs to supplement traditional programming for ASAP boards/counties.

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

- \$1,500,000 for the Operation UNITE Program
- \$3,000,000 in each fiscal year for grants to support Court Appointed Special Advocate funding programs
- \$1,000,000 in each fiscal year to support the Freedom House administered by Volunteers of America
- \$250,000 in each fiscal year to support the Lincoln County Family Recovery Court to assist families involved with child welfare system

The base budget includes Tobacco Settlement Funds in the amount of \$3,000,000 in fiscal year 2027 and \$3,000,000 in fiscal year 2028 for the Office of Drug Control Policy to support opioid prevention, treatment, and recovery initiatives.

The base budget includes Tobacco Settlement Funds in the amount of \$250,000 in fiscal year 2027 and \$250,000 in fiscal year 2028 to support the Restorative Justice Program administered by the Volunteers of America.

The budget includes additional General Funds in the amount of \$1,618,700 in fiscal year 2028 to support the operations of the new Northern Kentucky Medical Examiner's Office that is currently under construction.

The Governor's budget includes additional funding in the amount of \$392,700 in fiscal year 2027 and \$801,400 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$345,600 and \$705,200, respectively.

**Justice and Public Safety
Criminal Justice Training**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,057,000				
Total General Fund	2,057,000				
Restricted Funds					
Balance Forward	75,251,239	109,009,652	134,088,500	114,956,400	114,530,700
Current Receipts	4,589,405	5,242,488	5,223,300	5,231,200	5,231,200
Non-Revenue Receipts	119,002,956	120,534,803	87,681,800	137,816,100	140,382,000
Fund Transfers	(2,057,000)	(2,301,000)	(2,301,000)	(2,368,000)	(2,368,000)
Total Restricted Funds	196,786,601	232,485,943	224,692,600	255,635,700	257,775,900
Federal Fund					
Balance Forward	38,493	38,493	38,500		
Non-Revenue Receipts			(38,500)		
Total Federal Fund	38,493	38,493			
TOTAL SOURCE OF FUNDS	198,882,094	232,524,436	224,692,600	255,635,700	257,775,900
EXPENDITURES BY CLASS					
Personnel Costs	33,616,822	34,627,979	38,614,600	38,637,400	39,049,500
Operating Expenses	6,035,692	7,966,381	8,378,000	12,433,200	9,793,500
Grants Loans Benefits	44,564,266	47,438,131	49,147,000	50,955,900	50,916,700
Debt Service	2,057,000				
Capital Outlay	3,559,573	8,364,986	13,596,600	39,078,500	69,916,500
Construction	595				
TOTAL EXPENDITURES	89,833,948	98,397,477	109,736,200	141,105,000	169,676,200
EXPENDITURES BY FUND SOURCE					
General Fund	2,057,000				
Restricted Funds	87,776,948	98,397,477	109,736,200	141,105,000	169,676,200
TOTAL EXPENDITURES	89,833,948	98,397,477	109,736,200	141,105,000	169,676,200
EXPENDITURES BY UNIT					
Kentucky Law Enforcement Program Fund	84,249,500	92,434,519	102,551,600	133,328,400	161,936,300
Peace Officer Professional Standards	667,982	712,895	782,600	811,000	825,400
Kentucky Law Enforcement Council Support	1,612,473	1,840,007	1,723,300	2,380,500	2,258,000
Office of the State School Security Marshal	2,025,762	1,873,623	2,470,300	2,416,600	2,461,600
Special Training Programs	133,131	123,956	220,400	218,600	221,100
Professional Development & Wellness Prog. Fd	1,145,100	1,412,477	1,988,000	1,949,900	1,973,800
TOTAL EXPENDITURES	89,833,948	98,397,477	109,736,200	141,105,000	169,676,200

The Department of Criminal Justice Training (DOCJT) is responsible for the training of law enforcement professionals as provided under Kentucky Revised Statutes, Chapters 15, 15A, 16, 70, 71, 72, 95, and KRS 403.785(2), along with 500 KAR 8:010 and 503 KAR. Basic and specialized training courses are offered to police officers, dispatchers, sheriffs, deputies, coroners, certified court-security officers, school resource officers, and certain other agencies upon request. Major training areas include patrol procedures, physical training, vehicle operations, defensive tactics, criminal law and DUI, firearms, criminal investigations, cultural awareness, bias-related crimes and tactical responses to crisis situations. Telecommunication training includes identifying the role and responsibilities of the dispatcher, correct phone and radio procedures, handling emergency and nonemergency calls for service, using emergency medical dispatch protocols and using the state and national criminal databases. Training is conducted in Richmond at the Training Center on the Eastern Kentucky University campus, in Madisonville and at regional sites.

The DOCJT operates two training programs: the Kentucky Law Enforcement Foundation Program Fund (KLEFPF), and the Special Training programs. As a part of their duties, DOCJT is responsible for the Law Enforcement Professional Development and Wellness Fund, the Office of the State School Security Marshal Fund, and the Carrying Concealed Deadly Weapons fund. Additionally, DOCJT provides financial support for the Peace Officers Professional Standards (POPS) program and the Kentucky Law Enforcement Council Support (KLECS) office.. The KLEFPF agency resources are derived from property and casualty insurance premium surcharge proceeds, which accrue pursuant to KRS 136.392, and are allocated by KRS 42.190 between the KLEFPF and the Kentucky Firefighters Foundation Program Fund.

KRS 15.518 established the Professional Development and Wellness Branch. It is a comprehensive approach to wellbeing by striving to provide Kentucky law enforcement officers and dispatchers with the tools required to have a long life, a successful career and a happy retirement. The branch hosts Kentucky Post-Critical Incident Seminars (KYPCIS), three-day trainings led by mental health professionals trained to work with peace officers and dispatchers, and driven by a team of law enforcement and public safety dispatch peers who have experienced their own critical incident and received training in Critical Incident Stress Management. Additionally, the branch is responsible for assisting law enforcement officers with obtaining benefits related to disability and line of duty death.

The School Safety and Resiliency Act, an act relating to school safety and regularly referred to as Senate Bill 1, was passed during the 2019 Regular Session. The Office of the State School Security Marshal was established to monitor school safety and security initiatives, born out of legislation developed after the Marshall County High School shooting that occurred on January 23, 2018. Compliance officers are assigned to districts throughout the state to conduct school on- site reviews to ensure compliance with the law, using a 66-point assessment tool DOCJT prepared in accordance with SB1.

The Kentucky Law Enforcement Council (KLEC) is an independent council with statutory duties that are directly supported by the Office of Kentucky Law Enforcement Council Support (OKLECS). OKLECS under 15A.080, is administratively attached to the Department of Criminal Justice Training for administrative services that include financial, procurement, human resources, fleet and facility management, governmental connectivity and logistics, computer hardware, and supply services. The KLEC and its support staff oversee the certification requirements of police officers, dispatchers, and court security officers from across the Commonwealth.

Policy

The budget provides for a training incentive stipend in the amount of \$4,562 each fiscal year from the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) for approximately 8,360 certified peace officers. The budget includes funding for a proportional amount \$2,281 each fiscal year annual training incentive stipend for approximately 164 part-time certified officers.

The stipend recipients include municipal, county and university local law enforcement officers, state troopers, arson investigators, hazardous devices investigators, legislative security specialists, and Vehicle Enforcement officers within the Kentucky State Police; Horse Park mounted patrol officers; State Park rangers; Agriculture investigators, Charitable Gaming investigators; Alcoholic Beverage Control investigators; Insurance fraud investigators; Attorney General investigators; and School Security Officers. House Bill 137 of the 2022 Regular Session expanded eligible recipients under KRS 15.420 to include: an officer serving on a joint task force, a detective employed by a county attorney, a process server for juvenile courts with a consolidated local government, a local alcoholic beverage control investigator appointed pursuant to KRS Chapter 241 and any detective for a Commonwealth's attorney established in accordance with KRS 15.460.

The budget includes \$133,328,400 in fiscal year 2027 and \$161,936,300 in fiscal year 2028 for the Kentucky Law Enforcement Program Fund.

The Governor's budget includes funding for the Western Kentucky Training Facility located in Madisonville in the amount of \$372,800 each year for an additional two basic training classes allowing to meet needs of training in the region, \$17,200 each year for Google workspace licensing to support rising enrollment, and \$106,100 in fiscal year 2027 and \$110,900 in fiscal year 2028 for a Program Coordinator to provide local support for scheduling, registration, roster management, and communication to agencies, ensuring that training operations are efficient and accessible.

The budget includes additional funding in the amount of \$172,000 each year to complete a phased infrastructure upgrade of the Law Enforcement Training and Reporting System, \$202,100 each year for insurance/moving/mechanical associated with new firing range, \$54,700 each year to address custodial/operational workload associated with new firing range and dormitory, and \$100,000 in fiscal year 2027 for lead mitigation at the Boonesboro range to maintain environmental safeguards. In addition, the budget includes \$354,500 in fiscal year 2027 and \$10,000 in fiscal year 2028 to upgrade the law enforcement simulation system and ongoing maintenance costs.

The budget includes additional funding for the Kentucky Law Enforcement Council Support in the amount of \$172,400 each year for facility rent, \$127,500 to add a contract instructor monitor associated with council Instructor Monitor Program which ensures instructors are properly certified, teach approved curricula, and adhere to attendance and training standards to meet demand and maintain oversight standards; \$237,600 each year for staff attorney and paralegal positions at the cabinet that support the increasing workload on behalf of the Department, and \$150,000 in fiscal year 2027 to conduct a new law enforcement job task analysis for POPS entrance testing.

The Governor's budget includes additional funding in the amount of \$402,800 in fiscal year 2027 and \$827,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

**Justice and Public Safety
Juvenile Justice**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	114,529,200	146,847,000	168,341,200	172,164,700	181,655,000
State Salary and Compensation Allocation	1,648,200	26,800	41,700		
Special Appropriation	19,900,000				
Continuing Approp-General Fund	1,750,000				
Other	1,833,400				
Total General Fund	139,660,800	146,873,800	168,382,900	172,164,700	181,655,000
Restricted Funds					
Balance Forward	26,309,522	20,836,915	6,862,300	1,733,000	226,900
Current Receipts	430,951	159,957	296,400	1,219,100	183,100
Non-Revenue Receipts	8,044,181	5,061,244	8,535,800	12,000,000	13,597,200
Total Restricted Funds	34,784,654	26,058,116	15,694,500	14,952,100	14,007,200
Federal Fund					
Balance Forward	(17,469)	(16,351)	(15,700)		
Current Receipts	13,223,817	10,412,948	10,941,700	10,951,700	10,951,700
Non-Revenue Receipts		51,231			
Total Federal Fund	13,206,349	10,447,828	10,926,000	10,951,700	10,951,700
TOTAL SOURCE OF FUNDS	187,651,803	183,379,744	195,003,400	198,068,500	206,613,900
EXPENDITURES BY CLASS					
Personnel Costs	133,455,751	136,542,883	155,774,600	156,881,100	166,114,200
Operating Expenses	16,826,146	18,111,032	17,775,400	20,614,400	19,670,800
Grants Loans Benefits	15,628,877	18,380,446	19,233,100	19,858,800	20,183,800
Debt Service	478,510	2,588,607	487,300	487,300	487,300
Capital Outlay	441,955	896,368			
Construction		13,790			
TOTAL EXPENDITURES	166,831,239	176,533,127	193,270,400	197,841,600	206,456,100
EXPENDITURES BY FUND SOURCE					
General Fund	139,660,800	146,873,800	168,382,900	172,164,700	181,655,000
Restricted Funds	13,947,739	19,195,800	13,961,500	14,725,200	13,849,400
Federal Fund	13,222,700	10,463,527	10,926,000	10,951,700	10,951,700
TOTAL EXPENDITURES	166,831,239	176,533,127	193,270,400	197,841,600	206,456,100
EXPENDITURES BY UNIT					
Program Management	2,399,900	2,399,900	3,837,600	3,899,400	3,974,400
Program Operations	152,422,339	152,803,027	141,829,700	149,254,100	157,229,000
Support Services	12,009,000	21,330,200	47,603,100	44,688,100	45,252,700
TOTAL EXPENDITURES	166,831,239	176,533,127	193,270,400	197,841,600	206,456,100

The Department of Juvenile Justice (DJJ) operates programs for juvenile crime prevention, community services, residential and non-residential alternatives to secure detention, and residential facilities for pre- and post-adjudicated youth. All programs are designed primarily for “public” and “youthful” offenders. DJJ consists of three programmatic areas: Program Management, Program Operations, and Support Services.

Program Management is comprised of the Commissioner's Office which provides management and policy direction for DJJ. There are four Offices reporting to the Commissioner's Office: Office of Program Operations, Office of Detention, Office of Community and Mental Health Services, and Office of Support Services. The Office of the Commissioner provides staff support for the Commissioner, which includes public information services and the Division of Compliance.

Program Operations consists of the direct services provided to both "public" and "youthful" offenders, through Day Treatment Services, Group Homes, Residential Facilities, Community Supervision, Private Child Care Facilities, and Alternatives to Secure Detention. The programs are administered on a regional basis, divided into two separate regions.

Day Treatment Services is comprised of five state-owned and 18 contract programs. These programs are the least restrictive where the youth remain in a home setting during the evening and attend a day treatment program during the day. Priority is given to youth transitioning from juvenile justice programs and/or facilities, youth at risk of out-of-home placement and youth with serious behavior issues in the school or community. A court or school system typically refers a youth to serve in these programs, and both males and females are eligible. Program participants are required to participate in individual, group and family counseling. Youth are also provided with a normal, six-hour school day along with highly individualized instruction. Day Treatment facility programs utilize an effective balance of treatment, education and graduated sanctions to redirect troubled youth. The 23 Day Treatment centers admitted approximately 1,259 youth during FY 2025.

Group Homes are community-based residential treatment facilities that generally serve eight youths per home; DJJ operates six facilities throughout the state. These programs accept youths who have been committed to DJJ as public or youthful offenders. Group home care serves as an alternative to institutionalization and aims to transition a youth from institutional placement to the community. Group Homes utilize either Day Treatment facilities or local public schools to meet the educational criteria of their programs. Additionally, Group Homes provide individual and group counseling, substance abuse treatment, and community service components as a part of their comprehensive programming. Overall, Group Homes serve younger and/or less serious offenders; as such, some Group Homes also function as a step-down program for youth leaving a residential center that could benefit from a less restrictive level of care before they return home. The average daily population of Group Homes was 36 for FY 2025, with a total capacity of approximately 48 beds across 6 Group Homes.

The six state-operated Residential Facilities (Youth Development Centers) provide 24-hour care and custody of juveniles who have been committed to DJJ as public offenders or sentenced as youthful offenders. These facilities serve youths who need treatment that cannot be provided in their community or who require placement in a secure setting because they represent a threat to the community. Youth Development Centers provide an on-grounds, six-hour school day in coordination with local school districts. This includes educational alternatives such as graduation track and GED track, as well as vocational opportunities. Some youths committed are eligible to receive college credit through virtual university programs. Youth Development Centers also provide individual, group and family counseling. Programming offered at Youth Development Centers include substance abuse; anger management; recreation; parenting classes; and independent living classes. Additionally, community-based education, service learning, and community service options are integral components of Youth Development Centers. Youth Development Centers housed an average of 106 juveniles per day during FY 2025, and the current capacity of the residential care program is approximately 210 youths.

Currently, the Office of Detention operates seven centers in Adair, Breathitt, McCracken, Campbell, Warren, Fayette, and Boyd. The Jefferson County detention center is currently under construction and projected to open during the spring of 2027, while the Lyndon facility is scheduled to reopen in the fall of 2026. The Commonwealth's juvenile detention system provides pre-adjudication and pre-trial detention of all alleged delinquent juveniles and alleged youthful offenders determined to be a safety risk to themselves or the community. Detention centers can also serve as post-adjudication holding centers, and some juveniles are ordered to serve days in a detention center as punishment for their crime. The juvenile detention system ensures state-operated detention centers are available for all counties. If a youth is ordered detained in a detention facility, DJJ staff screen the youth using a risk assessment evaluation tool. Detention centers provide programs with a wide range of services including education, counseling; medical and mental health screening; behavior management; observation; assessment; and continuous supervision. On average 255 youth were housed in secure detention facilities per day in FY2025, with a total capacity of approximately 284.

DJJ offers placements in less restrictive than detention facilities through two state-owned residential Alternatives to Secure Detention or through contracts with pre-adjudication group homes, emergency shelters and foster care providers, electronic monitoring, and tracking services. DJJ Detention Alternatives Coordinators work with the court to determine the least restrictive placement for the juveniles and if an alternative to secure detention is appropriate. During FY 2025, the state-owned pre-adjudication Alternatives to Secure Detention residential facilities admitted 219 youths.

Private childcare facilities and therapeutic foster care programs are utilized to alleviate facility capacity problems and to provide specialized treatment for youths. Approximately one juvenile is in these programs on any given day.

DJJ Community Services provide services to juvenile offenders adjudicated as delinquent or guilty. Juvenile Social Workers (JSWs) typically serve in roles similar to probation officers where offenses can be reported to the JSW by family members or the police. JSWs often oversee juveniles who are currently committed to DJJ and have completed the residential phase of their treatment. JSWs assist DJJ in monitoring juveniles in the community and imposing graduated sanctions on a juvenile breaking the rules of their placement. These JSWs can initiate a legal process administered by DJJ to return a committed juvenile from community placement to a DJJ residential facility. DJJ staff in the community offices develop service objectives and comprehensive service plans for juvenile offenders and their families. JSWs supervised an average daily population of approximately 462 youths per day in FY 2025 and recommend any necessary out-of-home placements.

The Division of Placement Services, included in the Program Operations area, determines appropriate out-of-home placements for youths committed to DJJ. The Division of Placement Services consists of five branches: Alternative Services, Classification Branch, Juvenile Detention Alternative Initiative Branch, Interstate Compact Juveniles Branch, and the Medical Branch. The Medical Branch oversees the medical delivery system throughout DJJ.

Support Services provides administrative support to all organizational units of DJJ, including Division of Administrative Services; Division of Program Services; and the Division of Professional Development. The Division of Administrative Services consists of four branches: Fiscal; Grants; Capital Construction and Real Properties; and Information Systems. The Division of Program Services consists of the Education Branch, Benefits and Human Services Branch, and Program Operations Branch that report directly to the Division Director. The Division of Professional Development consists of the Academy Training Branch and the In-service Training Branch.

Policy

The base budget includes General Fund in the amount of \$20,000,000 in each fiscal year to support expanded medical services for youth under the care of the department, including primary care and mental health services.

The budget includes additional General Fund in the amount of \$6,515,300 in fiscal year 2027 and \$12,019,800 in fiscal year 2028 to operate the new the Jefferson County Youth Detention Center in downtown Louisville and the expansion of the Jefferson Regional Detention Center in Lyndon. Both facilities are undergoing extensive renovations and expected to be operational in Fall of 2026 for Lyndon and Spring 2027 for the downtown location.

The Governor's budget includes additional funding in the amount of \$1,911,000 in fiscal year 2027 and \$3,931,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$1,758,100 and \$3,616,800, respectively.

**Justice and Public Safety
State Police**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	220,554,800	232,878,200	247,593,800	244,370,800	252,765,600
State Salary and Compensation Allocation	10,542,800	322,400	496,300		
Other	2,248,000				
Total General Fund	233,345,600	233,200,600	248,090,100	244,370,800	252,765,600
Restricted Funds					
Balance Forward	31,413,848	17,184,067	16,630,800	14,343,000	12,865,800
Current Receipts	20,553,583	21,348,905	22,059,100	22,419,400	22,639,700
Non-Revenue Receipts	658,237	8,639,828	10,407,000	25,867,000	10,407,000
Total Restricted Funds	52,625,667	47,172,800	49,096,900	62,629,400	45,912,500
Federal Fund					
Balance Forward	(6,796,376)	180,451	552,400	2,382,600	1,575,300
Current Receipts	20,149,582	18,323,628	25,173,200	22,467,200	22,409,000
Non-Revenue Receipts	9,088,348	(250,000)			
Total Federal Fund	22,441,554	18,254,080	25,725,600	24,849,800	23,984,300
Road Fund					
Regular Appropriation	59,262,500	56,289,600	56,372,700	55,570,300	57,914,800
State Salary and Compensation Allocation	112,900				
Total Road Fund	59,375,400	56,289,600	56,372,700	55,570,300	57,914,800
TOTAL SOURCE OF FUNDS	367,788,221	354,917,080	379,285,300	387,420,300	380,577,200
EXPENDITURES BY CLASS					
Personnel Costs	267,975,696	251,406,862	272,570,300	269,880,300	280,487,700
Operating Expenses	58,855,917	68,880,398	75,324,100	78,693,000	76,777,200
Grants Loans Benefits	324,975	1,584,405	1,825,600	1,825,600	1,825,600
Debt Service	8,906,000	3,739,500			
Capital Outlay	14,111,114	9,335,181	12,839,700	22,580,300	9,360,800
Construction	250,000	(250,000)			
TOTAL EXPENDITURES	350,423,703	334,696,346	362,559,700	372,979,200	368,451,300
EXPENDITURES BY FUND SOURCE					
General Fund	233,345,600	230,163,147	248,090,100	244,370,800	252,765,600
Restricted Funds	35,441,600	30,541,955	34,753,900	49,763,600	34,554,600
Federal Fund	22,261,103	17,701,644	23,343,000	23,274,500	23,216,300
Road Fund	59,375,400	56,289,600	56,372,700	55,570,300	57,914,800
TOTAL EXPENDITURES	350,423,703	334,696,346	362,559,700	372,979,200	368,451,300
EXPENDITURES BY UNIT					
Administration	32,428,684	39,012,347	53,003,300	57,981,900	45,540,100
Technical Services	73,349,872	72,722,571	75,947,900	80,679,700	79,424,600
Operations	231,543,823	208,401,654	217,370,100	217,956,000	226,575,500
Commercial Vehicle Enforcement	13,101,323	14,559,775	16,238,400	16,361,600	16,911,100
TOTAL EXPENDITURES	350,423,703	334,696,346	362,559,700	372,979,200	368,451,300

The Kentucky State Police, established in 1948, is the statewide law enforcement agency of the Commonwealth. In accordance with Kentucky Revised Statute (KRS) 16, the department shall consist of the commissioner and the number of officers, individuals employed as a Trooper R Class, CVE R Class, and civilians, and shall be organized in the manner as the commissioner determines. The agency will efficiently fulfill the responsibilities placed upon agency officers, as well as those other responsibilities assigned pursuant to any Legislative Act, Administrative Regulation, or Executive Order. State Troopers are assigned to 16 regional posts and Commercial Vehicle Enforcement officers are assigned to 3 regions. The Department is responsible for the enforcement of criminal and traffic laws, including white-collar crime, organized crime, electronic crime, racketeering, and drug-related crime. The State Police also provide executive protection for the Governor, Lieutenant Governor, their families, and state-owned property. The current organization is comprised of the following four offices: Commissioner; Administrative Services; Operations; and Technical Services.

The Office of the Commissioner comprises the executive staff of the commissioner as well as the Executive Security Branch and Legislative Security Branch.

The Office of Administrative Services, includes the the Internal Affairs Branch, Strategic Planning Branch, Executive Services, the Division of Operational Support and the Division of Management Services. The Division of the Operational Support provides professional support services for the Department, including Public Affairs, Health and Wellness, Recruitment, and Academy Branches. The Division of Management Services includes Supply, Properties Management, Budget, Financial Grants Management, and Security Branches. The Academy Branch is responsible for all basic training and providing continuing education to meet individual employees' peach officer certification requirements.

The Office of Operations consists of the Inspections and Evaluation Branch, Special Services, Division of East Troops, Division of West Troops, Division Special Enforcement and Division of Commercial Vehicle Enforcement. The Office includes the regional posts and the personnel assigned to each post. State Police posts are maintained in Mayfield, Madisonville, Henderson, Elizabethtown, Bowling Green, Dry Ridge, Frankfort, Campbellsburg, Richmond, Columbia, Morehead, Ashland, Pikeville, Hazard, Harlan, and London. Other functions in this office include Driver's Testing, Highway Safety, Drug Enforcement Special Investigations, Vehicle Investigation, Critical Incident Response Team, Cannabis Suppression, Intelligence, and Special Operations (Hazardous Devices, Special Response Team, and Canine). The Division of Commercial Vehicle Enforcement is responsible for encouraging and promoting a safe driving environment through education and safety awareness while enforcing state and federal laws and regulations, placing special emphasis on commercial vehicles. This Division is staffed with sworn law enforcement officers, regulatory weight and safety inspectors, and civilian staff.

The Office of Technical Services comprises the Division of Forensic Sciences, Division of Electronic Services, Division of Records Management, and the Chief Information Officer. The Office is responsible for providing technical assistance to all departmental areas, along with outside agencies, concerning electronic crimes examination/analysis, communications, criminal history information and records, intelligence information, automated fingerprint information, and computer information technology needs. The Office also has the responsibility of providing forensic analysis for all law enforcement agencies throughout the Commonwealth. The forensic analysis function is provided through the Central Laboratory in Frankfort as well as Regional Laboratories in Ashland, Louisville, Cold Springs, London, and Madisonville.

Policy

The budget includes additional General Fund in the amount of \$5,500,000 in each fiscal year to support compensatory time conversion to paid overtime for sworn Troopers which will improve recruitment and retention.

The budget includes additional funds in the amount of \$5,581,900 in fiscal year 2027 and \$11,083,300 in fiscal year 2028 to support the additional costs of the KRS 16.052 salary schedule for troopers and commercial vehicle enforcement officers. These include changes in rank and experience and the required, statutory increase in the consumer price index. The General Fund portion is \$3,776,300 and \$7,380,200, respectively.

The budget includes additional General Fund in the amount of \$1,302,900 in fiscal year 2027 and \$3,416,000 in fiscal year 2028 to support new drivers testing locations at three existing Transportation Cabinet locations and add six new locations.

The Governor's budget includes additional General Fund in the amount of \$867,700 in fiscal year 2027 and \$810,200 for two additional forensic biologists, increased lease cost and a vehicle lift at the relocated Northern Kentucky Crime Lab, and four additional forensic biologists for the Central Lab to reduce sexual assault examination backlog.

The budget includes Restricted Funds for a \$4,562 training incentive stipend in each fiscal year for state troopers, arson investigators, hazardous devices investigators, legislative security specialist, and Vehicle Enforcement officers within the Kentucky State Police. The stipend payments are provided from the Kentucky Law Enforcement Foundation Fund.

The base budget includes General Fund in the amount of \$2,925,200 in each fiscal year for Kentucky Emergency Warning System lease renewals.

The Governor's budget includes additional Restricted Funds in fiscal year 2027 in the amount of \$13,260,000 for law enforcement vehicles and \$2,200,000 for mobile data terminal and mount replacement. The funds are provided from the Kentucky Law Enforcement Foundation Fund.

The Governor's budget includes additional funding in the amount of \$1,476,100 in fiscal year 2027 and \$3,031,400 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$1,249,700 and \$2,566,700, respectively.

**Justice and Public Safety
Corrections**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	722,374,000	737,791,000	775,139,500	736,949,900	748,684,600
State Salary and Compensation Allocation	10,757,100	40,100	123,900		
Special Appropriation	30,000,000				
Continuing Approp-General Fund	1,482,176	265,739	265,000		
Budget Reduction-General Fund			(23,257,900)		
Other	(1,833,400)				
Total General Fund	762,779,876	738,096,839	752,270,500	736,949,900	748,684,600
Restricted Funds					
Balance Forward	22,099,295	25,967,628	29,950,100	21,595,600	9,499,300
Current Receipts	24,535,445	24,237,915	20,501,200	18,674,700	16,443,500
Non-Revenue Receipts	883,323	(900,944)		7,742,200	7,742,200
Total Restricted Funds	47,518,062	49,304,599	50,451,300	48,012,500	33,685,000
Federal Fund					
Balance Forward	4,333,007	978,711	966,600	729,700	723,700
Current Receipts	1,452,054	21,023,080	1,042,300	998,200	1,009,200
Non-Revenue Receipts		47,091			
Total Federal Fund	5,785,060	22,048,882	2,008,900	1,727,900	1,732,900
TOTAL SOURCE OF FUNDS	816,082,999	809,450,320	804,730,700	786,690,300	784,102,500
EXPENDITURES BY CLASS					
Personnel Costs	392,986,075	380,347,905	397,664,800	392,029,200	401,141,900
Operating Expenses	93,599,719	104,807,283	105,730,900	101,880,500	100,315,400
Grants Loans Benefits	280,665,288	275,550,841	278,715,000	282,412,900	280,995,800
Debt Service	19,992,000	11,866,500			
Capital Outlay	1,627,759	851,110	294,700	144,700	144,700
Construction		16,443			
TOTAL EXPENDITURES	788,870,840	773,440,082	782,405,400	776,467,300	782,597,800
EXPENDITURES BY FUND SOURCE					
General Fund	762,514,057	733,003,295	752,270,500	736,949,900	748,684,600
Restricted Funds	21,550,435	19,354,476	28,855,700	38,513,200	32,704,700
Federal Fund	4,806,349	21,082,311	1,279,200	1,004,200	1,208,500
TOTAL EXPENDITURES	788,870,840	773,440,082	782,405,400	776,467,300	782,597,800
EXPENDITURES BY UNIT					
Corrections Management	20,215,710	20,306,835	20,385,600	19,453,800	20,219,900
Adult Correctional Institutions	490,407,639	487,683,323	494,917,400	492,838,500	499,999,500
Community Services and Local Facilities	260,773,990	248,160,682	250,817,500	247,890,100	246,093,500
Local Jail Support	17,473,502	17,289,242	16,284,900	16,284,900	16,284,900
TOTAL EXPENDITURES	788,870,840	773,440,082	782,405,400	776,467,300	782,597,800

The Department of Corrections, pursuant to KRS 196 - 197, is responsible for the broad range of activities associated with adult criminal incarceration, public safety, inmate rehabilitation, probation and parole, and criminal recidivism. As the largest department in the Justice and Public Safety Cabinet, Corrections has four separate appropriation units: Corrections Management, Community Services and Local Facilities, Adult Institutions, and Local Jail Support. The Department of Corrections utilizes resources from each of these units to provide the necessary balance between public safety and fiscal responsibility. In order to accomplish this, the Department is charged with accommodating a growing inmate population through a balance of community and institutional based solutions.

The Department's core cost driver is the felon population. KRS 196.111 mandates the use of evidence-based practices in the sentencing process for convicted felons and in the decision making process for the supervision and treatment of felons in prison or on probation or parole. In 2011, modifications to KRS Chapter 218A controlled substance statutes placed emphasis on probation, diversion, and treatment and diverts savings from the drug law changes to drug treatment programs. Other provisions in KRS 439.335, KRS 439.340, KRS 439.320, and KRS 197.045 emphasize the use of parole to effectuate accelerated parole hearings; to order mandatory reentry supervision release; and to allow for good time credit that reduces the sentence while on parole.

Policy

The budget incorporates the following array of institutional and community beds to accommodate the projected prison and community felon population under the custody of the Department of Corrections.

2026 - 2028 Felon and Community Beds Forecast

	FY 2026 Revised	FY 2027	FY 2028
Felons*	19,206	19,298	19,438
Other**	1,676	1,647	1,647
Total	20,882	20,945	21,085

* The incarcerated felon forecast is a consensus estimating process involving the Department of Corrections and the Office of the State Budget Director.

**The Other category is the remaining population under the custody of the Department of Corrections located in Halfway House and Recovery Kentucky beds for parolees and probationers, as well as others serving time in jails under an alternative sentence arrangement with the Courts.

**Justice and Public Safety
Corrections Management**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,038,300	20,212,900	20,405,200	19,072,500	19,765,600
State Salary and Compensation Allocation	657,400		69,600		
Budget Reduction-General Fund Reorganization Adjustment	3,215,000		(614,200)		
Total General Fund	19,910,700	20,212,900	19,860,600	19,072,500	19,765,600
Restricted Funds					
Balance Forward	426,860	918,017	485,300	367,300	118,000
Current Receipts	536,974	32,314	32,000	32,000	32,000
Non-Revenue Receipts		(450,000)			
Total Restricted Funds	963,834	500,330	517,300	399,300	150,000
Federal Fund					
Balance Forward	436,509	471,296	486,300	205,300	199,300
Current Receipts	293,980	93,886	94,000	94,000	105,000
Total Federal Fund	730,489	565,182	580,300	299,300	304,300
TOTAL SOURCE OF FUNDS	21,605,022	21,278,412	20,958,200	19,771,100	20,219,900
EXPENDITURES BY CLASS					
Personnel Costs	17,190,057	17,007,515	16,812,000	16,207,500	16,769,300
Operating Expenses	2,904,828	3,204,649	3,573,600	3,246,300	3,450,600
Grants Loans Benefits	77,776	94,671			
Capital Outlay	43,049				
TOTAL EXPENDITURES	20,215,710	20,306,835	20,385,600	19,453,800	20,219,900
EXPENDITURES BY FUND SOURCE					
General Fund	19,910,700	20,212,900	19,860,600	19,072,500	19,765,600
Restricted Funds	45,817	15,030	150,000	281,300	150,000
Federal Fund	259,192	78,905	375,000	100,000	304,300
TOTAL EXPENDITURES	20,215,710	20,306,835	20,385,600	19,453,800	20,219,900
EXPENDITURES BY UNIT					
Corrections Management	20,215,710	20,306,835	20,385,600	19,453,800	20,219,900
TOTAL EXPENDITURES	20,215,710	20,306,835	20,385,600	19,453,800	20,219,900

Corrections Management provides the administrative and management functions for the Department of Corrections. These functions are achieved through the following program areas: Office of the Commissioner, Division of Corrections Training, and Division of Administrative Services.

The Office of the Commissioner provides departmental management and administrative support necessary for the Commissioner of Corrections to conduct statutorily assigned duties pursuant to KRS 196 and 197. The Kentucky State Corrections Commission is administratively attached to the Office. Also attached to the Office of the Commissioner is the Office of the Deputy Commissioner for Support Services, responsible for the Division of Correctional Industries and Division of Administrative Services. The Division of Population Management, Division of Offender Information, which includes the Information Technology Branch, and the Division of Parole Board Support are also under the Office of the Deputy Commissioner of Support Services.

The Division of Corrections Training is responsible for developing curriculum and providing job training to corrections employees including staff in the county jails. Instruction is provided through the Basic Academy program, the Common Core/Officer In-service program, Jail Training programs, and various specialized programs.

The Division of Administrative Services is comprised of two branches that provide support services to the entire Department in accounting and purchasing, property inventory, and budgeting.

Policy

The Governor's budget includes additional General Fund in the amount of \$286,100 in fiscal year 2027 and \$588,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

**Justice and Public Safety
Adult Correctional Institutions**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	425,982,200	448,922,400	479,587,300	470,739,400	482,498,600
State Salary and Compensation Allocation	6,128,500	40,100	54,300		
Special Appropriation	30,000,000				
Continuing Approp-General Fund		265,020	265,000		
Budget Reduction-General Fund			(6,389,200)		
Reorganization Adjustment	(3,705,000)				
Other	12,506,100	7,200,000			
Total General Fund	470,911,800	456,427,520	473,517,400	470,739,400	482,498,600
Restricted Funds					
Balance Forward	13,978,940	18,065,074	21,235,900	15,833,900	7,067,200
Current Receipts	19,152,864	18,512,280	15,968,000	13,302,400	11,056,400
Non-Revenue Receipts	883,323	(900,944)			
Total Restricted Funds	34,015,127	35,676,410	37,203,900	29,136,300	18,123,600
Federal Fund					
Balance Forward	4,323,229	533,782	524,400	524,400	524,400
Current Receipts	21,439	20,119,418	30,000	30,000	30,000
Non-Revenue Receipts		47,091			
Total Federal Fund	4,344,668	20,700,292	554,400	554,400	554,400
TOTAL SOURCE OF FUNDS	509,271,595	512,804,221	511,275,700	500,430,100	501,176,600
EXPENDITURES BY CLASS					
Personnel Costs	287,353,551	272,546,896	285,873,100	281,868,400	287,988,400
Operating Expenses	79,080,648	89,890,318	89,144,200	84,621,600	82,662,600
Grants Loans Benefits	103,492,738	112,512,056	119,605,400	126,203,800	129,203,800
Debt Service	19,992,000	11,866,500			
Capital Outlay	488,702	851,110	294,700	144,700	144,700
Construction		16,443			
TOTAL EXPENDITURES	490,407,639	487,683,323	494,917,400	492,838,500	499,999,500
EXPENDITURES BY FUND SOURCE					
General Fund	470,646,700	453,066,936	473,517,400	470,739,400	482,498,600
Restricted Funds	15,950,053	14,440,506	21,370,000	22,069,100	17,470,900
Federal Fund	3,810,886	20,175,882	30,000	30,000	30,000
TOTAL EXPENDITURES	490,407,639	487,683,323	494,917,400	492,838,500	499,999,500
EXPENDITURES BY UNIT					
Institutions Operations	4,869,741	4,006,977	4,315,800	3,566,300	3,352,500
Medical Services	76,970,044	82,441,284	94,843,800	94,822,800	95,024,800
Education	5,472,029	5,968,063	6,897,100	6,900,000	7,156,400
Correctional Industries	10,214,091	9,670,163	12,944,200	12,671,000	12,771,200
Correctional Facilities	350,024,397	343,659,516	338,421,800	336,502,000	343,246,800
Mental Health	15,143,607	13,268,434	8,663,200	8,768,100	8,839,500
Private Prisons	27,713,729	28,668,887	28,831,500	29,608,300	29,608,300
TOTAL EXPENDITURES	490,407,639	487,683,323	494,917,400	492,838,500	499,999,500

Adult Correctional Institutions is comprised of 13 state correctional facilities and one contracted correctional facility for adult felon offenders. Seven additional programmatic areas serve all institutions and their incarcerated populations: the Division of Operations, the Division of Mental Health, Education programs, Inmate Medical Services, the Division of Adult Institutions and the Division of Correctional Industries.

The Division of Operations, pursuant to KRS 197.505, 197.065, 196.240, and 197.110, supervises and directs the following activities: coordination of academic and technical programs, coordination of dietary and health programs for state owned facilities, and coordination of security threat group information.

The Division of Mental Health is responsible for providing mental health treatment services to Kentucky's incarcerated, paroled, and probated populations. The Division is comprised of three units: sex offender treatment programs, the Sex Offender Risk Assessment Unit, and psychiatric and psychological out-patient services.

Inmate Medical Services, pursuant to KRS 197.020, provides necessary health services to inmates committed to the Department. Services are performed at each institutional location through institutional medical staff, personal service contracts, and outside referrals to local specialists and hospitals. The provision of medical services is monitored, authorized, and reviewed by a system-wide Medical Director. Beneficiaries of the Division of Inmate Medical Services also include the state inmates housed in local jails who are able to participate in the healthcare network administered through the Division. County jail inmates are now beneficiaries of the healthcare network in accordance with KRS 441.560.

Kentucky Correctional Industries (KCI), as authorized by KRS 197.200, produces goods and services employing inmate labor. Kentucky Correctional Industries operates thirteen industries at seven plants in the Department's state-operated institutions. Plants produce products and provide services such as office furniture, license tags, janitorial products, printing, mattresses, ergonomic chairs, signage, furniture refurbishing, coupon sorting, Braille printing services, and mail services are also offered by KCI.

Also administered by the Division of Correctional Industries is the Institutional Farm program. Farm programs are currently operated at Blackburn Correctional Complex, Northpoint Training Center, Roederer Correctional Complex, and Western Kentucky Correctional Complex. Current farm operations consist of cattle (including commercial cattle and a prime Registered Angus herd), grain, hay, orchards, and vegetables. The farm program also has a working agreement with the Thoroughbred Retirement Foundation, and operates a refuge for retired thoroughbred horses at the Blackburn Correctional Complex.

Correctional Institutions

Kentucky State Reformatory (KSR) is a medium security institution with current operational capacity of 363 inmates located near LaGrange in Oldham County. The inmate population is divided into four segments: general population, special management unit, nursing care facility, and mental health unit. Since 1980, KSR has converted designated living areas into single cell facilities and opened a new 150-bed mental health unit during 1998. In 1995 KSR opened the Nursing Care Facility which houses inmates in need of medical care due to their medical condition.

Kentucky State Penitentiary (KSP) is a maximum security institution with an operational capacity of 914 inmates, located near Eddyville in Lyon County. The inmate population is separated into three major groups: general population, protective custody, and disciplinary/administrative segregation. KSP also houses the state's capital punishment unit.

Blackburn Correctional Complex (BCC) is a minimum security institution with an operational capacity of 320 inmates located near Lexington in Fayette County. The institution programmatically directs inmates to halfway houses or returns the inmate to the community by parole, based upon the individual's demonstrated conduct, program performance, and need.

Bell County Forestry Camp (BCFC) is a minimum security institution with an operational capacity of 300 inmates located near Pineville in Bell County. The institution provides manpower to the Division of Forestry for fire suppression in Bell and seven surrounding counties during fire season along with road, highway garage, and community service details.

Kentucky Correctional Institution for Women (KCIW), the only state institutional facility for women in the Commonwealth, is located in PeeWee Valley in Shelby County, and has an operational capacity of 715 inmates. All levels of security and all levels of medical services must be provided since virtually all female prisoners are housed at KCIW.

Eastern Kentucky Correctional Complex (EKCC) is a medium security institution with an operational capacity of 1,914 inmates located near West Liberty in Morgan County. The facility is the second largest correctional institution in the state, providing inmates with employment opportunities, academic resources, and vocational programs.

Western Kentucky Correctional Complex (WKCC) is a medium security institution with an operational capacity of 493 inmates located near Caldwell County. The institution operates a full farm operation on 2,500 acres, a community work program for surrounding parks and cities, and the Correctional Industries recycling program serving the surrounding counties. **Ross-Cash Center (R-CC)** is located on the grounds of Western Kentucky Correctional Complex in Lyon County and has an operational capacity of 200 female inmates. The facility, which opened in October 2015, is named for two correctional employees killed in the line of duty during the 1980s.

Roederer Correctional Complex (RCC) is a medium security institution with an operational capacity of 1,238 inmates located near LaGrange in Oldham County. The institution operates the Department's Assessment and Classification Center, serving all incoming male inmates with the exception of inmates sentenced to capital punishment. The operational capacity includes 200 female assessment center beds, which is a temporary measure to alleviate the female controlled intake population. The institution also operates a full farm operation on approximately 2,800 acres.

Luther Luckett Correctional Complex (LLCC) is a medium security institution with an operational capacity of 1,200 inmates, also located near LaGrange in Oldham County. The facility houses two separate institutions: the Department of Correction's prison facility and the Cabinet for Health and Family Services' Kentucky Correctional Psychiatric Center (KCPC). Due to KCPC, the inmate population has a variety of psychological, pharmaceutical, recreational, academic, vocational, and substance abuse programs available.

Green River Correctional Complex (GRCC) is a medium security institution with an operational capacity of 982 inmates located near Central City in Muhlenberg County.

Northpoint Training Center (NTC) is a medium security institution with an operational capacity of 1,272 inmates located near Danville in Boyle County. The institution operates a prison farm, along with counseling, academic, and vocational programs.

Little Sandy Correctional Complex (LSCC) is located near Sandy Hook in Elliott County and will have an operational capacity of 1,882 inmates upon expansion. Programming at the institution consists of basic educational and vocational training classes, as well as psychological services. Correctional industries programs include wood furniture and office seating.

Southeast State Correctional Complex (SSCC) is a medium security facility with an operational capacity of 621 inmates located in Wheelwright in Floyd County. This facility is operated by the Commonwealth and is privately owned by CoreCivic and leased to the Commonwealth.

Lee Adjustment Center (LAC) is located near Beattyville in Lee County and has an operational capacity of 866 inmates. The Department contracts with CoreCivic for operation of this medium security facility.

Policy

The Governor's budget includes additional General Fund in the amount of \$4,000,000 in fiscal year 2027 and \$9,000,000 in fiscal year 2028 to support medical cost increases.

The Governor's budget includes additional funding in the amount of \$3,725,800 in fiscal year 2027 and \$7,700,200 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$3,688,500 and \$7,623,200, respectively.

**Justice and Public Safety
Community Services and Local Facilities**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	263,564,900	251,867,100	258,358,400	230,853,100	230,135,500
State Salary and Compensation Allocation	3,971,200				
Continuing Approp-General Fund	1,096,555				
Budget Reduction-General Fund			(15,750,800)		
Reorganization Adjustment	490,000				
Other	(14,639,500)	(7,700,000)			
Total General Fund	254,483,155	244,167,100	242,607,600	230,853,100	230,135,500
Restricted Funds					
Balance Forward	7,693,494	6,984,537	8,228,900	5,394,400	2,314,100
Current Receipts	4,845,607	5,693,322	4,501,200	5,340,300	5,355,100
Non-Revenue Receipts		450,000		7,742,200	7,742,200
Total Restricted Funds	12,539,102	13,127,859	12,730,100	18,476,900	15,411,400
Federal Fund					
Balance Forward	(426,731)	(26,367)	(44,100)		
Current Receipts	1,136,634	809,775	918,300	874,200	874,200
Total Federal Fund	709,904	783,408	874,200	874,200	874,200
TOTAL SOURCE OF FUNDS	267,732,160	258,078,367	256,211,900	250,204,200	246,421,100
EXPENDITURES BY CLASS					
Personnel Costs	88,419,627	90,760,271	94,919,700	93,893,300	96,324,200
Operating Expenses	11,209,242	11,313,316	12,608,100	13,607,600	13,797,200
Grants Loans Benefits	160,049,113	146,087,095	143,289,700	140,389,200	135,972,100
Capital Outlay	1,096,008				
TOTAL EXPENDITURES	260,773,990	248,160,682	250,817,500	247,890,100	246,093,500
EXPENDITURES BY FUND SOURCE					
General Fund	254,483,155	242,434,217	242,607,600	230,853,100	230,135,500
Restricted Funds	5,554,564	4,898,941	7,335,700	16,162,800	15,083,800
Federal Fund	736,270	827,524	874,200	874,200	874,200
TOTAL EXPENDITURES	260,773,990	248,160,682	250,817,500	247,890,100	246,093,500
EXPENDITURES BY UNIT					
Probation and Parole Program	79,874,760	81,598,339	87,233,300	86,761,400	88,847,300
Local Facilities Operations	1,474,671	1,613,100	1,599,000	1,587,300	1,628,700
Local Facilities - Jail Program	125,787,479	111,608,018	107,550,400	105,523,800	101,106,700
Community Corrections Commission	594,544	627,095	670,500	670,500	670,500
Halfway Houses	23,302,765	22,849,704	23,767,100	23,767,100	23,767,100
Addiction Services	23,860,011	23,510,572	24,123,600	23,240,200	23,579,900
Reentry Division	5,879,760	6,353,853	5,873,600	6,339,800	6,493,300
TOTAL EXPENDITURES	260,773,990	248,160,682	250,817,500	247,890,100	246,093,500

The Community Corrections area is comprised of the Division of Local Facilities, County Jail Program, Halfway House program, Kentucky Corrections Commission, the Division of Reentry, Probation and Parole, and the Division of Addiction Services. Pursuant to KRS Chapter 439, the Halfway House program provides rehabilitation in community residential correctional centers throughout the Commonwealth where inmates are transitioned prior to their release. Pursuant to KRS Chapter 196, the Kentucky Corrections Commission grants funds for the purpose of assisting judges, throughout the Commonwealth, develop alternatives to incarceration. In accordance with KRS 532.260, the Department of Corrections has initiated the Home Incarceration program (HIP). The current average daily population of HIP participants is 211.

Policy

The Department of Corrections estimates a 0.9% percent year-over-year decline, and an 1.8% decline over the biennium, in the number of probationers and parolees. The number of individuals completing their sentence and being discharged has become the most common form of release from the direct supervision of the prison system. Recent data indicates a lower Release to Supervision for a significant number of felons due to increased awards of good-time and educational credits, Mandatory Release Supervision, expanded reentry services-such as job placement, counseling, housing support, and Medicaid enrollment upon release. These program initiatives have impacted fewer admissions associated with being returned from supervision.

Fiscal Year	Probation and Parole Population
2026 Revised	46,586
2027 Estimated	46,158
2028 Estimated	45,762

Notwithstanding KRS 197.045(6), the base budget includes General Fund in the amount of \$12,000,000 in each fiscal year to support payments for program completions resulting in sentencing credit as prescribed in KRS 197.045(6)(a), (b), and (c).

The Governor’s budget includes additional funding in the amount of \$1,508,700 in fiscal year 2027 and \$3,109,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$1,493,600 and \$3,078,200, respectively.

**Justice and Public Safety
Local Jail Support**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,788,600	16,788,600	16,788,600	16,284,900	16,284,900
Continuing Approp-General Fund	385,621	719			
Budget Reduction-General Fund			(503,700)		
Other	300,000	500,000			
Total General Fund	17,474,221	17,289,319	16,284,900	16,284,900	16,284,900
TOTAL SOURCE OF FUNDS	17,474,221	17,289,319	16,284,900	16,284,900	16,284,900
EXPENDITURES BY CLASS					
Personnel Costs	22,841	33,223	60,000	60,000	60,000
Operating Expenses	405,000	399,000	405,000	405,000	405,000
Grants Loans Benefits	17,045,661	16,857,019	15,819,900	15,819,900	15,819,900
TOTAL EXPENDITURES	17,473,502	17,289,242	16,284,900	16,284,900	16,284,900
EXPENDITURES BY FUND SOURCE					
General Fund	17,473,502	17,289,242	16,284,900	16,284,900	16,284,900
TOTAL EXPENDITURES	17,473,502	17,289,242	16,284,900	16,284,900	16,284,900
EXPENDITURES BY UNIT					
Local Jail Allotment	10,048,800	10,048,800	10,048,800	10,048,800	10,048,800
Restricted Medical	792,800	792,800	792,800	792,800	792,800
Jailers' Allowance	427,841	432,223	465,000	465,000	465,000
Catastrophic Medical	1,573,861	1,385,219	851,800	851,800	851,800
Local Corrections Assistance Fund	4,630,200	4,630,200	4,126,500	4,126,500	4,126,500
TOTAL EXPENDITURES	17,473,502	17,289,242	16,284,900	16,284,900	16,284,900

The Local Jail Support program consists of five funds used to assist counties in local jail operations: Local Jail Allotment, Restricted Medical Allotment, Jailer's Allowance, Local Corrections Assistance Fund and Catastrophic Medical. These programs were part of the Jail Reform package passed in the 1982 and 1984 Regular Sessions of the General Assembly.

The Local Jail Allotment, pursuant to KRS 441.206, was established for the care and maintenance of prisoners charged with or convicted of violations of state law. Funds appropriated for the Jail Allotment and Restricted Medical programs are distributed to each county based upon the formula in KRS 441.206.

The Jailer's Allowance program, pursuant to KRS 441.115, trains jailers and jail personnel. No fee is charged for this training. Three hundred dollars (\$300) per month is paid to jailers to help defray the costs of participation in this training program. Expense allowance payments are discontinued if the jailer fails to satisfactorily complete annual continuing training.

The Catastrophic Medical program, pursuant to KRS 441.045, provides funds that assist counties with costs of providing necessary medical, dental, or psychological care beyond routine care and diagnostic services. When the cost of providing such services exceeds \$1,000, the county is reimbursed. Initial reimbursements are limited by the maximum payments allowed for services under the Kentucky Medical Assistance Program.

Policy

The base budget includes General Fund in each fiscal year for jailer expense allowance to the statutory amount of \$3,600.

The base budget includes General Fund appropriation of \$860,000 each fiscal year to provide a monthly payment of an annual amount of \$20,000 to each county with a Life Safety or Closed Jails Program. The payment shall be in addition to the payment required by KRS 441.206(2).

The base budget includes General Fund appropriation in the amount of \$792,800 each fiscal year for medical care contracts to be distributed, upon approval of the Department of Corrections, to counties by the formula codified in KRS 441.206, and \$851,800 each fiscal year, on a partial reimbursement basis, for medical claims in excess of the statutory threshold pursuant to KRS 441.045.

**Justice and Public Safety
Public Advocacy**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	82,432,900	96,178,700	98,448,500	93,413,300	95,240,300
State Salary and Compensation Allocation	2,592,900	14,200	21,500		
Budget Reduction-General Fund			(2,954,100)		
Total General Fund	85,025,800	96,192,900	95,515,900	93,413,300	95,240,300
Restricted Funds					
Balance Forward	1,888,076	2,226,842	2,225,100	2,225,100	2,171,400
Current Receipts	4,849,866	4,760,650	4,511,400	4,511,400	4,511,400
Total Restricted Funds	6,737,942	6,987,493	6,736,500	6,736,500	6,682,800
Federal Fund					
Balance Forward	(141,011)	(252,831)	(50,300)		
Current Receipts	2,148,798	2,996,304	2,387,500	2,392,400	2,392,400
Total Federal Fund	2,007,788	2,743,472	2,337,200	2,392,400	2,392,400
TOTAL SOURCE OF FUNDS	93,771,530	105,923,865	104,589,600	102,542,200	104,315,500
EXPENDITURES BY CLASS					
Personnel Costs	81,647,902	90,782,150	89,505,800	87,108,000	88,992,600
Operating Expenses	10,149,218	12,944,561	12,858,500	13,262,600	13,262,600
Grants Loans Benefits	400	14,103	200	200	200
Capital Outlay		8,229			
TOTAL EXPENDITURES	91,797,519	103,749,043	102,364,500	100,370,800	102,255,400
EXPENDITURES BY FUND SOURCE					
General Fund	85,025,800	96,192,900	95,515,900	93,413,300	95,240,300
Restricted Funds	4,511,100	4,762,375	4,511,400	4,565,100	4,622,700
Federal Fund	2,260,619	2,793,769	2,337,200	2,392,400	2,392,400
TOTAL EXPENDITURES	91,797,519	103,749,043	102,364,500	100,370,800	102,255,400
EXPENDITURES BY UNIT					
Office of the Public Advocate	2,150,000	3,319,500	3,375,700	3,293,800	3,344,500
Defense Services	83,305,256	92,809,632	91,267,900	89,414,300	91,133,300
Conflict Services	343,184	765,843	1,039,800	1,008,600	1,032,400
Law Operations	2,401,209	2,990,700	3,060,900	2,983,100	3,047,800
Protection and Advocacy	3,597,871	3,863,369	3,620,200	3,671,000	3,697,400
TOTAL EXPENDITURES	91,797,519	103,749,043	102,364,500	100,370,800	102,255,400

The United States and Kentucky Constitutions guarantee all Americans the right to the assistance of counsel when charged with a crime. These provisions also require that individuals who cannot afford an attorney, and who face potential loss of liberty, be provided with an attorney by the state. The Kentucky Department of Public Advocacy (DPA) created under KRS Chapter 31, fulfills this mandate by representing indigent persons accused of crimes or facing involuntary hospitalization for a mental illness or condition. Kentucky's public defender services are delivered through a statewide system of DPA offices staffed by full-time employed public defenders and supplemented by private attorneys for cases that cannot be handled by DPA attorneys, usually due to conflicts of interest. As of July 1, 2024, DPA assumed responsibility for defender services in all 120 Kentucky counties, following the enactment of 2023 House Bill 568, which merged the Louisville-Jefferson County Public Defender Office into the Department, completing the unification of the statewide public defender system in Kentucky. The Department, under the direction of the Public Advocate, is attached to the Justice and Public Safety Cabinet for administrative purposes.

The Public Advocacy Commission serves as the governing board of the Department. It consists of twelve members: the Dean or a designee from each of the three Kentucky law schools; three members appointed by the Governor from recommendations of the Kentucky Bar Association; one member appointed by the Governor from recommendations by the Protection and Advocacy Advisory Boards; three at-large members appointed by the Governor; and two members appointed by the Kentucky Supreme Court. The Commission ensures that DPA maintains its professional independence and delivers professional representation of individual clients consistent with the American Bar Association's Ten Principles of a Public Defense Delivery System (2002).

The Office of the Public Advocate is responsible for the oversight of the agency and includes the Public Advocate, Deputy Public Advocate, and General Counsel who manage compliance, policy development, and legislative advocacy for the Department.

The Education, Recruitment, and Strategic Planning Division is responsible for attorney and defender staff training and long-term planning for the Department. The Division also oversees DPA's recruiting activities to attract attorneys and law school graduates to be public defenders.

The Law Operations Division provides budget, personnel, administrative, technology, facility oversight, library services, research, archive services and management support for the Department and its offices across the state.

The Trial Division represents all needy persons accused of crimes punishable by loss of liberty, persons accused of juvenile delinquency and status offenses, and all needy persons faced with involuntary commitments due to mental state or condition in all of Kentucky's 120 counties. This includes district, circuit, drug, juvenile, mental health, veterans and family court venues.

The Post-Trial Division provides mandated defender services after conviction. These services include providing counsel to indigent persons on appeal to the Kentucky Supreme Court and Court of Appeals, to incarcerated persons on post-conviction actions in state and federal court, and to all juveniles in treatment facilities.

The Division of Conflict Services was established to build a statewide indigent conflict system and improve the quality of the departments existing conflict defense program that supports individuals represented through contract conflict counsel statewide.

Kentucky Protection & Advocacy (P&A), a division within the Department of Public Advocacy attached to the Department for administrative purposes only, was established pursuant to Public Law 99-319 (42 USC 10805 et seq.), Public Law 106-402 (42 USC § 15042 et seq.), and KRS 31.010 (2). P&A seeks legal, administrative, and other appropriate remedies to protect and promote the rights of Kentuckians with disabilities. The majority of funds in this division's budget are federal funds that have strict non-supplanting requirements.

Policy

The Governor's budget includes additional funding in the amount of \$1,385,100 in fiscal year 2027 and \$2,844,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$1,315,800 and \$2,702,400, respectively.

Personnel

		Personnel Personnel			
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	89,924,800	75,657,300	69,750,400	69,691,600	69,691,600
State Salary and Compensation Allocation	(70,658,800)	(1,500,000)	(1,500,000)		
Special Appropriation	65,851,800				
Total General Fund	88,117,800	77,157,300	69,750,400	69,691,600	69,691,600
Restricted Funds					
Balance Forward	40,064,333	45,656,402	48,019,800	40,933,600	33,409,900
Current Receipts	32,829,247	31,372,574	30,425,000	27,191,900	27,244,400
Non-Revenue Receipts	26,501,300	25,889,004	28,774,200	32,555,900	32,872,700
Total Restricted Funds	99,394,881	102,917,980	107,219,000	100,681,400	93,527,000
Road Fund					
Regular Appropriation	1,129,000				
State Salary and Compensation Allocation	(12,510,400)				
Special Appropriation	11,381,400				
Total Road Fund					
TOTAL SOURCE OF FUNDS	187,512,681	180,075,280	176,969,400	170,373,000	163,218,600
EXPENDITURES BY CLASS					
Personnel Costs	48,760,522	48,482,884	58,212,600	59,517,400	60,063,500
Operating Expenses	5,477,957	6,415,281	8,072,800	7,754,100	7,713,500
Grants Loans Benefits	84,617,800	75,657,192	69,750,400	69,691,600	69,691,600
TOTAL EXPENDITURES	138,856,279	130,555,357	136,035,800	136,963,100	137,468,600
EXPENDITURES BY FUND SOURCE					
General Fund	85,117,800	75,657,192	69,750,400	69,691,600	69,691,600
Restricted Funds	53,738,479	54,898,165	66,285,400	67,271,500	67,777,000
TOTAL EXPENDITURES	138,856,279	130,555,357	136,035,800	136,963,100	137,468,600
EXPENDITURES BY UNIT					
General Operations	28,125,357	28,201,827	33,360,500	34,492,600	34,938,700
Public Employees Deferred Compensation Authority	7,509,436	7,535,594	8,520,000	8,397,000	8,439,200
Workers' Compensation Benefits and Reserve	18,603,687	19,160,744	24,404,900	24,381,900	24,399,100
Fixed Allocation Non-Hazardous Pension Fund	84,617,800	75,657,192	69,750,400	69,691,600	69,691,600
State Salary and Compensation Fund					
TOTAL EXPENDITURES	138,856,279	130,555,357	136,035,800	136,963,100	137,468,600

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.

**Personnel
General Operations**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
State Salary and Compensation Allocation					
Special Appropriation	500,000				
Total General Fund	500,000				
Restricted Funds					
Balance Forward	4,131,547	4,841,635	4,456,400	1,828,200	1,711,000
Current Receipts	1,649,144	1,737,624	1,763,100	1,619,500	1,672,000
Non-Revenue Receipts	26,686,300	26,079,004	28,969,200	32,755,900	33,077,700
Total Restricted Funds	32,466,992	32,658,262	35,188,700	36,203,600	36,460,700
TOTAL SOURCE OF FUNDS	32,966,992	32,658,262	35,188,700	36,203,600	36,460,700
EXPENDITURES BY CLASS					
Personnel Costs	23,062,461	22,203,008	25,784,100	27,220,300	27,707,000
Operating Expenses	5,062,896	5,998,819	7,576,400	7,272,300	7,231,700
TOTAL EXPENDITURES	28,125,357	28,201,827	33,360,500	34,492,600	34,938,700
EXPENDITURES BY FUND SOURCE					
General Fund	500,000				
Restricted Funds	27,625,357	28,201,827	33,360,500	34,492,600	34,938,700
TOTAL EXPENDITURES	28,125,357	28,201,827	33,360,500	34,492,600	34,938,700
EXPENDITURES BY UNIT					
General Administration	11,150,801	11,870,385	14,643,800	15,122,300	15,148,000
Governmental Service Center	903,610	963,383	1,016,200	1,017,200	1,086,500
Employee Relations	709,278	702,549	779,700	751,500	766,800
Employee Insurance	9,081,083	9,424,950	10,256,000	10,203,900	10,393,500
Personnel Administration	6,280,585	5,240,560	6,664,800	7,397,700	7,543,900
TOTAL EXPENDITURES	28,125,357	28,201,827	33,360,500	34,492,600	34,938,700

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

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

The Office of Administrative Services' (OAS) responsibilities include overseeing the internal operations of the Cabinet, including personnel related matters, budgeting, accounting, property management, coordinating information technology for the Cabinet and procurement functions. In addition, the development and implementation of the replacement benefits, personnel and payroll system is coordinated through the OAS Division of Technology Services.

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

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

The Office of Employee Engagement and Training is responsible for administering the Commonwealth's affirmative action plan established in 18A.138, equal employment and the Governor's Leadership program.

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

The Department of Human Resources Administration consists of two divisions: the Division of Employee Management and the Division of Career Opportunities and has oversight of the Governmental Services Center. The responsibilities of this department include recruiting, counseling, and certifying persons for employment with the Commonwealth; maintaining the classification and compensation system; auditing and certifying state payrolls; preparing and maintaining the official personnel and payroll records; government-wide training, consultation, and organizational development, including the coordination of the Commonwealth's strategic planning, performance measurement processes and is responsible for maintaining the employee performance management system.

The Department of Employee Insurance manages state government's self-insured health insurance program, the Kentucky Employees' Health Plan and the life insurance benefits for state employees. The Health Plan provides health insurance coverage for state employees, state and teacher retirees that are not yet Medicare eligible, local boards of education, local health departments, and other public and quasi-public agencies. The Department also provides administrative support to the Group Health Insurance Board under KRS 18A.226 and 18A.227. The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program.

Policy

The Governor's budget includes additional funding from an internal service fund in the amount of \$974,200 in fiscal year 2027 and \$1,002,300 in fiscal year 2028 to fund positions for a centralized payroll group responsible for complex payroll functions for Kentucky state government.

The Governor's budget includes additional funding in the amount of \$315,700 in fiscal year 2027 and \$648,500 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

Personnel
Public Employees Deferred Compensation Authority

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	12,029,901	14,040,770	14,317,300	12,659,200	13,734,600
Current Receipts	9,612,805	7,907,075	6,959,400	9,572,400	9,572,400
Non-Revenue Receipts	(92,500)	(95,000)	(97,500)	(100,000)	(102,500)
Total Restricted Funds	21,550,206	21,852,845	21,179,200	22,131,600	23,204,500
TOTAL SOURCE OF FUNDS	21,550,206	21,852,845	21,179,200	22,131,600	23,204,500
EXPENDITURES BY CLASS					
Personnel Costs	7,161,112	7,187,854	8,107,100	7,995,300	8,037,500
Operating Expenses	348,323	347,740	412,900	401,700	401,700
TOTAL EXPENDITURES	7,509,436	7,535,594	8,520,000	8,397,000	8,439,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	7,509,436	7,535,594	8,520,000	8,397,000	8,439,200
TOTAL EXPENDITURES	7,509,436	7,535,594	8,520,000	8,397,000	8,439,200
EXPENDITURES BY UNIT					
Public Employees Deferred Compensation Authority	7,509,436	7,535,594	8,520,000	8,397,000	8,439,200
TOTAL EXPENDITURES	7,509,436	7,535,594	8,520,000	8,397,000	8,439,200

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

Policy

The Governor's budget includes additional funding in the amount of \$30,400 in fiscal year 2027 and \$62,400 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

	Personnel Workers' Compensation Benefits and Reserve				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	23,902,885	26,773,997	29,246,100	26,446,200	17,964,300
Current Receipts	21,567,298	21,727,876	21,702,500	16,000,000	16,000,000
Non-Revenue Receipts	(92,500)	(95,000)	(97,500)	(100,000)	(102,500)
Total Restricted Funds	<u>45,377,684</u>	<u>48,406,873</u>	<u>50,851,100</u>	<u>42,346,200</u>	<u>33,861,800</u>
TOTAL SOURCE OF FUNDS	<u>45,377,684</u>	<u>48,406,873</u>	<u>50,851,100</u>	<u>42,346,200</u>	<u>33,861,800</u>
EXPENDITURES BY CLASS					
Personnel Costs	18,536,949	19,092,022	24,321,400	24,301,800	24,319,000
Operating Expenses	66,737	68,722	83,500	80,100	80,100
TOTAL EXPENDITURES	<u>18,603,687</u>	<u>19,160,744</u>	<u>24,404,900</u>	<u>24,381,900</u>	<u>24,399,100</u>
EXPENDITURES BY FUND SOURCE					
Restricted Funds	18,603,687	19,160,744	24,404,900	24,381,900	24,399,100
TOTAL EXPENDITURES	<u>18,603,687</u>	<u>19,160,744</u>	<u>24,404,900</u>	<u>24,381,900</u>	<u>24,399,100</u>
EXPENDITURES BY UNIT					
Workers' Compensation Benefits and Reserve	18,603,687	19,160,744	24,404,900	24,381,900	24,399,100
TOTAL EXPENDITURES	<u>18,603,687</u>	<u>19,160,744</u>	<u>24,404,900</u>	<u>24,381,900</u>	<u>24,399,100</u>

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

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

Policy

The Governor's budget includes additional funding in the amount of \$10,500 in fiscal year 2027 and \$21,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

Personnel Fixed Allocation Non-Hazardous Pension Fund					
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	84,617,800	75,657,300	69,750,400	69,691,600	69,691,600
Total General Fund	84,617,800	75,657,300	69,750,400	69,691,600	69,691,600
TOTAL SOURCE OF FUNDS	84,617,800	75,657,300	69,750,400	69,691,600	69,691,600
EXPENDITURES BY CLASS					
Grants Loans Benefits	84,617,800	75,657,192	69,750,400	69,691,600	69,691,600
TOTAL EXPENDITURES	84,617,800	75,657,192	69,750,400	69,691,600	69,691,600
EXPENDITURES BY FUND SOURCE					
General Fund	84,617,800	75,657,192	69,750,400	69,691,600	69,691,600
TOTAL EXPENDITURES	84,617,800	75,657,192	69,750,400	69,691,600	69,691,600
EXPENDITURES BY UNIT					
Fixed Allocation Non-Hazardous Pension Fund	84,617,800	75,657,192	69,750,400	69,691,600	69,691,600
TOTAL EXPENDITURES	84,617,800	75,657,192	69,750,400	69,691,600	69,691,600

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

The Fixed Allocation Non-Hazardous Pension Fund is a statewide pool of \$69,691,600 in each fiscal year from the General Fund for quasi-governmental entities to continue the baseline subsidy for employer contributions and provide the additional funds necessary to finance the increased costs attributable to the shift to a fixed allocation for the unfunded liability of the nonhazardous retirement plan's employer contributions. The fixed allocation subsidy for Public Health Departments is 50 percent of the fiscal year 2022 subsidy in fiscal years 2027 and 2028. The fixed allocation subsidy for Community Mental Health Centers and Non-P1 Agencies is 75 percent of the fiscal year 2022 subsidy in fiscal years 2027 and 2028. This 2021 legislation made a significant change in the method of funding the unfunded actuarially accrued liability by assigning a fixed dollar allocation to each participating entity instead of by a contribution rate against actual payroll amounts. This reform addresses the longstanding trend of quasi-governmental entities purposefully reducing the participation of their workers in the nonhazardous retirement system and avoiding those costs.

The funds are allocated as follows:

Fiscal Year 2027	Baseline Subsidy	Fixed Allocation Subsidy	Total
Community Mental Health Centers	\$ 18,882,100	\$ 8,842,300	\$ 27,724,400
Public Health Departments	\$ 25,151,300	\$ 16,432,300	\$ 41,583,600
Non-P1 Agencies	\$ 332,100	\$ 51,500	\$ 383,600
Total	44,365,500	25,326,100	\$ 69,691,600
Fiscal Year 2028			
Community Mental Health Centers	\$ 18,882,100	\$ 8,842,300	\$ 27,724,400
Public Health Departments	\$ 25,151,300	\$ 16,432,300	\$ 41,583,600
Non-P1 Agencies	\$ 332,100	\$ 51,500	\$ 383,600
Total	\$ 44,365,500	\$ 25,326,100	\$ 69,691,600

General Fund amounts to cover additional costs were directly appropriated to comprehensive universities and the Kentucky Community Technical College System, and the County Attorney offices.

	Personnel				
	State Salary and Compensation Fund				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,307,000				
State Salary and Compensation Allocation	(70,658,800)	(1,500,000)	(1,500,000)		
Special Appropriation	65,351,800				
Continuing Approp.-General Fund		3,000,000	1,500,000		
Other	3,000,000				
Total General Fund	3,000,000	1,500,000			
Restricted Funds					
Non-Revenue Receipts					
Total Restricted Funds					
Road Fund					
Regular Appropriation	1,129,000				
State Salary and Compensation Allocation	(12,510,400)				
Special Appropriation	11,381,400				
Total Road Fund					
TOTAL SOURCE OF FUNDS	3,000,000	1,500,000			
EXPENDITURES BY CLASS					
Grants Loans Benefits					
TOTAL EXPENDITURES					
EXPENDITURES BY FUND SOURCE					
General Fund					
Restricted Funds					
TOTAL EXPENDITURES					
EXPENDITURES BY UNIT					
State Salary and Compensation Fund					
TOTAL EXPENDITURES					

The State Salary and Compensation Fund is a statewide pool to provide the additional funds necessary for 2023-2024 employer contributions of state agency health insurance benefits. House Bill 6 from the 2024 Regular Session of the General Assembly included funding for fiscal year 2025 and fiscal year 2026 for state employee pay raises in the information technology job series pursuant to the completed analysis by the Personnel Cabinet within their job classification review process. The General Fund in fiscal year 2025 and fiscal year 2026 of \$1,500,000 each fiscal year was transferred from the General Fund appropriation of \$200,000,000 in fiscal year 2024 set out in 2022 Ky. Acts ch. 199, Part I, N., 1.

Postsecondary Education

Postsecondary Education

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,440,555,700	1,513,695,600	1,492,094,300	1,479,311,300	1,482,942,600
State Salary and Compensation Allocation	249,000				
Special Appropriation	10,000,000				
Current Year Appropriation	4,107,500				
Continuing Approp-General Fund	43,503,197	14,571,324	20,795,200	3,772,700	1,361,300
Budget Reduction-General Fund			(619,300)		
Reorganization Adjustment	(1,799,700)				
Other	3,000,000				
Total General Fund	1,499,615,697	1,528,266,924	1,512,270,200	1,483,084,000	1,484,303,900
Tobacco Fund					
Tobacco Settlement - Phase I	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Total Tobacco Fund	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Restricted Funds					
Balance Forward	16,948,519	12,872,219	31,688,400	25,942,000	15,629,400
Current Receipts	8,682,354,871	9,539,109,347	11,016,606,600	11,855,269,700	12,734,531,500
Non-Revenue Receipts	12,622,600	114,652,584	104,594,100	39,122,100	36,830,700
Total Restricted Funds	8,711,925,990	9,666,634,151	11,152,889,100	11,920,333,800	12,786,991,600
Federal Fund					
Balance Forward	(572,810)	(827,933)	(2,600)		
Current Receipts	1,020,597,484	1,086,265,871	1,084,178,500	1,123,312,500	1,148,968,000
Total Federal Fund	1,020,024,674	1,085,437,938	1,084,175,900	1,123,312,500	1,148,968,000
TOTAL SOURCE OF FUNDS	11,237,816,361	12,286,182,213	13,755,585,200	14,532,980,300	15,425,743,800
EXPENDITURES BY CLASS					
Personnel Costs	5,227,616,340	5,766,633,980	6,059,495,400	6,432,277,400	6,839,536,200
Operating Expenses	3,581,898,801	3,973,260,956	5,100,100,100	5,499,457,100	5,925,819,400
Grants Loans Benefits	1,034,700,543	1,054,924,066	1,799,824,000	1,759,625,900	1,771,896,600
Debt Service	267,464,635	262,748,996	252,165,400	264,499,400	268,582,300
Capital Outlay	525,571,869	554,226,468	514,285,600	560,129,800	613,564,200
TOTAL EXPENDITURES	10,637,252,189	11,611,794,467	13,725,870,500	14,515,989,600	15,419,398,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,485,318,777	1,504,525,723	1,508,497,500	1,481,722,700	1,483,666,000
Tobacco Fund	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Restricted Funds	8,124,830,805	9,015,974,829	11,126,947,100	11,904,704,400	12,781,284,400
Federal Fund	1,020,852,607	1,085,450,714	1,084,175,900	1,123,312,500	1,148,968,000
TOTAL EXPENDITURES	10,637,252,189	11,611,794,467	13,725,870,500	14,515,989,600	15,419,398,700
EXPENDITURES BY UNIT					
Council on Postsecondary Education	51,964,875	33,434,891	43,087,300	40,070,300	38,367,400
Kentucky Higher Education Assistance Authority	409,462,339	477,922,913	524,342,200	455,256,300	455,526,100
Postsecondary Education Institutions	10,175,824,975	11,100,436,663	13,158,441,000	14,020,663,000	14,925,505,200
TOTAL EXPENDITURES	10,637,252,189	11,611,794,467	13,725,870,500	14,515,989,600	15,419,398,700

**Postsecondary Education
Council on Postsecondary Education**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	17,871,800	22,452,900	17,920,500	13,981,800	17,613,100
State Salary and Compensation	249,000				
Special Appropriation	10,000,000				
Current Year Appropriation	2,000,000				
Continuing Approp-General Fund	1,093,583	2,000,000	7,143,300	2,058,000	58,000
Budget Reduction-General Fund			(439,300)		
Total General Fund	31,214,383	24,452,900	24,624,500	16,039,800	17,671,100
Tobacco Fund					
Tobacco Settlement - Phase I	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Total Tobacco Fund	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Restricted Funds					
Balance Forward	1,622,940	1,701,897	1,969,200	1,496,300	575,700
Current Receipts	881,021	2,061,538	4,775,900	4,725,000	4,758,400
Non-Revenue Receipts	2,489,179	2,233,842	2,951,200	6,064,100	3,756,500
Total Restricted Funds	4,993,140	5,997,277	9,696,300	12,285,400	9,090,600
Federal Fund					
Balance Forward	(333,506)	(690,040)	(2,600)		
Current Receipts	13,251,187	7,194,899	6,073,400	6,128,800	6,190,100
Total Federal Fund	12,917,681	6,504,859	6,070,800	6,128,800	6,190,100
TOTAL SOURCE OF FUNDS	55,375,204	42,798,236	46,641,600	40,704,000	38,432,100
EXPENDITURES BY CLASS					
Personnel Costs	12,601,183	13,037,133	12,924,600	12,717,200	12,950,100
Operating Expenses	2,137,974	2,737,159	2,318,400	2,284,000	2,249,700
Grants Loans Benefits	33,886,915	17,660,600	27,844,300	25,069,100	23,167,600
Debt Service	3,224,000				
Capital Outlay	114,803				
TOTAL EXPENDITURES	51,964,875	33,434,891	43,087,300	40,070,300	38,367,400
EXPENDITURES BY FUND SOURCE					
General Fund	28,815,911	17,056,095	22,566,500	15,981,800	17,671,100
Tobacco Fund	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Restricted Funds	3,291,243	4,028,125	8,200,000	11,709,700	9,025,900
Federal Fund	13,607,721	6,507,471	6,070,800	6,128,800	6,190,100
TOTAL EXPENDITURES	51,964,875	33,434,891	43,087,300	40,070,300	38,367,400
EXPENDITURES BY UNIT					
Agency Operations	7,076,136	9,163,157	10,947,700	10,931,100	11,067,300
Licensure	427,195	500,000	600,000	610,900	618,900
Pass Through Programs	22,520,224	12,012,676	12,810,100	12,524,800	12,524,800
Federal Programs	10,531,907	4,495,581	5,041,300	5,258,300	6,190,100
Strategic Investment and Incentive Funding Program	11,409,413	7,263,477	13,688,200	10,745,200	7,966,300
TOTAL EXPENDITURES	51,964,875	33,434,891	43,087,300	40,070,300	38,367,400

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

The Council's statutory responsibilities include:

- development of a strategic plan for an efficient and effective system of postsecondary education that provides statewide access without unnecessary competition and duplication, recognizing both public and independent institutions;
- implementation of the strategic plan through public accountability, including reporting and evaluation of institutional performance;
- approval of the creation, modification, and elimination of programs and degrees and transferability of credits earned;
- approval of tuition rates and admission requirements;
- approval of capital projects and real property acquisitions by institutions;
- training and orientation of new members of institutional governing boards;
- liaison between postsecondary education institutions and the Kentucky Department of Education, the Education Professional Standards Board, the Education and Labor Cabinet, and the Cabinet for Economic Development;
- operation of the Kentucky Virtual High School and the Kentucky Virtual Library;
- coordination and acquisition of technology resources for broadest access and cost efficiency;
- collection of data and research and analysis concerning the overall needs of postsecondary education;
- assistance in the development of the postsecondary institutions' biennial budget requests and recommendations concerning operating and capital appropriations to the Governor and the General Assembly; and
- implementation of the Postsecondary Education Performance Funding Model.

Policy

The Governor's budget includes additional funding in the amount of \$175,800 in fiscal year 2027 and \$361,400 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028. The General Fund portion is \$102,000 and \$209,600 respectively.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	6,273,400	6,318,500	6,544,100	2,832,300	6,430,000
State Salary and Compensation	249,000				
Current Year Appropriation	2,000,000				
Continuing Approp-General Fund		2,000,000			
Budget Reduction-General Fund			(196,400)		
Total General Fund	8,522,400	8,318,500	6,347,700	2,832,300	6,430,000
Restricted Funds					
Balance Forward	895,693	614,237	1,066,100	771,300	397,800
Current Receipts	272,332	1,546,501	4,305,200	4,248,000	4,275,500
Non-Revenue Receipts				3,477,300	
Total Restricted Funds	1,168,025	2,160,738	5,371,300	8,496,600	4,673,300
TOTAL SOURCE OF FUNDS	9,690,425	10,479,238	11,719,000	11,328,900	11,103,300
EXPENDITURES BY CLASS					
Personnel Costs	5,872,349	7,577,773	7,453,700	7,451,700	7,587,900
Operating Expenses	1,088,984	1,583,273	1,002,400	998,500	998,500
Grants Loans Benefits		2,111	2,491,600	2,480,900	2,480,900
Capital Outlay	114,803				
TOTAL EXPENDITURES	7,076,135	9,163,157	10,947,700	10,931,100	11,067,300
EXPENDITURES BY FUND SOURCE					
General Fund	6,522,348	8,068,500	6,347,700	2,832,300	6,430,000
Restricted Funds	553,788	1,094,657	4,600,000	8,098,800	4,637,300
TOTAL EXPENDITURES	7,076,136	9,163,157	10,947,700	10,931,100	11,067,300

The Agency Operations program provides administrative support and governance for the organization. Activities of the professional staff include review of academic programs, admission standards, tuition rates, and credit transfer procedures; research and data analysis; financial management and strategic planning; and aligning higher education initiatives with workforce needs. Also included in this budget are the business functions of the agency such as human resources, communications, budget, accounting, and purchasing, as well as board relations.

**Postsecondary Education
Council on Postsecondary Education
Licensure**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	694,957	865,562	867,500	725,000	177,900
Current Receipts	597,800	501,900	457,500	463,800	469,700
Non-Revenue Receipts				(400,000)	
Total Restricted Funds	1,292,757	1,367,462	1,325,000	788,800	647,600
TOTAL SOURCE OF FUNDS	1,292,757	1,367,462	1,325,000	788,800	647,600
EXPENDITURES BY CLASS					
Personnel Costs	425,817	335,392	327,100	337,800	345,800
Operating Expenses	1,378	164,608	272,900	273,100	273,100
TOTAL EXPENDITURES	427,195	500,000	600,000	610,900	618,900
EXPENDITURES BY FUND SOURCE					
Restricted Funds	427,195	500,000	600,000	610,900	618,900
TOTAL EXPENDITURES	427,195	500,000	600,000	610,900	618,900

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

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,264,800	4,024,800	3,274,800	3,274,800	3,274,800
Special Appropriation	10,000,000				
Continuing Approp-General Fund	1,093,583		285,300		
Total General Fund	14,358,383	4,024,800	3,560,100	3,274,800	3,274,800
Tobacco Fund					
Tobacco Settlement - Phase I	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Total Tobacco Fund	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Restricted Funds					
Balance Forward	32,291	222,097	35,600		
Current Receipts	10,889	13,137	13,200	13,200	13,200
Non-Revenue Receipts	2,489,179	2,233,842	2,951,200	2,986,800	3,756,500
Total Restricted Funds	2,532,358	2,469,076	3,000,000	3,000,000	3,769,700
TOTAL SOURCE OF FUNDS	23,140,741	12,337,076	12,810,100	12,524,800	12,524,800
EXPENDITURES BY CLASS					
Personnel Costs	661,758	453,194	285,300		
Operating Expenses	248,205	232,813	224,800	224,800	224,800
Grants Loans Benefits	21,610,261	11,326,668	12,300,000	12,300,000	12,300,000
TOTAL EXPENDITURES	22,520,224	12,012,676	12,810,100	12,524,800	12,524,800
EXPENDITURES BY FUND SOURCE					
General Fund	13,959,963	3,736,008	3,560,100	3,274,800	3,274,800
Tobacco Fund	6,250,000	5,843,200	6,250,000	6,250,000	5,480,300
Restricted Funds	2,310,261	2,433,468	3,000,000	3,000,000	3,769,700
TOTAL EXPENDITURES	22,520,224	12,012,676	12,810,100	12,524,800	12,524,800
EXPENDITURES BY UNIT					
Contract Spaces	214,800	221,271	224,800	224,800	224,800
SREB Doctoral Scholars Program	50,000	50,000	50,000	50,000	50,000
Cancer Research Insts Mtchg Fd	2,310,261	2,433,468	3,000,000	3,000,000	3,000,000
Spinal Cord and Head Injury Research	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Ovarian Cancer Screening	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Cancer Research and Screening	6,250,000	5,843,200	6,250,000	6,250,000	6,250,000
Kentucky State University Fiscal Stabilization	10,695,163	464,737	285,300		
TOTAL EXPENDITURES	22,520,224	12,012,676	12,810,100	12,524,800	12,524,800

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

The **State SREB Membership Program** covers Kentucky's membership dues in the Southern Regional Education Board (SREB). Kentucky has participated in the regional compact of southern states for education services since 1950. The purpose of the compact is to promote a regional approach to education where possible through sharing arrangements and to provide educational services requested by member states. CPE is the designated compact administrator pursuant to KRS 164.530 and 164.540.

The **Cancer Research Institutions Matching Fund** established in KRS 164.043 is administered by the Council on Postsecondary Education to support cancer-related research that will ultimately reduce the morbidity and mortality from these diseases. The program is funded by a one cent per pack cigarette surtax, and the two research institutions – UK and U of L - provide a dollar for dollar match from external sources.

The **Southern Regional Education Board (SREB) Doctoral Scholars Program** supports and encourages students to pursue doctoral degrees. The goal of the program is to increase the number of student who earn doctorates and choose to become faculty at colleges and universities. Students are provided scholarships and other support to attend institutions throughout the southern region and in some Midwest states.

The **Ovarian Cancer Screening Program** supports early cancer screening at the University of Kentucky. The program is an ongoing, 38-year research study showing that annual screening continues to detect ovarian cancer at an earlier stage than is possible with a clinical examination.

The **Cancer Research and Screening Programs** at the University of Kentucky and the University of Louisville support research and clinical trials to benefit the citizens of Kentucky.

The **Spinal Cord and Head Injury Research Program**, codified in KRS 211.500 through 211.504, funds spinal cord and head injury research undertaken at the University of Kentucky and the University of Louisville. The funding is administered by the Kentucky Spinal Cord and Head Injury Research Board.

The **Kentucky State University Fiscal Stabilization Program** was established as a result of House Bill 250 enacted by the 2022 General Assembly. In that act, the General Assembly appropriated funding to Kentucky State University (KSU) to avert a fiscal crisis and provided strategic operating funds to KSU to be distributed by CPE. The act also required CPE to provide ongoing oversight of KSU's progress toward the goals outlined in its management improvement plan.

Policy

Tobacco Settlement Funds in the amount of \$6,250,000 in fiscal year 2027 and \$5,480,300 in fiscal year 2028 and Restricted Funds from interest earnings from the Healthcare Improvement Fund in the amount of \$769,700 in fiscal year 2028 are included for Cancer Research and Screening, which is shared equally between the University of Kentucky's Markey Cancer Center and the University of Louisville's Brown Cancer Center.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	(333,506)	(690,063)	(2,600)		
Current Receipts	10,175,350	5,183,033	5,043,900	5,258,300	6,190,100
Total Federal Fund	<u>9,841,844</u>	<u>4,492,969</u>	<u>5,041,300</u>	<u>5,258,300</u>	<u>6,190,100</u>
TOTAL SOURCE OF FUNDS	<u>9,841,844</u>	<u>4,492,969</u>	<u>5,041,300</u>	<u>5,258,300</u>	<u>6,190,100</u>
EXPENDITURES BY CLASS					
Personnel Costs	4,158,372	3,138,621	2,906,100	2,964,100	3,025,400
Operating Expenses	659,816	648,280	686,700	686,700	686,700
Grants Loans Benefits	5,713,719	708,680	1,448,500	1,607,500	2,478,000
TOTAL EXPENDITURES	<u>10,531,907</u>	<u>4,495,581</u>	<u>5,041,300</u>	<u>5,258,300</u>	<u>6,190,100</u>
EXPENDITURES BY FUND SOURCE					
Federal Fund	10,531,907	4,495,581	5,041,300	5,258,300	6,190,100
TOTAL EXPENDITURES	<u>10,531,907</u>	<u>4,495,581</u>	<u>5,041,300</u>	<u>5,258,300</u>	<u>6,190,100</u>

The Council on Postsecondary Education has administered the following federal grant programs in recent years: GEAR UP, the Governor's Emergency Education Relief Fund, American Rescue Plan funds to support summer bridge program grants, and State Fiscal Recovery Funds to benefit Simmons College.

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

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,333,600	12,109,600	8,101,600	7,874,700	7,908,300
Continuing Approp-General Fund			6,858,000	2,058,000	58,000
Budget Reduction-General Fund			(242,900)		
Total General Fund	8,333,600	12,109,600	14,716,700	9,932,700	7,966,300
Federal Fund					
Current Receipts	3,075,837	2,011,866	1,029,500	870,500	
Balance Forward		24			
Total Federal Fund	3,075,837	2,011,890	1,029,500	870,500	
TOTAL SOURCE OF FUNDS	11,409,437	14,121,490	15,746,200	10,803,200	7,966,300
EXPENDITURES BY CLASS					
Personnel Costs	1,482,887	1,532,153	1,952,400	1,963,600	1,991,000
Operating Expenses	139,591	108,183	131,600	100,900	66,600
Grants Loans Benefits	6,562,935	5,623,141	11,604,200	8,680,700	5,908,700
Debt Service	3,224,000				
TOTAL EXPENDITURES	11,409,413	7,263,477	13,688,200	10,745,200	7,966,300
EXPENDITURES BY FUND SOURCE					
General Fund	8,333,600	5,251,587	12,658,700	9,874,700	7,966,300
Federal Fund	3,075,813	2,011,890	1,029,500	870,500	
TOTAL EXPENDITURES	11,409,413	7,263,477	13,688,200	10,745,200	7,966,300
EXPENDITURES BY UNIT					
Technology Initiative Trust Fund	3,653,200	3,653,200	3,557,600	3,561,800	3,571,600
Physical Facilities Trust Fund	3,224,000				
Special Initiatives Funding Program	1,456,400	1,456,400	1,391,100	1,399,900	1,420,800
Healthcare Workforce Investment Fund	3,075,813	2,153,877	8,739,500	5,783,500	2,973,900
TOTAL EXPENDITURES	11,409,413	7,263,477	13,688,200	10,745,200	7,966,300

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

Special Initiatives Funding Program

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

Technology Initiative Trust Fund

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

Physical Facilities Trust Fund

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

Research Challenge Trust Fund and Regional University Excellence Trust Fund

Also known as “Bucks for Brains”, the purpose of these funds is to grow university endowments by encouraging private giving. The Research Challenge Trust Fund supports the University of Kentucky and the University of Louisville funds research-related programs and capital projects. The Regional University Excellence Trust Fund supports the Commonwealth's six comprehensive universities and encourages them to develop nationally recognized programs.

Workforce Development Trust Fund

The Workforce Development Trust Fund is intended to provide financial assistance to further cooperative efforts among community colleges and technical institutions and for the acquisition of equipment and technology necessary to provide quality education programs.

Healthcare Workforce Investment Fund

Established by the 2023 General Assembly and codified in KRS 164.0401 through 164.0407, the purpose of the Healthcare Workforce Investment Fund is to address the shortage of healthcare professionals in the Commonwealth by funding public-private partnerships to provide healthcare training scholarships to Kentucky residents seeking high-demand healthcare credentials.

**Postsecondary Education
Kentucky Higher Education Assistance Authority**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	345,982,100	369,805,400	393,373,800	393,193,800	393,193,800
Continuing Approp-General Fund	37,409,614	8,675,547	11,575,000	1,714,700	1,303,300
Budget Reduction-General Fund			(180,000)		
Other	3,000,000				
Total General Fund	386,391,714	378,480,947	404,768,800	394,908,500	394,497,100
Restricted Funds					
Balance Forward	15,325,578	5,303,552	23,815,400	21,493,800	12,101,800
Current Receipts	9,535,226	17,011,358	17,237,600	19,115,100	19,095,700
Non-Revenue Receipts	10,133,422	112,418,742	101,642,900	33,058,000	33,074,200
Total Restricted Funds	34,994,226	134,733,652	142,695,900	73,666,900	64,271,700
Federal Fund					
Balance Forward	(239,304)	(137,893)			
Current Receipts	2,156,910	226,393	86,000	86,000	86,000
Total Federal Fund	1,917,606	88,500	86,000	86,000	86,000
TOTAL SOURCE OF FUNDS	423,303,546	513,303,099	547,550,700	468,661,400	458,854,800
EXPENDITURES BY CLASS					
Personnel Costs	14,033,623	14,860,634	18,563,900	18,334,200	18,320,000
Operating Expenses	1,797,356	1,879,771	2,249,700	2,276,700	2,276,700
Grants Loans Benefits	393,344,758	460,978,210	503,497,300	434,385,400	434,639,400
Capital Outlay	286,602	204,297	31,300	260,000	290,000
TOTAL EXPENDITURES	409,462,339	477,922,913	524,342,200	455,256,300	455,526,100
EXPENDITURES BY FUND SOURCE					
General Fund	377,716,166	366,905,929	403,054,100	393,605,200	393,859,200
Restricted Funds	29,690,674	110,918,320	121,202,100	61,565,100	61,580,900
Federal Fund	2,055,499	98,664	86,000	86,000	86,000
TOTAL EXPENDITURES	409,462,339	477,922,913	524,342,200	455,256,300	455,526,100
EXPENDITURES BY UNIT					
General Administration and Support	15,697,485	16,552,282	20,444,900	20,470,900	20,486,700
College Access Program	182,977,789	232,021,221	252,470,100	210,022,300	210,022,300
Kentucky Tuition Grant	37,957,547	43,465,668	46,485,400	38,381,600	38,381,600
Teacher Scholarships	1,175,800	1,796,212	3,962,700	3,015,000	3,015,000
Ky National Guard Tuition	6,564,093	7,176,040	8,167,800	7,448,100	7,448,100
Ky Educational Excellence Scholarships	113,855,519	114,491,272	116,182,800	102,856,600	102,856,600
Early Childhood Development Scholarships	2,136,033	2,363,687	2,500,700	2,500,000	2,500,000
Kentucky Rural Veterinarian Loan Repayment Program			62,500	150,000	252,500
Kentucky's Affordable Prepaid Tuition (KAPT)	420,096	392,421	400,000	400,000	400,000
Coal County Scholarship for Pharmacy Students	176,225	244,553	200,000	250,000	250,000

Early Graduation Scholarship Certificate	182,700	149,247	575,000	575,000	575,000
Work Ready Scholarship	12,627,019	12,764,046	20,205,500	12,400,500	12,400,500
Dual Credit Scholarship	23,701,417	26,474,059	21,742,000	27,490,100	27,490,100
Other Programs	85,993	98,664	86,000	86,000	86,000
Optometry Scholarship Program	829,572	830,000	925,400	848,400	848,400
Veterinary Contract Spaces Program	5,331,023	5,473,160	6,061,800	6,061,800	6,213,300
Innovative Scholarship Pilot Project	5,744,029	4,401,448	5,098,500	5,000,000	5,000,000
Teacher Loan Forgiveness		3,335,133	11,464,900	10,000,000	10,000,000
Student Teacher Stipend Program		5,893,800	7,306,200	7,300,000	7,300,000
TOTAL EXPENDITURES	409,462,339	477,922,913	524,342,200	455,256,300	455,526,100

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

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

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

The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky students who choose to attend one of the Commonwealth's 21 participating independent colleges and is designed to assist full-time students with tuition charges at these schools.

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

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

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

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

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

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

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

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

The Work Ready Kentucky Scholarship is awarded to Kentuckians with a high school credential but who have not yet earned an associate's degree and are enrolled in an industry-recognized certificate or diploma program in a high-demand workforce sector.

The Optometry Scholarship program provides financial assistance for eligible Kentucky students to attend an accredited school of optometry to become certified practitioners rendering medical service in the Commonwealth.

The Veterinary Contract Spaces program provides financial assistance and access to Kentucky students seeking a veterinary education and helps ensure the availability of sufficient veterinary workers in the Commonwealth. The program allows Kentucky students to pay in-state tuition rates at out-of-state veterinary schools.

The Kentucky Affordable Prepaid Tuition (KAPT) program was intended to provide Kentucky families an affordable way to save for future tuition costs by providing tuition guarantees in exchange for families' up-front investment. The program has not accepted new enrollees since 2004.

The Innovative Scholarship Program was created by the 2022 General Assembly in the 2022-2024 appropriations act. KHEAA and CPE developed the program to serve two groups of students. The Kentucky Humanitarian Assistance Scholarship serves displaced students who are foreign nationals that have received asylum, resettled refugees, or are in the U.S. under Temporary Protected Status, humanitarian parole, or through a special immigrant visa. The Kentucky Scholarship for Cultural Exchange is awarded to Kentucky residents who are participating in study abroad programs.

The Kentucky Rural Veterinary Medicine Student Loan Repayment program was created to provide student loan repayment assistance for livestock practitioners who practice in underserved rural areas or shortage areas for five consecutive years.

The Student Teacher Stipend program reduces financial barriers faced by students who are completing educator preparation programs and entering the educator workforce by providing stipends during the semester the student is performing his or her required student teaching.

The Teacher Recruitment Student Loan Forgiveness program funds loans to students preparing to become certified teachers in Kentucky public schools. Recipients must agree to render qualified teaching service in the Commonwealth

Policy

Due to its reliance on \$89 million in one-time funding in the fiscal year 2026 budget from past unappropriated lottery funds, and a slight reduction in the lottery revenue estimate, the amount of total lottery funds for student financial programs is less than in the 2024-26 budget. The Governor's budget dedicates one-hundred percent of Lottery revenues to student financial aid. A slight reduction in lottery revenue and the unavailability of the one time-funds means the number of student financial aid recipients or the aid awards may decline.

Kentucky's need-based aid programs, the College Access Program (CAP) and the Kentucky Tuition Grant (KTG) program, have benefited from the dedication and growth of Lottery receipts in the past several biennia, funding all eligible applicants for the first time ever in the 2022-2024 biennium and continuing the trend in the current biennium. The maximum grant award for CAP increased from \$2,900 to \$5,300 over the course of the 2022-2024 biennium and remains at that level currently. When leveraging federal Pell Grant dollars, the CAP program covers full-time tuition and fees at KCTCS and four-year regional universities in Kentucky, and nearly covers the average tuition and fees at four-year public research institutions. Additional General Fund in the amount of \$8,093,400 in each fiscal year is included from Lottery receipts for the College Access Program (CAP), but available Restricted Funds have declined as described above and total just \$22,584,100 in each fiscal year. Unless the award levels are reduced, the reduced funding will result in returning the CAP and the Kentucky Tuition Grant programs to a first-come, first-serve model that KHEAA has administered for many years.

General Fund for the Kentucky Educational Excellence Scholarship (KEES) is flat in fiscal years 2027 and 2028, while available Restricted Funds from Unclaimed Lottery Prize revenue have declined to \$12,300,000 in each fiscal year, leaving KEES short about 12% in fiscal year 2027 and 13% short in fiscal year 2028 when compared to the consensus estimate of the program's needs. KRS 164.7879(1) from the original KEES legislation governs KHEAA's ability to adjust the base KEES award after considering the availability of funds.

Any unbudgeted Lottery revenue will be appropriated pursuant to KRS 154A.130(4).

The budget provides additional Restricted Funds of \$665,000 in each fiscal year for the Teacher Scholarship Program, which provides need-based financial aid to attract Kentucky students into the teaching profession. The additional funding will fund 117 additional applicants in each fiscal year.

Additional Restricted Funds of \$50,000 per fiscal year are included for the Coal County Scholarship for Pharmacy students, which will provide support for an additional 5 scholarship recipients each year.

Funding for the Early Childhood Development Scholarship is appropriated to the Community Based Services budget unit in the Cabinet for Health and Family Services, but will be administered by KHEAA per statute.

The Governor's budget includes additional funding in the amount of \$9,200 in fiscal year 2027 and \$18,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

Postsecondary Education
Postsecondary Education Institutions

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,076,701,800	1,121,437,300	1,080,800,000	1,072,135,700	1,072,135,700
Postsecondary Ed Performance Fund					
Current Year Appropriation	2,107,500				
Continuing Approp.-General Fund	5,000,000	3,895,777	2,076,900		
Reorganization Adjustment	(1,799,700)				
Total General Fund	1,082,009,600	1,125,333,077	1,082,876,900	1,072,135,700	1,072,135,700
Restricted Funds					
Balance Forward		5,866,771	5,903,800	2,951,900	2,951,900
Current Receipts	8,671,938,625	9,520,036,451	10,994,593,100	11,831,429,600	12,710,677,400
Total Restricted Funds	8,671,938,625	9,525,903,222	11,000,496,900	11,834,381,500	12,713,629,300
Federal Fund					
Current Receipts	1,005,189,387	1,078,844,579	1,078,019,100	1,117,097,700	1,142,691,900
Total Federal Fund	1,005,189,387	1,078,844,579	1,078,019,100	1,117,097,700	1,142,691,900
TOTAL SOURCE OF FUNDS	10,759,137,612	11,730,080,878	13,161,392,900	14,023,614,900	14,928,456,900
EXPENDITURES BY CLASS					
Personnel Costs	5,200,981,534	5,738,736,213	6,028,006,900	6,401,226,000	6,808,266,100
Operating Expenses	3,577,963,470	3,968,644,026	5,095,532,000	5,494,896,400	5,921,293,000
Grants Loans Benefits	607,468,870	576,285,256	1,268,482,400	1,300,171,400	1,314,089,600
Debt Service	264,240,635	262,748,996	252,165,400	264,499,400	268,582,300
Capital Outlay	525,170,465	554,022,171	514,254,300	559,869,800	613,274,200
TOTAL EXPENDITURES	10,175,824,975	11,100,436,663	13,158,441,000	14,020,663,000	14,925,505,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,078,786,700	1,120,563,700	1,082,876,900	1,072,135,700	1,072,135,700
Restricted Funds	8,091,848,888	8,901,028,384	10,997,545,000	11,831,429,600	12,710,677,600
Federal Fund	1,005,189,387	1,078,844,579	1,078,019,100	1,117,097,700	1,142,691,900
TOTAL EXPENDITURES	10,175,824,975	11,100,436,663	13,158,441,000	14,020,663,000	14,925,505,200
EXPENDITURES BY UNIT					
Eastern Kentucky University	384,811,190	402,291,771	435,710,700	443,499,100	451,876,000
Kentucky State University	86,848,644	111,364,351	132,504,500	139,741,400	152,077,900
Morehead State University	182,692,100	187,536,800	198,401,500	208,640,400	209,219,700
Murray State University	212,903,300	213,975,000	224,123,900	240,728,500	240,728,500
Northern Kentucky University	280,643,841	284,178,641	291,629,000	304,337,600	304,337,600
University of Kentucky	6,172,140,900	6,868,630,800	8,621,830,300	9,344,078,900	10,182,898,000
University of Louisville	1,654,276,200	1,738,385,800	1,796,250,600	1,871,242,000	1,908,241,600
Western Kentucky University	404,400,400	406,968,500	404,076,500	410,023,600	411,023,600
Kentucky Community and Technical College System	797,108,400	887,105,000	1,053,914,000	1,058,371,500	1,065,102,300
TOTAL EXPENDITURES	10,175,824,975	11,100,436,663	13,158,441,000	14,020,663,000	14,925,505,200

**Postsecondary Education
Eastern Kentucky University**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	81,901,300	81,067,200	76,751,700	80,929,700	80,929,700
Postsecondary Ed Performance	3,222,900	4,769,400	4,880,300		
Total General Fund	85,124,200	85,836,600	81,632,000	80,929,700	80,929,700
Restricted Funds					
Current Receipts	203,735,364	212,149,499	218,578,700	227,069,400	235,446,300
Total Restricted Funds	203,735,364	212,149,499	218,578,700	227,069,400	235,446,300
Federal Fund					
Current Receipts	107,742,092	117,294,031	135,500,000	135,500,000	135,500,000
Total Federal Fund	107,742,092	117,294,031	135,500,000	135,500,000	135,500,000
TOTAL SOURCE OF FUNDS	396,601,656	415,280,130	435,710,700	443,499,100	451,876,000
EXPENDITURES BY CLASS					
Personnel Costs	172,670,130	175,910,705	181,500,000	175,000,000	175,000,000
Operating Expenses	113,205,698	99,001,713	107,543,400	106,411,100	106,340,100
Grants Loans Benefits	73,941,564	108,220,525	130,924,200	138,247,500	138,333,200
Debt Service	24,993,797	19,158,827	15,743,100	23,840,500	32,202,700
TOTAL EXPENDITURES	384,811,190	402,291,771	435,710,700	443,499,100	451,876,000
EXPENDITURES BY FUND SOURCE					
General Fund	81,901,300	81,067,200	81,632,000	80,929,700	80,929,700
Restricted Funds	195,167,798	203,930,540	218,578,700	227,069,400	235,446,300
Federal Fund	107,742,092	117,294,031	135,500,000	135,500,000	135,500,000
TOTAL EXPENDITURES	384,811,190	402,291,771	435,710,700	443,499,100	451,876,000
EXPENDITURES BY UNIT					
Instruction	91,818,825	90,168,067	92,042,900	96,929,000	97,370,500
Research	1,095,834	753,043	1,260,000	1,260,000	1,260,000
Public Service	16,211,316	14,541,445	18,770,000	18,770,000	18,770,000
Libraries	3,501,785	3,607,719	5,300,000	5,300,000	5,300,000
Academic Support	20,159,255	21,319,045	19,650,000	24,650,000	25,100,000
Student Services	20,296,398	20,760,600	28,380,300	23,500,000	23,500,000
Institutional Support	76,226,405	79,191,398	82,627,500	85,340,200	92,895,500
Operation and Maintenance of Plant	6,136,083	6,511,831	25,000,000	25,069,900	25,000,000
Scholarships and Fellowships	115,508,350	132,718,173	130,680,000	130,680,000	130,680,000
Auxilliary Enterprises	33,856,939	32,720,450	32,000,000	32,000,000	32,000,000
TOTAL EXPENDITURES	384,811,190	402,291,771	435,710,700	443,499,100	451,876,000

Eastern Kentucky University, originally founded as a training school for teachers, has grown into a comprehensive postsecondary institution with an enrollment of over 15,000 students. In addition to the main campus in Richmond, EKU operates regional campuses at Corbin, Manchester, and Hazard.

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

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

Policy

The fiscal year 2026 Postsecondary Education Performance Fund distribution in the amount of \$4,880,300 is added to ECU's base General Fund appropriation in fiscal years 2027 and 2028.

Included in the base General Fund budget is \$4,571,900 in each fiscal year for the Model Laboratory School; \$5,345,800 in each fiscal year for the Fixed Allocation Pension Subsidy; and \$2,423,200 in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium. These items make up ECU's Mandated Programs, which total \$12,340,900 in each fiscal year.

**Postsecondary Education
Kentucky State University**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,690,800	32,650,900	31,441,900	30,198,500	30,198,500
Current Year Appropriation	2,107,500				
Total General Fund	30,798,300	32,650,900	31,441,900	30,198,500	30,198,500
Restricted Funds					
Balance Forward		5,866,771	5,903,800	2,951,900	2,951,900
Current Receipts	35,162,720	45,753,493	58,583,700	68,862,300	77,848,200
Total Restricted Funds	35,162,720	51,620,264	64,487,500	71,814,200	80,800,100
Federal Fund					
Current Receipts	26,754,395	32,996,966	39,527,000	40,680,600	44,031,000
Total Federal Fund	26,754,395	32,996,966	39,527,000	40,680,600	44,031,000
TOTAL SOURCE OF FUNDS	92,715,415	117,268,130	135,456,400	142,693,300	155,029,600
EXPENDITURES BY CLASS					
Personnel Costs	36,312,839	44,274,995	44,939,200	45,837,700	46,754,600
Operating Expenses	28,983,686	40,508,508	58,070,200	61,383,300	69,700,100
Grants Loans Benefits	10,683,385	14,644,147	20,072,700	24,127,900	27,558,600
Debt Service	2,389,714	4,971,799	5,422,400	5,440,400	5,112,400
Capital Outlay	8,479,020	6,964,902	4,000,000	2,952,100	2,952,200
TOTAL EXPENDITURES	86,848,644	111,364,351	132,504,500	139,741,400	152,077,900
EXPENDITURES BY FUND SOURCE					
General Fund	30,798,300	32,650,900	31,441,900	30,198,500	30,198,500
Restricted Funds	29,295,949	45,716,485	61,535,600	68,862,300	77,848,400
Federal Fund	26,754,395	32,996,966	39,527,000	40,680,600	44,031,000
TOTAL EXPENDITURES	86,848,644	111,364,351	132,504,500	139,741,400	152,077,900
EXPENDITURES BY UNIT					
Instruction	8,752,715	10,364,687	12,231,000	13,277,800	14,359,100
Research	13,866,306	17,872,325	19,481,400	21,615,200	23,803,400
Public Service	10,928,358	12,554,351	13,915,400	15,439,400	17,002,500
Academic Support	87,548	125,336			122,200
Libraries	651,099	590,054	555,800	599,400	522,500
Student Services	6,277,023	6,315,833	7,364,900	7,964,800	8,585,600
Institutional Support	24,317,506	31,688,937	41,563,000	40,496,800	43,926,300
Operation and Maintenance of Plant	7,366,081	7,361,370	9,032,200	9,414,800	10,171,100
Scholarships and Fellowships	8,901,197	12,736,171	13,911,000	15,348,600	16,825,100
Auxiliary Enterprises	5,700,811	11,755,287	14,449,800	15,584,600	16,760,100
TOTAL EXPENDITURES	86,848,644	111,364,351	132,504,500	139,741,400	152,077,900

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

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

Policy

The budget includes General Fund in the amount of \$10,381,000 in each fiscal year for Kentucky State University's land grant program. These General Fund dollars are used to match federal funds. This program, along with \$473,600 General Fund in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium, make up Kentucky State University's Mandated Programs. In total, the university's Mandated Programs total \$10,854,600 in each fiscal year.

**Postsecondary Education
Morehead State University**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	49,762,400	51,396,200	46,830,900	46,330,300	46,330,300
Postescondary Ed Performance Fund		214,400			
Total General Fund	49,762,400	51,610,600	46,830,900	46,330,300	46,330,300
Restricted Funds					
Current Receipts	102,529,000	102,962,800	115,586,900	115,133,700	115,713,000
Total Restricted Funds	102,529,000	102,962,800	115,586,900	115,133,700	115,713,000
Federal Fund					
Current Receipts	30,400,700	32,963,400	35,983,700	47,176,400	47,176,400
Total Federal Fund	30,400,700	32,963,400	35,983,700	47,176,400	47,176,400
TOTAL SOURCE OF FUNDS	182,692,100	187,536,800	198,401,500	208,640,400	209,219,700
EXPENDITURES BY CLASS					
Personnel Costs	75,408,100	72,959,600	81,729,500	84,989,600	85,217,900
Operating Expenses	33,869,900	38,300,000	42,235,400	41,480,500	41,584,400
Grants Loans Benefits	53,861,000	58,727,100	58,189,700	64,935,900	65,104,200
Debt Service	12,600,800	13,204,600	9,379,400	9,580,600	9,580,600
Capital Outlay	6,952,300	4,345,500	6,867,500	7,653,800	7,732,600
TOTAL EXPENDITURES	182,692,100	187,536,800	198,401,500	208,640,400	209,219,700
EXPENDITURES BY FUND SOURCE					
General Fund	49,762,400	51,610,600	46,830,900	46,330,300	46,330,300
Restricted Funds	102,529,000	102,962,800	115,586,900	115,133,700	115,713,000
Federal Fund	30,400,700	32,963,400	35,983,700	47,176,400	47,176,400
TOTAL EXPENDITURES	182,692,100	187,536,800	198,401,500	208,640,400	209,219,700
EXPENDITURES BY UNIT					
Instruction	50,225,500	45,745,600	54,419,300	50,145,500	49,188,900
Research	2,222,700	5,454,100	5,614,200	6,204,300	6,097,500
Public Service	7,757,900	9,381,700	9,724,200	9,573,700	9,395,600
Libraries	2,143,400	1,674,600	1,441,600	1,359,100	1,332,600
Academic Support	4,258,800	3,929,500	4,077,200	3,874,400	3,799,500
Student Services	24,469,600	25,580,100	25,138,900	24,196,900	23,725,900
Institutional Support	21,195,800	17,479,200	14,829,100	13,963,500	13,691,800
Operation and Maintenance of Plant	11,045,300	11,646,300	11,569,600	16,798,700	20,962,600
Scholarships and Fellowships	49,437,900	52,798,100	54,992,500	56,973,900	55,942,800
Mandatory Transfers	2,070,100	2,014,600	2,933,900	3,031,700	2,978,900
Non-Mandatory Transfers	(327,800)	521,900	1,081,300	10,489,200	10,297,100
Auxilliary Enterprises	8,192,900	11,311,100	12,579,700	12,029,500	11,806,500
TOTAL EXPENDITURES	182,692,100	187,536,800	198,401,500	208,640,400	209,219,700

Morehead State University has an enrollment of nearly 8,400 students, including its enrollment of high school juniors and seniors at the Craft Academy for Excellence in Science and Mathematics.

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

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

Policy

Included in the base General Fund budget is \$5,442,700 in each fiscal year for the Craft Academy of Excellence in Science and Mathematics; \$2,947,800 in each fiscal year for the Fixed Allocation Pension Subsidy; and \$1,274,400 in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium. Together, these make up Morehead State's Mandated Programs which total \$9,664,900 in each fiscal year.

**Postsecondary Education
Murray State University**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	51,707,100	52,804,800	50,332,300	54,783,400	54,783,400
Postsecondary Ed Performance Fund	3,095,000	4,759,800	5,069,300		
Total General Fund	54,802,100	57,564,600	55,401,600	54,783,400	54,783,400
Restricted Funds					
Current Receipts	133,652,400	130,798,300	142,227,700	159,450,500	159,450,500
Total Restricted Funds	133,652,400	130,798,300	142,227,700	159,450,500	159,450,500
Federal Fund					
Current Receipts	24,448,800	25,612,100	26,494,600	26,494,600	26,494,600
Total Federal Fund	24,448,800	25,612,100	26,494,600	26,494,600	26,494,600
TOTAL SOURCE OF FUNDS	212,903,300	213,975,000	224,123,900	240,728,500	240,728,500
EXPENDITURES BY CLASS					
Personnel Costs	111,404,400	112,587,500	114,322,800	120,347,200	120,347,200
Operating Expenses	64,726,500	66,732,700	80,205,800	88,743,600	88,743,600
Grants Loans Benefits	17,133,900	15,113,200	20,232,100	20,944,500	20,944,500
Debt Service	15,963,800	13,137,100	8,384,500	9,679,800	9,679,800
Capital Outlay	3,674,700	6,404,500	978,700	1,013,400	1,013,400
TOTAL EXPENDITURES	212,903,300	213,975,000	224,123,900	240,728,500	240,728,500
EXPENDITURES BY FUND SOURCE					
General Fund	54,802,100	57,564,600	55,401,600	54,783,400	54,783,400
Restricted Funds	133,652,400	130,798,300	142,227,700	159,450,500	159,450,500
Federal Fund	24,448,800	25,612,100	26,494,600	26,494,600	26,494,600
TOTAL EXPENDITURES	212,903,300	213,975,000	224,123,900	240,728,500	240,728,500
EXPENDITURES BY UNIT					
Instruction	64,481,881	65,833,500	67,473,500	76,303,600	76,303,600
Research	2,794,994	2,813,100	2,865,700	2,966,600	2,966,600
Public Service	7,595,944	13,672,457	7,436,300	7,698,100	7,698,100
Libraries	3,222,000	3,542,000	3,350,300	3,468,200	3,468,200
Academic Support	9,989,487	12,076,800	5,839,300	6,164,700	6,164,700
Student Services	26,064,554	23,942,000	20,424,900	21,143,900	21,143,900
Institutional Support	24,476,100	23,241,500	29,644,800	32,182,700	32,182,700
Operation and Maintenance of Plant	37,137,900	33,010,700	22,627,200	22,805,500	22,805,500
Scholarships and Fellowships	15,757,140	14,838,900	20,232,100	20,944,300	20,944,300
Mandatory Transfers	(6,131,200)	(6,725,400)			
Non-Mandatory Transfers	(3,338,700)	(3,123,800)	10,847,000	11,228,800	11,228,800
Auxilliary Enterprises	30,853,200	30,853,243	33,382,800	35,822,100	35,822,100
TOTAL EXPENDITURES	212,903,300	213,975,000	224,123,900	240,728,500	240,728,500

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

In addition to teacher education programs, Murray State University also offers baccalaureate and masters degrees in business, health sciences, agriculture, liberal arts, sciences, engineering and technology. The program of distinction is telecommunications systems management (TSM) and is available at the main campus as well as online. MSU also has an acclaimed online MBA program.

Policy

The fiscal year 2026 Postsecondary Education Performance Fund distribution in the amount of \$5,069,300 is added to Murray State University's base General Fund appropriation in fiscal years 2027 and 2028.

Included in the base General Fund budget is \$4,034,200 in each fiscal year for the Breathitt Veterinary Center; \$1,800,000 in each fiscal year for the Fixed Allocation Pension Subsidy; and \$1,451,400 in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium. Murray State's Mandated Programs total \$7,285,600 in each fiscal year.

**Postsecondary Education
Northern Kentucky University**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	57,655,000	60,649,400	56,239,400	67,527,000	67,527,000
Postsecondary Ed Performance	12,683,900	13,224,300	11,811,700		
Total General Fund	70,338,900	73,873,700	68,051,100	67,527,000	67,527,000
Restricted Funds					
Current Receipts	191,658,941	185,750,559	209,548,400	221,360,100	221,360,100
Total Restricted Funds	191,658,941	185,750,559	209,548,400	221,360,100	221,360,100
Federal Fund					
Current Receipts	18,646,000	24,554,382	14,029,500	15,450,500	15,450,500
Total Federal Fund	18,646,000	24,554,382	14,029,500	15,450,500	15,450,500
TOTAL SOURCE OF FUNDS	280,643,841	284,178,641	291,629,000	304,337,600	304,337,600
EXPENDITURES BY CLASS					
Personnel Costs	171,194,365	178,249,913	187,106,900	188,012,200	188,012,200
Operating Expenses	36,344,686	36,695,005	42,718,800	54,192,900	54,192,900
Grants Loans Benefits	41,765,121	38,571,784	35,399,300	35,595,200	35,595,200
Debt Service	29,460,124	28,058,370	24,821,200	24,941,400	24,941,400
Capital Outlay	1,879,545	2,603,569	1,582,800	1,595,900	1,595,900
TOTAL EXPENDITURES	280,643,841	284,178,641	291,629,000	304,337,600	304,337,600
EXPENDITURES BY FUND SOURCE					
General Fund	70,338,900	73,873,700	68,051,100	67,527,000	67,527,000
Restricted Funds	191,658,941	185,750,559	209,548,400	221,360,100	221,360,100
Federal Fund	18,646,000	24,554,382	14,029,500	15,450,500	15,450,500
TOTAL EXPENDITURES	280,643,841	284,178,641	291,629,000	304,337,600	304,337,600
EXPENDITURES BY UNIT					
Instruction	109,287,584	115,415,629	101,338,800	113,795,400	113,795,400
Research	2,193,414	1,947,469	397,200	408,100	408,100
Public Service	13,887,728	14,882,350	15,166,900	15,250,400	15,250,400
Libraries	5,862,082	4,900,416	5,327,100	5,354,600	5,354,600
Academic Support	20,669,612	19,816,852	28,353,800	28,465,200	28,465,200
Student Services	26,838,170	27,038,271	25,216,900	25,368,800	25,368,800
Institutional Support	42,510,441	39,623,521	29,410,400	29,608,400	29,608,400
Operation and Maintenance of Plant	19,301,476	18,884,589	20,922,300	20,503,800	20,503,800
Scholarships and Fellowships	29,745,311	34,738,973	32,954,700	33,003,200	33,003,200
Mandatory Transfers	(7,186,197)	(6,901,935)	15,220,400	15,181,600	15,181,600
Non-Mandatory Transfers	6,773,291	7,149,113	2,837,800	2,877,900	2,877,900
Auxiliary Enterprises	10,760,929	6,683,393	14,482,700	14,520,200	14,520,200
TOTAL EXPENDITURES	280,643,841	284,178,641	291,629,000	304,337,600	304,337,600

Northern Kentucky University is the only one of Kentucky's comprehensive universities that did not start as an institution for training teachers. NKU began as a community college under the University of Kentucky and became an autonomous institution by an act of the General Assembly in 1968. Upper division courses were offered beginning in 1971, the same year that Salmon P. Chase College of Law merged with what was then known as Northern Kentucky State College. Today there are over 15,000 students enrolled. Although about one-third are non-residents, the Kentuckians among them come from 106 of the state's 120 counties. Boone, Kenton and Campbell counties in northern Kentucky account for 6,708 students. Due to limited dormitory space, nearly 90% of undergraduates commute.

A significant percentage of NKU's first time, full-time students are first generation college-goers. The university seeks to provide support services that make it possible for all members of its diverse student body to succeed. Academic advisors use a web-based system to proactively identify students who are "off path" for timely degree completion and suggest changes to guide students to a degree. Another particular focus is on transfer students, reflecting NKU's continuing connection with Gateway Community and Technical College. Gateway2NKU maintains program pathways for seamless transfer between the institutions.

Policy

The fiscal year 2026 Postsecondary Education Performance Fund distribution in the amount of \$11,811,700 is added to NKU's base General Fund appropriation in fiscal years 2027 and 2028.

Included in the base General Fund budget is \$1,323,900 in each fiscal year for the Kentucky Center for Mathematics and \$1,377,900 in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium. These programs make up NKU's Mandated Programs and total \$2,701,800 in each fiscal year.

**Postsecondary Education
University of Kentucky**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	303,669,300	308,359,100	297,828,600	339,809,600	339,809,600
Postsecondary Ed Performance	33,338,500	34,737,000	41,174,700		
Total General Fund	337,007,800	343,096,100	339,003,300	339,809,600	339,809,600
Restricted Funds					
Current Receipts	6,053,299,900	6,771,831,100	7,983,878,500	8,688,499,300	9,509,319,400
Total Restricted Funds	6,053,299,900	6,771,831,100	7,983,878,500	8,688,499,300	9,509,319,400
Federal Fund					
Current Receipts	347,488,600	364,455,700	298,948,500	315,770,000	333,769,000
CRF Receipts					
Total Federal Fund	347,488,600	364,455,700	298,948,500	315,770,000	333,769,000
TOTAL SOURCE OF FUNDS	6,737,796,300	7,479,382,900	8,621,830,300	9,344,078,900	10,182,898,000
EXPENDITURES BY CLASS					
Personnel Costs	3,339,906,000	3,791,565,500	3,959,789,400	4,298,968,100	4,682,190,600
Operating Expenses	2,359,254,000	2,636,500,800	3,798,976,400	4,127,668,200	4,530,701,800
Grants Loans Benefits	59,461,100	17,706,100	347,896,500	353,001,400	357,203,400
Debt Service	109,452,500	115,004,000	137,214,500	139,816,400	135,865,100
Capital Outlay	304,067,300	307,854,400	377,953,500	424,624,800	476,937,100
TOTAL EXPENDITURES	6,172,140,900	6,868,630,800	8,621,830,300	9,344,078,900	10,182,898,000
EXPENDITURES BY FUND SOURCE					
General Fund	337,007,800	343,096,100	339,003,300	339,809,600	339,809,600
Restricted Funds	5,487,644,500	6,161,079,000	7,983,878,500	8,688,499,300	9,509,319,400
Federal Fund	347,488,600	364,455,700	298,948,500	315,770,000	333,769,000
TOTAL EXPENDITURES	6,172,140,900	6,868,630,800	8,621,830,300	9,344,078,900	10,182,898,000
EXPENDITURES BY UNIT					
Instruction	362,801,400	391,944,400	660,017,500	694,828,500	704,962,200
Research	407,130,000	419,202,300	567,496,000	556,024,800	576,423,700
Public Service	283,571,900	295,812,800	313,043,600	321,397,300	334,174,800
Libraries	26,294,400	27,519,500	29,128,600	29,841,200	30,188,500
Academic Support	137,642,600	144,129,700	185,388,300	184,124,300	186,929,100
Student Services	58,199,400	60,540,000	66,023,700	65,818,500	67,201,300
Institutional Support	99,093,100	64,106,600	272,716,000	270,554,900	274,233,300
Operation and Maintenance of Plant	90,314,800	87,783,600	131,842,400	134,230,400	139,303,900
Scholarships and Fellowships	59,461,100	17,706,100	347,896,500	353,001,400	357,203,400
Mandatory Transfers	32,118,700	40,761,200	42,923,900	45,525,800	41,574,500
Non-Mandatory Transfers	(256,839,800)	(262,249,000)	59,500,000	59,500,000	59,500,000
Auxilliary Enterprises	309,003,300	317,288,000	317,021,900	335,715,400	364,274,500
Hospitals	4,563,350,000	5,264,085,600	5,628,831,900	6,293,516,400	7,046,928,800
TOTAL EXPENDITURES	6,172,140,900	6,868,630,800	8,621,830,300	9,344,078,900	10,182,898,000

With over 38,000 students, the University of Kentucky is Commonwealth's flagship institution of higher education. It is one of the nation's top research universities and also has an important land grant mission for a state where agriculture is a major economic sector. UK is one of only eight universities in the United States with schools of agriculture, engineering, law, medicine and pharmacy on a single campus. It also maintains professional programs in dentistry, architecture, business, economics, education and social professions.

The University campus is undergoing dramatic physical change. Over the last decade, UK has completed, initiated, or approved more than \$4 billion in capital investment focused on living, learning, health care, research, and dining spaces.

In fiscal year 2024, UK invested \$527.7 million in research and development, generating \$937 million in economic activity across the state. Currently, the university has eight Research Priority Areas: Cancer, Cardiovascular Diseases, Diabetes and Obesity, Diversity and Inclusion, Energy, Materials Science, Neuroscience, and Substance Use Disorder.

Policy

The fiscal year 2026 Postsecondary Education Performance Fund distribution in the amount of \$41,174,700 is added to UK's base General Fund appropriation in fiscal years 2027 and 2028.

Included in the base General Fund budget is \$102,919,700 in each fiscal year for UK's Mandated Programs, which include the following:

- \$35,420,800 in each fiscal year for the College of Agriculture Cooperative Extension;
- \$31,434,100 in each fiscal year for the Kentucky Agricultural Experiment Station;
- \$10,750,900 in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium, which represents a \$806,300 increase in each fiscal year;
- \$10,176,200 in each fiscal year for the Center for Applied Energy Research;
- \$4,076,300 in each fiscal year for the Kentucky Geological Survey;
- \$4,034,200 in each fiscal year for the Veterinary Diagnostic Laboratory;
- \$2,040,500 in each fiscal year for the Sanders-Brown Center on Aging;
- \$1,800,000 in each fiscal year for the College of Agriculture Division of Regulatory Services;
- \$600,000 in each fiscal year for the College of Agriculture Kentucky Small Business Development Center;
- \$586,300 in each fiscal year for the University Press of Kentucky;
- \$500,000 in each fiscal year from Lottery Funds for the Human Development Institute Supported Higher Education Project;
- \$450,200 in each fiscal year for the Center for Excellence in Rural Health;
- \$950,200 in each fiscal year for the Kentucky Cancer Registry; and
- \$100,000 in each fiscal year for the Sports Medicine Research Institute.

**Postsecondary Education
University of Louisville**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	134,223,800	150,882,700	137,231,700	159,728,200	159,728,200
Postsecondary Ed Performance	17,594,600	18,752,200	21,522,000		
Total General Fund	151,818,400	169,634,900	158,753,700	159,728,200	159,728,200
Restricted Funds					
Current Receipts	1,301,641,700	1,380,875,600	1,449,621,600	1,515,148,500	1,547,903,100
Total Restricted Funds	1,301,641,700	1,380,875,600	1,449,621,600	1,515,148,500	1,547,903,100
Federal Fund					
Current Receipts	200,816,100	187,875,300	187,875,300	196,365,300	200,610,300
Total Federal Fund	200,816,100	187,875,300	187,875,300	196,365,300	200,610,300
TOTAL SOURCE OF FUNDS	1,654,276,200	1,738,385,800	1,796,250,600	1,871,242,000	1,908,241,600
EXPENDITURES BY CLASS					
Personnel Costs	773,000,400	812,494,700	857,194,600	895,070,600	914,008,600
Operating Expenses	619,566,500	715,247,900	615,054,300	640,795,100	653,169,400
Grants Loans Benefits	163,349,900	113,487,400	248,323,200	258,677,200	263,854,100
Debt Service	39,552,800	50,118,500	51,200,300	51,200,300	51,200,300
Capital Outlay	58,806,600	47,037,300	24,478,200	25,498,800	26,009,200
TOTAL EXPENDITURES	1,654,276,200	1,738,385,800	1,796,250,600	1,871,242,000	1,908,241,600
EXPENDITURES BY FUND SOURCE					
General Fund	151,818,400	169,634,900	158,753,700	159,728,200	159,728,200
Restricted Funds	1,301,641,700	1,380,875,600	1,449,621,600	1,515,148,500	1,547,903,100
Federal Fund	200,816,100	187,875,300	187,875,300	196,365,300	200,610,300
TOTAL EXPENDITURES	1,654,276,200	1,738,385,800	1,796,250,600	1,871,242,000	1,908,241,600
EXPENDITURES BY UNIT					
Instruction	295,814,700	318,963,000	331,842,400	367,035,100	373,870,400
Research	283,434,200	229,130,600	238,382,700	248,203,300	253,113,600
Public Service	80,648,500	93,997,200	97,792,700	101,821,400	103,835,700
Libraries	17,152,100	20,226,400	21,043,100	21,910,000	22,343,500
Academic Support	331,598,400	374,443,300	389,562,900	384,107,400	392,131,700
Student Services	40,224,400	43,953,700	45,728,500	47,612,200	48,554,200
Institutional Support	158,754,300	179,747,800	174,676,300	181,872,300	185,470,300
Operation and Maintenance of Plant	61,197,500	70,687,100	73,541,400	77,545,500	79,060,400
Scholarships and Fellowships	168,227,400	193,168,800	200,968,800	209,248,100	213,387,600
Mandatory Transfers	17,819,500	16,676,600	17,350,000	18,064,800	18,422,100
Auxiliary Enterprises	199,405,200	197,391,300	205,361,800	213,821,900	218,052,100
TOTAL EXPENDITURES	1,654,276,200	1,738,385,800	1,796,250,600	1,871,242,000	1,908,241,600

The University of Louisville is Kentucky's metropolitan research university, with missions of teaching, research and service. Located in the state's largest city, U of L operates on three campuses: the historic Belknap Campus, the Health Sciences Campus in downtown Louisville's medical complex, and the Shelby Campus in suburban Jefferson County.

The University of Louisville's researchers focus on translational research, new knowledge and discoveries that can improve people's lives now. The Nucleus facility downtown was developed with innovative tax-increment financing to incubate and accelerate business entities that provide the bridges from the academy into the larger world. The FirstBuild micro-factory on the Belknap campus designs and builds the next generation of home appliances in collaboration with GE Appliances and Local Motors. Medical research focuses on treatment of pediatric spinal cord injuries, biodefense and emerging infectious diseases, and cancer. The Shelby Campus houses the Delphi Center, home to the university's online and continuing education offices.

Policy

The fiscal year 2026 Postsecondary Education Performance Fund distribution in the amount of \$21,522,000 is added to UofL's base General Fund appropriation in fiscal years 2027 and 2028.

Included in the base General Fund budget is \$6,896,300 in each fiscal year for UofL's Mandated Programs, which include the following:

- \$5,801,100 in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium, which represents a \$974,500 increase in each fiscal year;
- \$695,200 in each fiscal year for the Rural Health Education Program;
- \$150,000 in each fiscal year for the Autism Training Center;
- \$150,000 in each fiscal year for the Mid-South Research Evaluation and Commercialization Hub (REACH) grant ; and
- \$100,000 in each fiscal year for Drug Addiction Outreach by the Dental School.

**Postsecondary Education
Western Kentucky University**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	83,951,300	91,070,600	83,789,600	86,536,700	86,536,700
Postsecondary Ed Performance	5,858,400	5,460,300	5,261,000		
Total General Fund	89,809,700	96,530,900	89,050,600	86,536,700	86,536,700
Restricted Funds					
Current Receipts	271,695,500	260,956,600	270,882,600	279,343,600	280,343,600
Total Restricted Funds	271,695,500	260,956,600	270,882,600	279,343,600	280,343,600
Federal Fund					
Current Receipts	42,895,200	49,481,000	44,143,300	44,143,300	44,143,300
Total Federal Fund	42,895,200	49,481,000	44,143,300	44,143,300	44,143,300
TOTAL SOURCE OF FUNDS	404,400,400	406,968,500	404,076,500	410,023,600	411,023,600
EXPENDITURES BY CLASS					
Personnel Costs	182,857,600	181,597,700	185,698,100	185,698,100	185,698,100
Operating Expenses	116,944,600	121,213,700	117,410,600	123,357,700	124,357,700
Grants Loans Benefits	98,238,200	96,568,100	98,000,000	98,000,000	98,000,000
Debt Service	6,360,000	7,589,000			
Capital Outlay			2,967,800	2,967,800	2,967,800
TOTAL EXPENDITURES	404,400,400	406,968,500	404,076,500	410,023,600	411,023,600
EXPENDITURES BY FUND SOURCE					
General Fund	89,809,700	96,530,900	89,050,600	86,536,700	86,536,700
Restricted Funds	271,695,500	260,956,600	270,882,600	279,343,600	280,343,600
Federal Fund	42,895,200	49,481,000	44,143,300	44,143,300	44,143,300
TOTAL EXPENDITURES	404,400,400	406,968,500	404,076,500	410,023,600	411,023,600
EXPENDITURES BY UNIT					
Instruction	101,517,200	100,228,900	97,694,400	103,955,400	104,955,400
Research	8,372,800	7,722,800	7,066,200	7,066,200	7,066,200
Public Service	20,775,300	21,079,900	23,773,100	23,773,100	23,773,100
Libraries	6,622,000	6,281,000	6,250,000	6,250,000	6,250,000
Academic Support	26,291,300	26,745,300	29,496,000	29,496,000	29,496,000
Student Services	44,609,300	40,201,900	37,615,000	37,615,000	37,615,000
Institutional Support	52,483,800	60,459,300	55,885,900	55,885,900	55,885,900
Operation and Maintenance of Plant	30,770,600	28,653,700	31,423,800	31,109,900	31,109,900
Scholarships and Fellowships	98,238,200	95,927,800	98,000,000	98,000,000	98,000,000
Auxilliary Enterprises	14,719,900	19,667,900	16,872,100	16,872,100	16,872,100
TOTAL EXPENDITURES	404,400,400	406,968,500	404,076,500	410,023,600	411,023,600

Founded in 1906, Western Kentucky University is the largest of Kentucky's six comprehensive postsecondary institutions with nearly 16,000 students on the main campus in Bowling Green and at regional campuses in Glasgow, Owensboro, Somerset, and Elizabethtown/Fort Knox. In addition to its traditional mission to train teachers and education leaders for the schools in its service area, WKU provides academic programs in liberal arts and sciences, business, engineering, health sciences and agriculture.

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

Policy

The fiscal year 2026 Postsecondary Education Performance Fund distribution in the amount of \$5,261,000 is added to WKU's base General Fund appropriation in fiscal years 2027 and 2028.

Included in the base General Fund budget is \$5,442,700 in each fiscal year for the Gatton Academy of Mathematics and Science; \$1,522,200 in each fiscal year for the Fixed Allocation Pension Subsidy; \$1,750,000 in each fiscal year for the Kentucky Mesonet; and \$1,866,900 in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium. WKU's Mandated Programs total \$10,581,800 in each fiscal year.

**Postsecondary Education
Kentucky Community and Technical College System**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	187,833,700	187,556,400	185,353,900	206,292,300	206,292,300
Postsecondary Ed Performance	21,513,800	23,082,600	25,281,000		
Continuing Approp.-General Fund	5,000,000	3,895,777	2,076,900		
Reorganization Adjustment	(1,799,700)				
Total General Fund	212,547,800	214,534,777	212,711,800	206,292,300	206,292,300
Restricted Funds					
Current Receipts	378,563,100	428,958,500	545,685,000	556,562,200	563,293,200
Total Restricted Funds	378,563,100	428,958,500	545,685,000	556,562,200	563,293,200
Federal Fund					
Current Receipts	205,997,500	243,611,700	295,517,200	295,517,000	295,516,800
Total Federal Fund	205,997,500	243,611,700	295,517,200	295,517,000	295,516,800
TOTAL SOURCE OF FUNDS	797,108,400	887,104,977	1,053,914,000	1,058,371,500	1,065,102,300
EXPENDITURES BY CLASS					
Personnel Costs	338,227,700	369,095,600	415,726,400	407,302,500	411,036,900
Operating Expenses	205,067,900	214,443,700	233,317,100	250,864,000	252,503,000
Grants Loans Benefits	89,034,700	113,246,900	309,444,700	306,641,800	307,496,400
Debt Service	23,467,100	11,506,800			
Capital Outlay	141,311,000	178,812,000	95,425,800	93,563,200	94,066,000
TOTAL EXPENDITURES	797,108,400	887,105,000	1,053,914,000	1,058,371,500	1,065,102,300
EXPENDITURES BY FUND SOURCE					
General Fund	212,547,800	214,534,800	212,711,800	206,292,300	206,292,300
Restricted Funds	378,563,100	428,958,500	545,685,000	556,562,200	563,293,200
Federal Fund	205,997,500	243,611,700	295,517,200	295,517,000	295,516,800
TOTAL EXPENDITURES	797,108,400	887,105,000	1,053,914,000	1,058,371,500	1,065,102,300
EXPENDITURES BY UNIT					
Instruction	197,478,000	205,977,200	289,313,100	306,917,100	308,928,400
Public Service	44,660,900	45,123,200	58,222,600	59,277,700	60,528,300
Libraries	6,872,400	7,024,800	8,407,700	8,150,100	8,217,100
Academic Support	27,718,000	30,123,400	38,119,000	37,155,800	37,409,200
Student Services	63,882,800	69,541,700	90,882,000	88,971,900	89,483,500
Institutional Support	91,885,300	93,275,000	124,928,600	121,391,200	122,313,000
Operation and Maintenance of Plant	123,002,300	135,468,100	171,395,000	165,198,700	166,432,300
Scholarships and Fellowships	89,318,100	113,455,300	272,646,000	271,309,000	271,790,500
Mandatory Transfers					
Non-Mandatory Transfers	152,290,600	187,116,300			
TOTAL EXPENDITURES	797,108,400	887,105,000	1,053,914,000	1,058,371,500	1,065,102,300

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

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

KCTCS provides education and training in 106 program areas, including offering over 12,280 online courses, leading to associate degrees and certificates. The system is Kentucky's largest provider of workforce training, developing and deploying training for 1,345 companies with 83,321 enrollments in fiscal year 2025.

KCTCS administers the Kentucky Fire Commission.

Policy

The fiscal year 2026 Postsecondary Education Performance Fund distribution in the amount of \$25,281,000 is added to KCTCS' base General Fund appropriation in fiscal years 2027 and 2028.

Included in the base General Fund budget is \$8,314,600 for KCTCS' Mandated Programs, which includes the following:

- \$4,149,800 in each fiscal year for the KCTCS-TRAINS program;
- \$1,000,000 in each fiscal year for the Adult Agriculture Education program; and
- \$3,164,800 in each fiscal year to support the Commonwealth's Property and Casualty Insurance Fund premium.

Included in KCTCS' Restricted Funds appropriation is \$62,806,700 in fiscal year 2027 and \$63,596,300 in fiscal year 2028 for the Firefighters Foundation Program Fund, which sustains the annual firefighter incentive payment level of \$4,562 per year and the annual volunteer fire department aid payment level of \$15,000 per year. Also included in the Firefighters Foundation Program Fund Restricted Fund appropriation is \$1,869,900 in each fiscal year for State Fire Rescue Training.

**Postsecondary Education
Postsecondary Education Performance Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	97,307,100	105,000,000	115,000,000		
Postsecondary Ed Performance	(97,307,100)	(105,000,000)	(115,000,000)		
Total General Fund					
TOTAL SOURCE OF FUNDS					
EXPENDITURES BY CLASS					
Operating Expenses					
TOTAL EXPENDITURES					
EXPENDITURES BY FUND SOURCE					
General Fund					
TOTAL EXPENDITURES					

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

Policy

The Governor's budget recommends that the fiscal year 2026 distribution of the Postsecondary Education Performance Fund remain in each institution's base General Fund appropriation in fiscal years 2027 and 2028 to provide budget certainty for the institutions.

Public Protection

	Public Protection				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,298,100	8,967,600	9,196,000	2,093,800	5,168,500
State Salary and Compensation Allocation	292,700				
Current Year Appropriation	1,000,000				
Budget Reduction-General Fund			(275,800)		
Total General Fund	9,590,800	8,967,600	8,920,200	2,093,800	5,168,500
Restricted Funds					
Balance Forward	286,642,771	371,776,456	354,874,200	368,918,400	66,389,300
Current Receipts	196,754,056	223,680,100	151,026,800	162,533,600	165,024,600
Non-Revenue Receipts	63,099,782	(40,684,266)	(38,048,600)	(364,880,000)	(14,880,000)
Fund Transfers		(548,434)			
Total Restricted Funds	546,496,610	554,223,856	467,852,400	166,572,000	216,533,900
Federal Fund					
Balance Forward	61,623	6,757	(9,400)		
Current Receipts	1,240,449	1,144,841	1,997,900	1,991,300	1,992,900
Total Federal Fund	1,302,072	1,151,598	1,988,500	1,991,300	1,992,900
TOTAL SOURCE OF FUNDS	557,389,481	564,343,054	478,761,100	170,657,100	223,695,300
EXPENDITURES BY CLASS					
Personnel Costs	85,364,333	88,726,329	88,295,400	86,678,300	88,423,300
Operating Expenses	11,297,429	11,795,334	11,080,100	11,970,000	11,970,000
Grants Loans Benefits	87,109,247	107,526,041	10,047,200	5,119,500	5,119,500
Capital Outlay	1,417,272	1,346,868	420,000	500,000	
Construction		60			
TOTAL EXPENDITURES	185,188,281	209,394,632	109,842,700	104,267,800	105,512,800
EXPENDITURES BY FUND SOURCE					
General Fund	9,172,813	8,884,142	8,920,200	2,093,800	5,168,500
Restricted Funds	174,720,154	199,349,533	98,934,000	100,182,700	98,351,400
Federal Fund	1,295,314	1,160,957	1,988,500	1,991,300	1,992,900
TOTAL EXPENDITURES	185,188,281	209,394,632	109,842,700	104,267,800	105,512,800
EXPENDITURES BY UNIT					
Secretary	19,759,118	17,338,275	17,302,200	11,951,000	12,155,200
Professional Licensing	4,294,883	5,064,483	5,766,600	5,881,900	5,975,600
Boxing and Wrestling Commission	193,263	239,251	277,100	330,600	336,400
Alcoholic Beverage Control	6,971,832	7,449,054	8,164,300	10,402,100	10,056,500
Charitable Gaming	4,186,495	3,821,983			
Financial Institutions	15,698,288	16,102,631	18,675,300	18,394,800	18,744,100
Horse Racing Commission	87,704,510	111,841,156	3,658,100		
Housing, Buildings and Construction	27,955,733	27,727,797	29,123,000	29,813,100	30,431,200
Insurance	15,422,994	16,637,381	22,610,300	23,319,000	23,597,600
Claims and Appeals	3,001,167	3,172,620	4,265,800	4,175,300	4,216,200
TOTAL EXPENDITURES	185,188,281	209,394,632	109,842,700	104,267,800	105,512,800

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 Financial Institutions
- Department of Housing, Buildings and Construction
- Department of Insurance
- Department of Professional Licensing.

Attached to the Cabinet for administrative purposes only:

- 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.

The Kentucky Horse Racing and Gaming Corporation was established by 24 RS SB 299 and codified in KRS 230.225 . This legislation moved the Horse Racing Commission to the new Corporation as of July 1, 2024 and moved Charitable Gaming to the new Corporation as of July 1, 2025. These two agencies are now no longer a part of the Commonwealth's budget.

**Public Protection
Secretary**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	19,165,651	9,646,827	7,075,500	2,233,300	3,632,300
Current Receipts	606,094	2,856,947	550,000	350,000	350,000
Non-Revenue Receipts	9,634,200	11,910,000	11,910,000	13,000,000	13,000,000
Total Restricted Funds	29,405,945	24,413,774	19,535,500	15,583,300	16,982,300
TOTAL SOURCE OF FUNDS	29,405,945	24,413,774	19,535,500	15,583,300	16,982,300
EXPENDITURES BY CLASS					
Personnel Costs	9,700,420	10,540,696	11,527,200	11,091,000	11,295,200
Operating Expenses	525,178	608,611	847,300	860,000	860,000
Grants Loans Benefits	9,489,118	6,188,968	4,927,700		
Capital Outlay	44,402				
TOTAL EXPENDITURES	19,759,118	17,338,275	17,302,200	11,951,000	12,155,200
EXPENDITURES BY FUND SOURCE					
General Fund					
Restricted Funds	19,759,118	17,338,275	17,302,200	11,951,000	12,155,200
TOTAL EXPENDITURES	19,759,118	17,338,275	17,302,200	11,951,000	12,155,200
EXPENDITURES BY UNIT					
Office of the Secretary - Comm - Legal	10,267,907	11,130,879	12,344,700	11,951,000	12,155,200
Eastern KY Flood Relief Fund	2,440,654	2,627,588	3,054,800		
Team KY Storm Relief Fund		538,065	1,902,700		
Western KY Tornado Relief Fund	7,050,557	3,041,742			
TOTAL EXPENDITURES	19,759,118	17,338,275	17,302,200	11,951,000	12,155,200

The Office of the Secretary (OOS) provides leadership, management, and direction to the Public Protection Cabinet's (PPC) agencies to ensure the delivery of services is conducted in a consistent, ethical, and coordinated manner.

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

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

Policy

The Governor's budget includes additional funding in the amount of \$151,500 in fiscal year 2027 and \$311,100 in fiscal year 2028 to fund a 2% salary increment in 2027 and an additional 2% in fiscal year 2028.

**Public Protection
Claims and Appeals**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,083,600	2,215,700	2,246,800	2,093,800	2,116,200
State Salary and Compensation Allocation	29,300				
Current Year Appropriation	1,000,000				
Budget Reduction-General Fund			(67,400)		
Total General Fund	2,112,900	2,215,700	2,179,400	2,093,800	2,116,200
Restricted Funds					
Balance Forward	1,152,956	1,427,268	1,623,400	1,191,100	1,266,500
Current Receipts	916,566	941,490	885,000	885,000	885,000
Non-Revenue Receipts				500,000	500,000
Total Restricted Funds	2,069,522	2,368,758	2,508,400	2,576,100	2,651,500
Federal Fund					
Balance Forward			(12,800)		
Current Receipts	664,000	282,203	781,900	771,900	773,500
Total Federal Fund	664,000	282,203	769,100	771,900	773,500
TOTAL SOURCE OF FUNDS	4,846,422	4,866,661	5,456,900	5,441,800	5,541,200
EXPENDITURES BY CLASS					
Personnel Costs	1,430,955	1,639,508	2,008,600	1,908,900	1,949,800
Operating Expenses	1,377,640	1,290,193	1,877,200	1,886,400	1,886,400
Grants Loans Benefits	192,572	242,920	380,000	380,000	380,000
TOTAL EXPENDITURES	3,001,167	3,172,620	4,265,800	4,175,300	4,216,200
EXPENDITURES BY FUND SOURCE					
General Fund	1,694,913	2,132,242	2,179,400	2,093,800	2,116,200
Restricted Funds	642,254	745,374	1,317,300	1,309,600	1,326,500
Federal Fund	664,000	295,004	769,100	771,900	773,500
TOTAL EXPENDITURES	3,001,167	3,172,620	4,265,800	4,175,300	4,216,200
EXPENDITURES BY UNIT					
Office of Claims and Appeals Administration	1,555,154	1,789,631	2,136,000	2,045,500	2,086,400
Office of Claims and Appeals Reparations	1,446,013	1,382,990	2,129,800	2,129,800	2,129,800
TOTAL EXPENDITURES	3,001,167	3,172,620	4,265,800	4,175,300	4,216,200

The Office of Claims and Appeals was created in KRS 49.010. The Office consists of three separate and distinct administrative boards attached to the Office within the meaning of KRS 12:020: the Board of Tax Appeals, the Board of Claims and the Crime Victims Compensation Board.

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

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

The Crime Victims Compensation Board as a payer of last resort is able to reimburse innocent crime victims up to \$30,000 for their medical expenses, lost wages that are not paid by any other source, and includes funeral expenses up to \$7,500. Senate Bill 319 passed in the 2024 Regular Session, effective July 15, 2024, increases the total maximum award from \$30,000 to \$50,000, increases funeral expenses up to \$10,000 and expands other types of costs that can be reimbursed. The Commission receives an allocation of 3.4 % of the state court cost fees and pursuant to KRS 186.574 receives 5.7% of the \$30 fee from county attorney's traffic safety programs.

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

Policy

The Governor's budget includes additional funding in the amount of \$30,700 in fiscal year 2027 and \$63,100 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$16,900 and \$34,700, respectively.

**Public Protection
Professional Licensing**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	12,690,741	14,882,264	14,311,800	15,702,300	14,970,300
Current Receipts	6,685,223	4,519,589	7,052,400	4,985,200	7,521,200
Non-Revenue Receipts	(200,000)	(100,000)	(100,000)	(40,000)	(40,000)
Total Restricted Funds	19,175,963	19,301,853	21,264,200	20,647,500	22,451,500
Federal Fund					
Balance Forward			(12,200)		
Current Receipts	1,183	62,328	216,900	204,700	204,700
Total Federal Fund	1,183	62,328	204,700	204,700	204,700
TOTAL SOURCE OF FUNDS	19,177,147	19,364,181	21,468,900	20,852,200	22,656,200
EXPENDITURES BY CLASS					
Personnel Costs	3,581,141	4,295,050	4,732,900	4,804,700	4,898,400
Operating Expenses	642,598	668,216	954,700	998,200	998,200
Grants Loans Benefits	71,144	101,217	79,000	79,000	79,000
TOTAL EXPENDITURES	4,294,883	5,064,483	5,766,600	5,881,900	5,975,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	4,293,699	4,990,005	5,561,900	5,677,200	5,770,900
Federal Fund	1,183	74,479	204,700	204,700	204,700
TOTAL EXPENDITURES	4,294,883	5,064,483	5,766,600	5,881,900	5,975,600
EXPENDITURES BY UNIT					
Occupations, Professions, and Licensing	2,234,376	2,364,254	2,627,100	2,673,800	2,724,800
Kentucky Real Estate Authority	2,060,507	2,700,229	3,139,500	3,208,100	3,250,800
TOTAL EXPENDITURES	4,294,883	5,064,483	5,766,600	5,881,900	5,975,600

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

The boards/entities served by DPL include:

- Kentucky Board of Alcohol and Drug Counselors
- Kentucky Board of Licensure and Certification for Dietitians and Nutritionists
- Kentucky Board of Licensure for Pastoral Counselors
- Kentucky Board of Ophthalmic Dispensers
- Kentucky Board of Licensure for Long-term Care Administrators
- Kentucky Directory of Registered Athlete Agents
- Kentucky Board of Registration for Professional Geologists
- Kentucky Board of Interpreters for the Deaf and Hard of Hearing
- Kentucky Board of Licensed Professional Counselors
- Kentucky Board of Licensure of Marriage and Family Therapists
- Kentucky Licensing Board for Specialists in Hearing Instruments
- Kentucky Board of Speech-Language Pathology & Audiology

- Kentucky Board of Licensure for Massage Therapy
- Kentucky Board of Podiatry
- Kentucky Board of Licensure for Professional Art Therapists
- Kentucky Board of Chiropractic Examiners
- Kentucky Board of Examiners of Psychology
- Kentucky Board of Licensure for Occupational Therapy
- Kentucky Board of Radon Safety
- Kentucky Board of Licensure for Private Investigators
- Kentucky Applied Behavior Analysis Licensing Board
- Kentucky Board of Prosthetics, Orthotics, and Pedorthics
- Kentucky Board of Licensed Diabetes Educators
- Kentucky Registry of Secondary Metals Recyclers
- Kentucky Board of Durable Medical Equipment Suppliers

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

Policy

The Governor's budget includes additional funding in the amount of \$67,600 in fiscal year 2027 and \$138,800 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

The budget also includes \$232,200 in fiscal year 2027 and \$231,400 in fiscal year 2028 to fund two additional full-time positions to support increased licensee volume.

**Public Protection
Boxing and Wrestling Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	121,378	167,187	356,000	525,900	642,300
Current Receipts	239,072	428,049	447,000	447,000	447,000
Total Restricted Funds	360,450	595,235	803,000	972,900	1,089,300
TOTAL SOURCE OF FUNDS	360,450	595,235	803,000	972,900	1,089,300
EXPENDITURES BY CLASS					
Personnel Costs	179,889	218,177	239,900	260,700	266,500
Operating Expenses	13,374	21,074	37,200	69,900	69,900
TOTAL EXPENDITURES	193,263	239,251	277,100	330,600	336,400
EXPENDITURES BY FUND SOURCE					
Restricted Funds	193,263	239,251	277,100	330,600	336,400
TOTAL EXPENDITURES	193,263	239,251	277,100	330,600	336,400
EXPENDITURES BY UNIT					
Boxing and Wrestling Commission	193,263	239,251	277,100	330,600	336,400
TOTAL EXPENDITURES	193,263	239,251	277,100	330,600	336,400

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

Policy

The Governor's budget includes additional funding in the amount of \$4,100 in fiscal year 2027 and \$8,500 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

The Governor's budget includes \$70,000 in each fiscal year to fund an additional part-time position. This position is necessary to properly monitor the increased number of events.

**Public Protection
Alcoholic Beverage Control**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	8,114,168	10,898,768	13,255,600	14,156,000	10,408,600
Current Receipts	10,562,132	11,550,748	10,945,000	14,530,000	14,285,000
Non-Revenue Receipts	(1,435,832)	(1,987,906)	(2,895,000)	(8,890,000)	(8,890,000)
Fund Transfers		(548,434)			
Total Restricted Funds	17,240,468	19,913,176	21,305,600	19,796,000	15,803,600
Federal Fund					
Balance Forward	61,623	6,757	15,600		
Current Receipts	575,266	800,310	999,100	1,014,700	1,014,700
Total Federal Fund	636,888	807,067	1,014,700	1,014,700	1,014,700
TOTAL SOURCE OF FUNDS	17,877,357	20,720,243	22,320,300	20,810,700	16,818,300
EXPENDITURES BY CLASS					
Personnel Costs	5,887,868	6,223,596	6,667,900	8,054,600	8,209,000
Operating Expenses	883,997	930,558	1,371,400	1,722,500	1,722,500
Grants Loans Benefits		205,750	125,000	125,000	125,000
Capital Outlay	199,966	89,150		500,000	
TOTAL EXPENDITURES	6,971,832	7,449,054	8,164,300	10,402,100	10,056,500
EXPENDITURES BY FUND SOURCE					
Restricted Funds	6,341,700	6,657,579	7,149,600	9,387,400	9,041,800
Federal Fund	630,131	791,475	1,014,700	1,014,700	1,014,700
TOTAL EXPENDITURES	6,971,832	7,449,054	8,164,300	10,402,100	10,056,500
EXPENDITURES BY UNIT					
Administration, Enforcement and License	6,327,698	6,591,303	6,995,800	6,492,100	6,646,600
Tobacco Enforcement	644,134	857,751	1,168,500	1,160,000	1,159,900
Tobacco, Nicotine, and Vapor Product Licensing				2,750,000	2,250,000
TOTAL EXPENDITURES	6,971,832	7,449,054	8,164,300	10,402,100	10,056,500

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

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

Senate Bill 100, passed in the 2025 Regular Session of the Kentucky General Assembly, amended KRS 241.020 to establish the Division of Tobacco, Nicotine and Vapor Product Licensing within the Department of Alcoholic Beverage Control. This new division will license and regulate the sale of tobacco, nicotine, or vapor products, effective January 1,2026.

Policy

The budget includes additional Restricted Funds of \$2,750,000 in fiscal year 2027 and \$2,250,000 in fiscal year 2028 to fund the new Division of Tobacco, Nicotine and Vapor Product Licensing.

The Governor's budget includes additional funding in the amount of \$99,700 in fiscal year 2027 and \$205,400 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

The budget includes Restricted Funds of \$13,200 in each fiscal year for the training incentive stipend for alcohol beverage control investigators. The stipend payments are provided from the Kentucky Law Enforcement Foundation Program Fund. The stipend payment is \$4,562 in each fiscal year.

	Public Protection Charitable Gaming				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	6,010,807	7,280,615	3,757,500		
Current Receipts	6,020,755	8,964,550			
Non-Revenue Receipts	(564,451)	(8,665,635)	(3,757,500)		
Total Restricted Funds	11,467,110	7,579,530			
TOTAL SOURCE OF FUNDS	11,467,110	7,579,530			
EXPENDITURES BY CLASS					
Personnel Costs	3,780,664	3,290,021			
Operating Expenses	372,047	337,738			
Grants Loans Benefits	2,500	2,500			
Capital Outlay	31,284	191,724			
TOTAL EXPENDITURES	4,186,495	3,821,983			
EXPENDITURES BY FUND SOURCE					
Restricted Funds	4,186,495	3,821,983			
TOTAL EXPENDITURES	4,186,495	3,821,983			
EXPENDITURES BY UNIT					
Charitable Gaming	4,186,495	3,821,983			
TOTAL EXPENDITURES	4,186,495	3,821,983			

**Public Protection
Financial Institutions**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	12,053,454	14,991,958	18,941,700	20,536,400	13,413,600
Current Receipts	21,036,793	22,802,376	23,020,000	23,022,000	23,022,000
Non-Revenue Receipts	(2,400,000)	(2,750,000)	(2,750,000)	(11,750,000)	(11,750,000)
Total Restricted Funds	30,690,246	35,044,335	39,211,700	31,808,400	24,685,600
TOTAL SOURCE OF FUNDS	30,690,246	35,044,335	39,211,700	31,808,400	24,685,600
EXPENDITURES BY CLASS					
Personnel Costs	14,118,511	14,544,425	17,203,600	16,765,500	17,114,800
Operating Expenses	1,577,723	1,556,483	1,467,200	1,624,800	1,624,800
Grants Loans Benefits	2,053	1,724	4,500	4,500	4,500
TOTAL EXPENDITURES	15,698,288	16,102,631	18,675,300	18,394,800	18,744,100
EXPENDITURES BY FUND SOURCE					
Restricted Funds	15,698,288	16,102,631	18,675,300	18,394,800	18,744,100
TOTAL EXPENDITURES	15,698,288	16,102,631	18,675,300	18,394,800	18,744,100
EXPENDITURES BY UNIT					
Administrative Services	1,733,246	1,142,449	1,663,100	1,644,600	1,670,500
Securities	3,043,279	2,994,406	3,555,300	3,500,000	3,569,900
Depository Institutions	6,816,786	7,070,130	8,072,500	7,954,900	8,102,900
Non-Depository Institutions	4,104,978	4,895,647	5,384,400	5,295,300	5,400,800
TOTAL EXPENDITURES	15,698,288	16,102,631	18,675,300	18,394,800	18,744,100

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

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

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

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

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

Policy

The Governor's budget includes additional funding in the amount of \$277,300 in fiscal year 2027 and \$569,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Public Protection
Housing, Buildings and Construction**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,419,900	3,085,400	3,178,000		3,052,300
State Salary and Compensation Allocation	83,800				
Budget Reduction-General Fund			(95,300)		
Total General Fund	3,503,700	3,085,400	3,082,700		3,052,300
Restricted Funds					
Balance Forward	16,809,605	19,660,352	20,871,100	21,511,700	18,504,500
Current Receipts	27,402,779	28,147,072	27,030,900	27,155,900	27,255,900
Non-Revenue Receipts	(100,000)	(2,293,919)	(350,000)	(350,000)	(350,000)
Total Restricted Funds	44,112,384	45,513,505	47,552,000	48,317,600	45,410,400
TOTAL SOURCE OF FUNDS	47,616,084	48,598,905	50,634,700	48,317,600	48,462,700
EXPENDITURES BY CLASS					
Personnel Costs	24,203,968	23,768,738	25,825,100	26,578,100	27,196,200
Operating Expenses	2,837,290	2,946,932	2,876,900	3,234,000	3,234,000
Grants Loans Benefits	204	51	1,000	1,000	1,000
Capital Outlay	914,271	1,012,077	420,000		
TOTAL EXPENDITURES	27,955,733	27,727,797	29,123,000	29,813,100	30,431,200
EXPENDITURES BY FUND SOURCE					
General Fund	3,503,700	3,085,400	3,082,700		3,052,300
Restricted Funds	24,452,033	24,642,397	26,040,300	29,813,100	27,378,900
TOTAL EXPENDITURES	27,955,733	27,727,797	29,123,000	29,813,100	30,431,200
EXPENDITURES BY UNIT					
General Administration and Management	3,266,440	3,153,997	2,959,800	2,904,200	2,934,000
Fire Prevention	250,100	254,000	351,000	337,400	344,700
Boiler Inspections	1,262,639	944,143	1,032,100	1,181,600	1,203,300
Hazardous Materials Inspections	1,129,864	1,100,072	1,098,400	1,238,300	1,262,100
Manufactured Housing Inspections	1,248,830	1,209,029	1,264,000	1,222,200	1,252,700
General Inspections	2,067,700	1,953,600	1,804,500	1,751,300	1,798,100
Sprinkler/Alarm Inspections	23,000	66,796	105,000	107,600	107,600
Elevator Inspections	2,002,905	1,883,938	1,963,400	1,919,600	1,971,300
Plumbing	7,952,572	7,853,768	8,016,200	7,947,800	8,127,200
Safe Cigarette Program	6,000	22,507	25,000	25,900	25,900
HVAC	3,097,904	3,246,152	3,757,100	3,834,500	3,920,300
Building Codes Enforcement	4,255,129	4,448,860	4,844,200	4,965,000	5,068,400
Electrical	1,392,649	1,590,937	1,902,300	2,377,700	2,415,600
TOTAL EXPENDITURES	27,955,733	27,727,797	29,123,000	29,813,100	30,431,200

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

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

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

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

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

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

Policy

The budget includes the following additional Restricted Funds to Housing, Buildings, and Construction:

- \$182,600 in fiscal year 2027 and \$182,000 in fiscal year 2028, for additional positions and operating expenditures for the Division of Hazardous Materials Inspections
- \$182,600 in fiscal year 2027 and \$182,000 in fiscal year 2028, for additional positions and operating expenditures for the Division of Boiler Inspections
- \$206,900 in fiscal year 2027 and \$206,200 in fiscal year 2028, for additional positions and operating expenditures for the Division of Plumbing
- \$198,800 in fiscal year 2027 and \$198,100 in fiscal year 2028 for additional positions, and operating expenses for the Division of Heating, Ventilation and Air Conditioning
- \$299,700 in fiscal year 2027 and \$298,700 in 2028 for additional positions and operating expenditures for the Division of Building Codes Enforcement
- \$531,900 in fiscal year 2027 and \$530,000 in fiscal year 2028, for additional positions and operating expenditures for the Division of Plumbing

The Governor's budget includes additional funding in the amount of \$422,200 in fiscal year 2027 and \$867,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Public Protection
Insurance**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	120,412,908	170,818,225	235,375,500	293,061,700	3,551,200
Current Receipts	71,449,368	86,676,779	81,096,500	91,158,500	91,258,500
Non-Revenue Receipts	(5,621,057)	(5,482,053)	(800,000)	(357,350,000)	(7,350,000)
Total Restricted Funds	186,241,219	252,012,951	315,672,000	26,870,200	87,459,700
TOTAL SOURCE OF FUNDS	186,241,219	252,012,951	315,672,000	26,870,200	87,459,700
EXPENDITURES BY CLASS					
Personnel Costs	13,786,289	15,104,815	16,432,100	17,214,800	17,493,400
Operating Expenses	1,636,704	1,532,566	1,648,200	1,574,200	1,574,200
Grants Loans Benefits			4,530,000	4,530,000	4,530,000
TOTAL EXPENDITURES	15,422,994	16,637,381	22,610,300	23,319,000	23,597,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	15,422,994	16,637,381	22,610,300	23,319,000	23,597,600
TOTAL EXPENDITURES	15,422,994	16,637,381	22,610,300	23,319,000	23,597,600
EXPENDITURES BY UNIT					
Executive Director and Administration	2,143,793	2,309,779	2,298,000	2,280,200	2,318,600
Financial Standards and Examination	2,337,512	2,545,738	2,757,600	3,487,300	3,506,800
Agent Licensing	1,688,103	1,662,762	1,694,400	1,676,400	1,709,800
Consumer Protection	2,849,370	3,083,819	3,247,800	3,194,800	3,246,900
Insurance Fraud Investigation	1,862,579	1,889,345	2,152,500	2,060,200	2,112,400
Mine Subsidence Program	74,783	87,830	98,000	98,000	98,000
Health and Life Insurance and Managed Care	2,779,186	3,117,250	3,173,300	3,134,500	3,178,600
Strengthen Kentucky Homes Program			5,000,000	5,000,000	5,000,000
Property and Casualty	1,687,668	1,940,859	2,188,700	2,387,600	2,426,500
TOTAL EXPENDITURES	15,422,994	16,637,381	22,610,300	23,319,000	23,597,600

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

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

The Health and Life Insurance and Managed Care Division regulates insurance companies and health maintenance organizations offering various types of health and life insurance products. This division approves policies, certificates, provider networks, quality improvement programs, rate filings and other forms necessary to ensure that the health and life products meet statutory and regulatory standards.

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

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

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

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

The Mine Subsidence program is responsible for management of premiums collected for insurance coverage against losses arising out of or due to collapsed underground coal mines within Kentucky covered by the program.

The Property and Casualty Division regulates admitted property and casualty insurers and self-insured groups.

Policy

The budget includes additional Restricted Funds of \$975,000 in each fiscal year for additional actuary hours in the Property and Casualty Division and the Financial Standards and Examination Division..

The Governor's budget includes additional funding in the amount of \$191,000 in fiscal year 2027 and \$392,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

Tourism, Arts and Heritage

Tourism, Arts and Heritage
Tourism, Arts and Heritage

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	99,620,500	101,095,700	100,935,500	95,618,700	93,516,800
State Salary and Compensation Allocation	3,229,300				
Continuing Approp.-General Fund	6,251,000				
Reorganization Adjustment	(230,000)				
Budget Reduction-General Fund			(1,073,600)		
Total General Fund	108,870,800	101,095,700	99,861,900	95,618,700	93,516,800
Restricted Funds					
Balance Forward	158,013,843	163,677,358	151,444,300	131,388,600	123,945,900
Current Receipts	199,463,962	197,593,871	191,682,600	197,226,500	208,311,900
Non-Revenue Receipts	(4,191,522)	(193,696)	(6,918,900)	(6,098,500)	(6,168,900)
Total Restricted Funds	353,286,283	361,077,533	336,208,000	322,516,600	326,088,900
Federal Fund					
Balance Forward	3,227,077	7,995,886	790,874	1,415,100	2,742,900
Current Receipts	50,988,657	35,657,625	32,763,226	32,903,000	32,785,000
Non-Revenue Receipts	(2,359,447)	(13,205,879)	(2,359,500)	(2,359,500)	(2,359,500)
Total Federal Fund	51,856,286	30,447,632	31,194,600	31,958,600	33,168,400
TOTAL SOURCE OF FUNDS	514,013,370	492,620,865	467,264,500	450,093,900	452,774,100
EXPENDITURES BY CLASS					
Personnel Costs	187,079,823	183,565,535	190,547,200	192,438,700	191,795,900
Operating Expenses	106,106,613	126,336,258	108,711,800	102,446,400	104,961,800
Grants Loans Benefits	23,166,565	9,812,932	15,815,500	10,331,000	10,344,900
Debt Service	16,432,007	8,475,792	2,945,300	2,945,300	2,945,300
Capital Outlay	9,383,221	10,945,959	16,441,000	15,243,700	15,191,900
Construction	73,298	99,219			
TOTAL EXPENDITURES	342,241,527	339,235,695	334,460,800	323,405,100	325,239,800
EXPENDITURES BY FUND SOURCE					
General Fund	108,772,201	99,945,577	99,861,900	95,618,700	93,516,800
Restricted Funds	189,608,925	209,633,240	204,819,400	198,570,700	202,141,900
Federal Fund	43,860,401	29,656,877	29,779,500	29,215,700	29,581,100
TOTAL EXPENDITURES	342,241,527	339,235,695	334,460,800	323,405,100	325,239,800
EXPENDITURES BY UNIT					
Secretary	34,698,989	35,164,110	27,540,800	23,723,200	23,983,500
Artisans Center	2,724,936	2,444,405	2,725,700	2,516,700	2,562,500
Kentucky Department of Tourism	3,151,261	3,519,923	4,198,100	3,440,400	3,515,800
Parks	120,098,429	124,153,996	110,915,900	116,332,300	115,613,000
Horse Park Commission	14,537,693	17,336,587	15,218,800	14,432,300	14,629,200
State Fair Board	69,620,391	68,947,139	65,475,400	62,079,600	62,627,600
Fish and Wildlife Resources	80,798,526	70,510,206	87,699,800	86,372,700	87,521,500
Historical Society	7,477,743	9,271,003	10,870,100	7,646,000	7,835,300
Arts Council	2,838,100	3,077,192	2,923,000	2,703,700	2,732,900

Heritage Council	5,737,159	4,188,635	6,289,400	3,554,400	3,614,700
Kentucky Center for the Arts	558,300	622,500	603,800	603,800	603,800
TOTAL EXPENDITURES	342,241,527	339,235,695	334,460,800	323,405,100	325,239,800

The Tourism, Arts and Heritage Cabinet's mission 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

**Tourism, Arts and Heritage
Secretary**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,583,100	3,830,500	3,908,000	3,297,100	3,632,500
State Salary and Compensation Allocation	135,900				
Reorganization Adjustment	(230,000)				
Budget Reduction-General Fund			(117,200)		
Other	(380,000)	(250,000)			
Total General Fund	3,109,000	3,580,500	3,790,800	3,297,100	3,632,500
Restricted Funds					
Balance Forward	8,754,669	12,182,253	7,582,000	2,332,000	1,226,300
Current Receipts	584,549	748,955			
Non-Revenue Receipts	20,342,035	20,031,674	18,500,000	19,320,400	19,250,000
Total Restricted Funds	29,681,253	32,962,882	26,082,000	21,652,400	20,476,300
Federal Fund					
Balance Forward	(581,654)				
Current Receipts	14,692,432	6,206,177			
Total Federal Fund	14,110,777	6,206,177			
TOTAL SOURCE OF FUNDS	46,901,030	42,749,559	29,872,800	24,949,500	24,108,800
EXPENDITURES BY CLASS					
Personnel Costs	2,738,509	2,623,857	3,046,000	2,825,300	2,884,300
Operating Expenses	22,972,361	30,721,009	22,744,800	19,647,900	19,849,200
Grants Loans Benefits	8,988,119	1,819,244	1,750,000	1,250,000	1,250,000
TOTAL EXPENDITURES	34,698,989	35,164,110	27,540,800	23,723,200	23,983,500
EXPENDITURES BY FUND SOURCE					
General Fund	3,089,212	3,577,040	3,790,800	3,297,100	3,632,500
Restricted Funds	17,499,000	25,380,892	23,750,000	20,426,100	20,351,000
Federal Fund	14,110,777	6,206,177			
TOTAL EXPENDITURES	34,698,989	35,164,110	27,540,800	23,723,200	23,983,500
EXPENDITURES BY UNIT					
Executive Policy and Management	17,199,990	9,783,217	3,790,800	3,473,200	3,733,500
Tourism Meeting & Convention Marketing	17,499,000	25,380,892	23,750,000	20,250,000	20,250,000
TOTAL EXPENDITURES	34,698,989	35,164,110	27,540,800	23,723,200	23,983,500

The Office of the Secretary's appropriation unit comprises:

Executive Policy and Management - The Executive Policy and Management unit directs planning and management of the agencies within the Cabinet. This program develops plans to assure orderly growth and improved management, recommends executive actions and legislative measures, and evaluates agency budget requests.

Tourism, Meeting, and Convention Marketing Fund – This fund is established by KRS 142.406 with revenues from a one percent transient room tax dedicated for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth.

Policy

The Governor's budget includes additional General Fund in the amount of \$50,500 in fiscal year 2027 and \$103,700 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

The base budget includes General Fund in the amount of \$500,000 in each fiscal year for the Kentucky Center for African American Heritage.

**Tourism, Arts and Heritage
Artisans Center**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,163,000	1,239,200	1,286,100	1,238,000	1,281,500
State Salary and Compensation Allocation	45,200				
Budget Reduction-General Fund			(38,600)		
Other		290,000			
Total General Fund	1,208,200	1,529,200	1,247,500	1,238,000	1,281,500
Restricted Funds					
Balance Forward	181,588		178,200		21,300
Current Receipts	1,315,028	1,113,546	1,300,000	1,300,000	1,300,000
Non-Revenue Receipts	20,120	(20,120)			
Total Restricted Funds	1,516,736	1,093,426	1,478,200	1,300,000	1,321,300
TOTAL SOURCE OF FUNDS	2,724,936	2,622,626	2,725,700	2,538,000	2,602,800
EXPENDITURES BY CLASS					
Personnel Costs	1,659,721	1,665,447	1,754,000	1,682,300	1,728,100
Operating Expenses	1,064,925	778,957	971,700	834,400	834,400
Construction	290				
TOTAL EXPENDITURES	2,724,936	2,444,405	2,725,700	2,516,700	2,562,500
EXPENDITURES BY FUND SOURCE					
General Fund	1,208,200	1,529,115	1,247,500	1,238,000	1,281,500
Restricted Funds	1,516,736	915,290	1,478,200	1,278,700	1,281,000
TOTAL EXPENDITURES	2,724,936	2,444,405	2,725,700	2,516,700	2,562,500
EXPENDITURES BY UNIT					
Berea Artisans Center	2,724,936	2,444,405	2,725,700	2,516,700	2,562,500
TOTAL EXPENDITURES	2,724,936	2,444,405	2,725,700	2,516,700	2,562,500

The Kentucky Artisan Center at Berea is established to promote Kentucky arts and craft products and serve as a unique gateway for travelers, offering quality Kentucky arts, crafts, music, and other artisan products, along with authentic heritage experiences. The Artisan Center purchases for resale over 4,000 different artisan products from over 900 vendors in 100 counties statewide. Hospitality, café food service, KY travel information assistance, and rest stop services are also provided by the Center for over 165,000 visitors annually.

The Appalachian/Kentucky Artisans Gateway Center Authority (KRS 148.560-569) has an appointed, thirteen member board to direct operations of the Center and is attached to the Tourism Arts and Heritage Cabinet for administrative purposes.

Policy

The Governor's budget includes additional funding in the amount of \$25,300 in fiscal year 2027 and \$51,900 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$24,000 and \$49,300, respectively.

**Tourism, Arts and Heritage
Tourism**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,458,200	3,624,900	3,709,400	3,367,700	3,443,100
State Salary and Compensation Allocation	115,000				
Budget Reduction-General Fund			(111,300)		
Other	(350,000)	(40,000)			
Total General Fund	3,223,200	3,584,900	3,598,100	3,367,700	3,443,100
Restricted Funds					
Balance Forward	91,805	111,557	433,700	138,700	71,000
Current Receipts	20,038	322,646	305,000	5,000	5,000
Total Restricted Funds	111,843	434,203	738,700	143,700	76,000
TOTAL SOURCE OF FUNDS	3,335,043	4,019,103	4,336,800	3,511,400	3,519,100
EXPENDITURES BY CLASS					
Personnel Costs	2,641,199	2,958,819	3,097,900	2,909,600	2,985,200
Operating Expenses	510,062	561,104	1,100,200	530,800	530,600
TOTAL EXPENDITURES	3,151,261	3,519,923	4,198,100	3,440,400	3,515,800
EXPENDITURES BY FUND SOURCE					
General Fund	3,150,975	3,519,412	3,598,100	3,367,700	3,443,100
Restricted Funds	286	511	600,000	72,700	72,700
TOTAL EXPENDITURES	3,151,261	3,519,923	4,198,100	3,440,400	3,515,800
EXPENDITURES BY UNIT					
Executive Policy and Management	1,692,636	1,846,773	1,758,300	1,716,100	1,751,600
Division of Marketing	334,005	341,786	353,600	342,500	350,000
Division of Tourism Services	833,961	1,034,887	1,788,700	1,095,600	1,121,200
Division of Communications and Public Relations	290,659	296,478	297,500	286,200	293,000
TOTAL EXPENDITURES	3,151,261	3,519,923	4,198,100	3,440,400	3,515,800

The Kentucky Department of Tourism (KDT) is primarily responsible for promoting the Commonwealth of Kentucky as a destination for travelers of all kinds, both domestically and internationally, through sales, marketing and advertising to create additional revenues and generate economic impact throughout the state. KDT administers the following programs:

Executive Policy and Management establishes policies and goals for the department; coordinates the overall planning, management, and direction for the agency; and provides for the most economical and efficient administration of the Department and its programs. This piece of the agency also does all budgeting, purchasing and invoice payment, and oversees the Cultural Heritage Tourism, and International and Domestic Group Sales programs. The Cultural Heritage program builds links between tourism, historic preservation, arts, humanities and natural resources to promote Kentucky's culture, history and natural wonders. The International and Domestic Group Sales promote these assets through tradeshow participation, familiarization trips for media and group tour operators, group travel website information, and general outreach and responses to inquiries.

The Division of Marketing & Advertising is responsible for encouraging travel to and within Kentucky. They maintain a database of all the tourism-related attractions, destinations and events throughout the state. This division is responsible for the production and oversight of Kentucky's Official Visitors Guide and the implementation and oversight of spring and fall comprehensive multimedia advertising plans. Advertising is targeted and based on a variety of research that is purchased and/or commissioned by KDT. All advertising directs the audience to the KDT website, kentuckytourism.com.

Tourism Services is comprised of the Tourism Marketing Incentive Program (TMIP) and Co-Op Advertising Program and the staffing of Kentucky's Welcome Centers. TMIP provides tourism marketing matching funds to local and regional destination marketing and other non-profit organizations. There are seven Welcome Centers in Kentucky. These facilities were designed and constructed by the Federal Highway Administration, KDT, and the Kentucky Transportation Cabinet. The Transportation Cabinet operates the facilities, and the Welcome Center personnel and services are managed by KDT. Each is staffed by a Travel Host Supervisor with one or two Travel Hosts. Welcome Centers are located in the following Counties: Bullitt, Carter, Christian, McCracken, Shelby, Simpson, and Whitley.

Communication and Public Relations is responsible for providing comprehensive support for projects and promotions developed through the Department on behalf of the tourism industry in Kentucky. These efforts primarily focus on generating earned broadcast and print media, serving as the liaison with media sources, and maintaining constant contact through newsletters and a web-based media resource site. Assistance is provided to individual media representatives and travel writers in a variety of ways including, but not limited to, creating story ideas, making travel arrangements, and providing photographs, video and fact verification. Regular press releases are prepared for the (KDT) to keep the public informed of attractions and events in Kentucky.

Tourism Development is responsible for managing the incentive program created by the Kentucky Tourism Development Act. The incentive was designed to encourage the development, expansion or rehabilitation of tourism projects through the Commonwealth.

Policy

The Governor's budget includes additional General Fund in the amount of \$51,200 in fiscal year 2027 and \$105,100 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

The base budget includes General Fund of \$130,000 in each fiscal year to support the Whitehaven Welcome Center.

**Tourism, Arts and Heritage
Parks**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	64,232,500	65,406,600	65,149,800	68,180,900	64,936,700
State Salary and Compensation Allocation	1,762,500				
Budget Reduction-General Fund					
Other	1,530,000				
Total General Fund	67,525,000	65,406,600	65,149,800	68,180,900	64,936,700
Restricted Funds					
Balance Forward	10,285,736	13,915,304	5,243,000	1,724,200	1,592,500
Current Receipts	56,693,572	47,973,203	42,247,300	48,019,700	56,586,500
Non-Revenue Receipts	(490,575)	2,101,923			
Total Restricted Funds	66,488,733	63,990,430	47,490,300	49,743,900	58,179,000
TOTAL SOURCE OF FUNDS	134,013,733	129,397,030	112,640,100	117,924,800	123,115,700
EXPENDITURES BY CLASS					
Personnel Costs	72,267,135	73,129,582	73,326,600	77,407,300	74,399,500
Operating Expenses	37,751,219	43,248,463	34,885,900	36,221,600	38,510,100
Grants Loans Benefits					
Debt Service	7,753,382	4,534,092	2,346,300	2,346,300	2,346,300
Capital Outlay	2,326,522	3,241,485	357,100	357,100	357,100
Construction	171	375			
TOTAL EXPENDITURES	120,098,429	124,153,996	110,915,900	116,332,300	115,613,000
EXPENDITURES BY FUND SOURCE					
General Fund	67,525,000	65,406,600	65,149,800	68,180,900	64,936,700
Restricted Funds	52,573,429	58,747,396	45,766,100	48,151,400	50,676,300
Federal Fund					
TOTAL EXPENDITURES	120,098,429	124,153,996	110,915,900	116,332,300	115,613,000
EXPENDITURES BY UNIT					
General Administration and Support	25,317,029	25,702,776	21,990,700	22,207,700	21,666,000
Resort Parks	71,316,200	71,730,865	65,421,000	70,153,700	70,158,400
Recreation Parks and Historic Sites	22,657,000	25,874,855	22,671,300	23,121,400	22,960,700
Cafeterias	808,200	845,500	832,900	849,500	827,900
TOTAL EXPENDITURES	120,098,429	124,153,996	110,915,900	116,332,300	115,613,000

The Department of Parks operates the Kentucky State Park System under the authority of KRS Chapter 148. The Department strives to provide quality recreational facilities and to preserve and protect historically significant sites and natural phenomena in the Commonwealth of Kentucky.

The Vision for Kentucky State Parks is to provide quality recreation and hospitality experiences for people of all ages that enhance their appreciation for adventure, fun, education, and beauty through responsible stewardship of our Commonwealth's natural, historic and cultural resources, and with a professional staff committed to excellent service for our guests.

The Mission of Kentucky State Parks is to provide a sustainable system of parks that delivers quality programs, amenities, and services, which create memorable experiences, and a sense of place, contributes to the economic growth of the Commonwealth, and preserves the historic and natural integrity and traditions of our parks for existing and future generations.

The activities of the Department include the operation and maintenance of 17 resort parks, 22 recreational parks, 8 historic sites, 1 linear park(Dawkins Line Rail Park), 1 interstate park (operated by VA, funded by both KY and VA) and 1 cafeteria in Frankfort. The Park System provides overnight lodging to 425,000 guests, food service for 1,150,000 meals for dining patrons, camping for 560,000 guests, golf for 115,700 players, along with other park amenities and activities.

Resort Parks

The Resort Parks program encourages tourism and economic development in Kentucky by providing excellent overnight accommodations, quality food service, and recreational activities for visitors at the 17 resort parks. The resort parks and their locations are:

Barren River Resort Park - Barren County
Blue Licks Battlefield Resort Park - Robertson County
Buckhorn Lake Resort Park - Perry County
Carter Caves Resort Park - Carter County
Cumberland Falls Resort Park - Whitley County
Dale Hollow Resort Park - Cumberland and Clinton Counties
General Butler Resort Park - Carroll County
Greenbo Lake Resort Park - Greenup County
Jenny Wiley Resort Park - Floyd County

Kenlake Resort Park - Marshall County
KY Dam Village Resort Park - Marshall County
Lake Barkley Resort Park - Trigg County
Lake Cumberland Resort Park - Russell County
Natural Bridge Resort Park - Powell County
Pennyrile Forest Resort Park - Christian County
Pine Mountain Resort Park - Bell County
Rough River Resort Park - Grayson County

The Recreation Parks and Historic Sites program encourages tourism and economic development in Kentucky by providing modern recreational and camping facilities and preserving significant scenic and historic landmarks, as well as operating museums and shrines.

Recreation Park Facilities

Big Bone Lick State Park - Boone County
Carr Creek State Park - Knott County
Columbus-Belmont Battlefield State Park - Hickman County
E. P. "Tom" Sawyer State Park - Jefferson County
Fort Boonesborough State Park - Madison County
General Burnside State Park - Pulaski County
Grayson Lake State Park - Elliott and Carter Counties
Green River Lake State Park - Taylor County
John James Audubon State Park - Henderson County
Kincaid Lake State Park - Pendleton County
Kingdom Come State Park - Harlan County
Dawkins Line Rail Trail Park – Johnson/Magoffin Counties

Lake Malone State Park - Muhlenberg County
Lincoln Homestead State Park - Washington County
Mineral Mound State Park - Lyon County
My Old Kentucky Home State Park - Nelson County
Nolin Lake State Park - Edmonson County
Old Fort Harrod State Park - Mercer County
Paintsville Lake State Park - Johnson County
Pine Mnt Trail State Park - Harlan & Bell Counties
Taylorsville Lake State Park - Spencer County
Yatesville Lake State Park - Lawrence County

Historic Sites

Perryville Battlefield State Shrine - Boyle County
Dr. Thomas Walker State Shrine - Knox County
Isaac Shelby State Shrine - Lincoln County
Wickliffe Mounds State Historic Site - Ballard County
Old Mulkey Meeting House State Shrine - Monroe County

Jefferson Davis Monument St Shrine - Todd County
Waveland State Shrine - Fayette County
Boone Station – Fayette County

Cafeterias

The Cafeteria program provides food service in the Capitol Annex Building for members of the General Assembly, state employees, and visitors. The cafeteria also provides catering service for special local events.

General Administration and Support

The General Administration and Support program provides an organizational and administrative system to maintain and operate the park system entities. Central administrative functions, such as accounting, purchasing, budgeting, and personnel, along with program operations support and central maintenance and minor construction support, are included in this program.

Policy

The Governor's budget includes additional funding in the amount of \$878,900 in fiscal year 2027 and \$1,805,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$738,300 and \$1,516,700, respectively.

**Tourism, Arts and Heritage
Horse Park Commission**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,411,200	2,389,100	2,383,700	1,631,800	1,667,200
State Salary and Compensation Allocation	70,700				
Budget Reduction-General Fund			(71,500)		
Total General Fund	2,481,900	2,389,100	2,312,200	1,631,800	1,667,200
Restricted Funds					
Balance Forward	4,133,495	5,518,487	4,290,000	5,083,400	7,049,400
Current Receipts	13,205,943	13,651,818	13,650,800	14,717,300	14,920,700
Non-Revenue Receipts	49,011	49,145	49,200	49,200	49,200
Total Restricted Funds	17,388,449	19,219,451	17,990,000	19,849,900	22,019,300
Federal Fund					
Balance Forward	(2,509)	(32,050)	(1,626)		
Current Receipts	156,290	48,411	1,626		
Total Federal Fund	153,781	16,360			
TOTAL SOURCE OF FUNDS	20,024,130	21,624,911	20,302,200	21,481,700	23,686,500
EXPENDITURES BY CLASS					
Personnel Costs	9,136,185	9,737,017	9,596,800	9,311,500	9,508,400
Operating Expenses	5,087,460	7,394,523	5,622,000	5,120,800	5,120,800
Grants Loans Benefits	64,803	(17,625)			
Debt Service	252,425	63,000			
Capital Outlay	(3,179)	159,672			
TOTAL EXPENDITURES	14,537,693	17,336,587	15,218,800	14,432,300	14,629,200
EXPENDITURES BY FUND SOURCE					
General Fund	2,481,900	2,389,100	2,312,200	1,631,800	1,667,200
Restricted Funds	11,869,962	14,929,500	12,906,600	12,800,500	12,962,000
Federal Fund	185,831	17,987			
TOTAL EXPENDITURES	14,537,693	17,336,587	15,218,800	14,432,300	14,629,200
EXPENDITURES BY UNIT					
Kentucky Horse Park	14,537,693	17,336,587	15,218,800	14,432,300	14,629,200
TOTAL EXPENDITURES	14,537,693	17,336,587	15,218,800	14,432,300	14,629,200

The Kentucky Horse Park (KRS 148.260) is comprised of 1,224 acres on which are situated over 111 structures, 40 miles of fencing and 260 campsites. Horse Park programs consist primarily of four main functions:

Equine Theme Park - The central area of the park contains tourist activities that include the Visitor Information Center, International Museum of the Horse, gift shop, restaurant, Parade of Breeds and Hall of Champions shows, Kids Barn, Mounted Police Barn, horseback riding, horse drawn tours, and other activities. Equine Theme Park activities generate \$3.5 million in annual revenue.

Events - The Horse Park is the host venue for both equine and non-equine special events. Horse shows are central to the mission of the park and comprise most special event activities. More than 100 annual equine events utilize 24 barns (nearly 1,400 permanent stalls), the climate-controlled 5,500 seat Alltech Arena, the 1,100 seat Covered Arena, show offices, five hunter-jumper rings, five dressage rings, a 205-acre cross country course, and other ancillary structures. The park also hosts over 100 non-equine events that include dog shows, evening programs, “Southern Lights” holiday lights show, and many other events. These equine and non-equine events generate almost \$7.2 million in revenue annually.

Campground - The popular campground consists of 260 campsites with water/electric hookups, grocery store, two bathhouses, pool, tennis courts, two basketball courts, playground, primitive camping, and covered pavilion. Each year more than 102,000 people camp at the Horse Park, generating more than \$2.4 million in direct annual income.

National Horse Center - The National Horse Center is a collection of the nations and the state’s leading equestrian organizations. The National Horse Center now includes over 30 distinct organizations contained in 15 office buildings on the property. The National Horse Center has solidified the Park’s role in establishing Kentucky as truly the “Horse Capital of the World”.

Policy

The Governor’s budget includes additional funding in the amount of \$135,400 in fiscal year 2027 and \$278,200 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$24,400 and \$50,100, respectively.

**Tourism, Arts and Heritage
State Fair Board**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	12,884,400	10,055,500	9,465,700	6,700,700	7,000,600
State Salary and Compensation Allocation	816,900				
Budget Reduction-General Fund			(284,000)		
Total General Fund	13,701,300	10,055,500	9,181,700	6,700,700	7,000,600
Restricted Funds					
Balance Forward	2,627,059	797	2,000	2,571,900	5,791,800
Current Receipts	53,234,549	58,828,853	58,863,600	58,598,800	60,914,000
Non-Revenue Receipts	58,281	64,000			
Total Restricted Funds	55,919,888	58,893,650	58,865,600	61,170,700	66,705,800
TOTAL SOURCE OF FUNDS	69,621,188	68,949,150	68,047,300	67,871,400	73,706,400
EXPENDITURES BY CLASS					
Personnel Costs	37,846,887	37,836,291	38,249,400	37,585,700	38,185,500
Operating Expenses	18,920,948	23,567,803	21,177,900	19,127,900	19,127,900
Grants Loans Benefits	1,407,849	1,982,234	1,648,400	1,648,400	1,648,400
Debt Service	7,926,500	3,228,500			
Capital Outlay	3,452,855	2,235,918	4,399,700	3,717,600	3,665,800
Construction	65,352	96,394			
TOTAL EXPENDITURES	69,620,391	68,947,139	65,475,400	62,079,600	62,627,600
EXPENDITURES BY FUND SOURCE					
General Fund	13,701,300	10,055,500	9,181,700	6,700,700	7,000,600
Restricted Funds	55,919,091	58,891,639	56,293,700	55,378,900	55,627,000
TOTAL EXPENDITURES	69,620,391	68,947,139	65,475,400	62,079,600	62,627,600
EXPENDITURES BY UNIT					
Kentucky Fair and Exposition Center	50,578,299	53,971,532	54,696,000	51,593,600	52,033,200
Kentucky International Convention Center	11,115,592	11,747,107	10,779,400	10,486,000	10,594,400
Debt Service	7,926,500	3,228,500			
TOTAL EXPENDITURES	69,620,391	68,947,139	65,475,400	62,079,600	62,627,600

During the 2021 Regular Session, The Kentucky General Assembly passed House Bill 518, amending KRS Chapter 247 to allow the Commissioner of Agriculture the authority to appoint a majority of members of the Kentucky State Fair Board. The Kentucky State Fair Board is now composed of 16 voting members and 5 ex officio, non-voting members: the Governor, the Commissioner of Agriculture, The President of the Senate or his or her designee, who shall serve as an ex officio, nonvoting member, The Speaker of the House of Representatives or his or her designee, who shall serve as an ex officio, nonvoting member, the Secretary of the Finance and Administration Cabinet who shall serve as an ex officio, nonvoting member, the Dean of the College of Agriculture at the University of Kentucky, the State president of the Kentucky FFA, who shall serve as an ex officio, nonvoting member, the State President of the Kentucky 4-H Organization who shall serve as an ex officio, nonvoting member, 5 members appointed by the Governor, and 8 members appointed by the Commissioner of Agriculture. The Board manages and administers the funds, buildings, grounds, and equipment of both the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville. A president is appointed by the Board to manage these centers and Fair Board properties.

The Kentucky Exposition Center provides facilities and services for conventions, trade shows, agricultural activities, athletic events, concerts, and cultural and commercial productions year-round. At this site, the State Fair Board produces its three major expositions during the year: the Kentucky State Fair, the National Farm Machinery Show, and the North American International Livestock Exposition.

The Kentucky Exposition Center is a completely air conditioned complex that includes 1.2 million square feet of exhibit and meeting space at ground level. It includes the 18,255-seat Freedom Hall Coliseum, identical East and West Exhibit Halls, East and West Exposition Wings, the South and North Wing Exposition facilities and Conference Centers, a smaller exposition pavilion, a 600-seat auditorium, a 6,580 seat Livestock and Horse Show Arena, and a 37,000-seat stadium. Also serving the Kentucky Exposition Center are the adjacent Crowne Plaza, Hilton Gardens Inn, Cracker Barrel restaurant, Thorton's gas station and Executive Bowl, all of which are long term lessees of the State Fair Board.

The Kentucky International Convention Center provides facilities and services for intermediate-sized conventions, trade shows, association events, concerts, and cultural and commercial productions year-round. This facility is an integral and interdependent part of the overall redevelopment of downtown Louisville by both government and private enterprises. Major renovations to the center were completed in August 2018.

The Hyatt and Cowger Parking Garages, which provide 1,300 enclosed parking spaces, serve the Center. The Cowger Garage also includes commercial space, which is leased on a long term basis.

Policy

The Governor's budget includes additional funding in the amount of \$413,400 in fiscal year 2027 and \$848,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$206,700 and \$424,000, respectively.

**Tourism, Arts and Heritage
Fish and Wildlife Resources**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Continuing Approp.-General Fund	3,862,000				
Total General Funds	3,862,000				
Restricted Funds					
Balance Forward	130,597,564	127,457,330	129,040,300	116,845,900	105,503,100
Current Receipts	72,807,092	72,623,833	73,273,700	73,273,700	73,273,700
Non-Revenue Receipts	(26,561,893)	(22,312,256)	(25,468,100)	(25,468,100)	(25,468,100)
Total Restricted Funds	176,842,763	177,768,907	176,845,900	164,651,500	153,308,700
Federal Fund					
Balance Forward	4,659,915	7,944,541	621,800	1,332,100	2,651,600
Current Receipts	33,195,166	27,664,756	30,769,600	30,903,300	30,769,600
Non-Revenue Receipts	(2,359,447)	(13,205,879)	(2,359,500)	(2,359,500)	(2,359,500)
Total Federal Fund	35,495,634	22,403,418	29,031,900	29,875,900	31,061,700
TOTAL SOURCE OF FUNDS	216,200,397	200,172,325	205,877,800	194,527,400	184,370,400
EXPENDITURES BY CLASS					
Personnel Costs	52,391,058	46,581,007	51,326,000	51,107,700	52,256,500
Operating Expenses	16,635,916	17,279,362	18,579,700	18,024,500	18,024,500
Grants Loans Benefits	7,962,342	781,294	5,510,900	5,472,500	5,472,500
Debt Service	499,700	599,200	599,000	599,000	599,000
Capital Outlay	3,302,024	5,266,893	11,684,200	11,169,000	11,169,000
Construction	7,485	2,450			
TOTAL EXPENDITURES	80,798,526	70,510,206	87,699,800	86,372,700	87,521,500
EXPENDITURES BY FUND SOURCE					
General Fund	3,862,000				
Restricted Funds	49,385,433	48,728,549	60,000,000	59,148,400	59,950,700
Federal Fund	27,551,093	21,781,657	27,699,800	27,224,300	27,570,800
TOTAL EXPENDITURES	80,798,526	70,510,206	87,699,800	86,372,700	87,521,500
EXPENDITURES BY UNIT					
Administration and Support	9,806,129	6,415,038	7,355,700	7,333,000	7,406,600
Wildlife Management	25,930,762	18,928,366	24,087,700	23,951,500	24,271,300
Fisheries Management	15,710,759	15,842,783	23,632,000	23,145,900	23,420,000
Information and Education	8,791,255	8,637,743	8,704,500	8,598,400	8,759,000
Law Enforcement	16,575,032	16,874,673	19,082,000	18,909,200	19,163,300
Marketing	1,331,084	1,339,542	1,377,000	1,369,000	1,388,400
Engineering, Infrastructure & Technology	2,653,504	2,472,061	3,460,900	3,065,700	3,112,900
TOTAL EXPENDITURES	80,798,526	70,510,206	87,699,800	86,372,700	87,521,500

The Department of Fish and Wildlife Resources, established by KRS Chapter 150, is responsible for the conservation and management of fish and wildlife resources in Kentucky. A Departmental Commissioner is appointed by the Fish and Wildlife Commission. The Commission, which is responsible for Department policy, is a nine-member bipartisan body appointed by the Governor from a list of candidates provided by sportsmen and women in each of nine districts.

Financial support of the Department is derived from the sale of hunting and fishing licenses, federal grants, interest income, fines and penalties assessed by the courts for violation of game and fish laws, and numerous other miscellaneous receipts.

The Department owns approximately 170,868 acres of land in Kentucky, which are used to further its program activities. The acreage includes the State Game Farm, approximately 80 major wildlife management areas, two warm water hatcheries, and three summer camps. An additional 450,501 plus acres of land and water is under lease or license by the Department for wildlife management activities. The Daniel Boone National Forest provides an additional 600,000 acres of land for public use.

The Department consists of seven program areas: Administration and Support, Wildlife Management, Fisheries Management, Information and Education, Law Enforcement, Marketing, and Engineering, Infrastructure and Technology.

The Wildlife Management program manages, develops, and maintains statewide game and non-game populations consistent with habitat availability on state owned lands, licensed wildlife management areas, and privately owned lands. Additionally, Wildlife Management conducts statewide surveys to determine the relative abundance of game and non-game wildlife, formulates hunting regulations based upon biological data and recreational demands, restores viable native wildlife species by restocking in suitable habitat, and evaluates the impact of land, water resource, and other construction projects on wildlife resources. Technical guidance is provided to private landowners for improvement of wildlife habitat. A fish and wildlife electronic information system is being maintained for use by state agencies that includes geographic information such as land types, vegetation conditions, and wildlife populations.

The Fisheries Management program manages Kentucky fishery resources to provide optimum fishing opportunities for anglers through research, surveys, fish stocking, regulation, and technical biological guidance. Fishery biologists manage and develop fish populations and their associated habitats in major impoundments, streams, rivers, and 100,000 acres of small lakes and ponds. In addition, technical guidance is provided to private pond owners. Research biologists provide support to management through evaluation of stocking and regulatory practices. The Environmental Section of the Fisheries Division manages the Kentucky Wetland Stream Mitigation Fund (referred to as the fees in-lieu of program) authorized by KRS 150.255 and by agreement with the U.S. Army Corps of Engineers. Corps 404 permits require mitigation when projects fill stream or wetland habitat. Funds are derived when 404 permit applicants can elect to pay a fee to satisfy mitigation requirements. These fees are used for identifying and restoring degraded streams with eroding banks and impacted habitat to stable conditions or restoring wetlands that have been drained.

The Information and Education program is responsible for educating and informing the public about our wildlife resources and the importance of conservation, and the recreational opportunities the fish and wildlife resources provide. The information and education program is essential to provide the general and sporting public timely and accurate information directly and through the media. Additionally, the dissemination of regulatory information is necessary for the sporting public to comply with applicable laws and regulations. The program also provides classroom instruction on wildlife conservation, hunter education, aquatic education; operates the Salato Wildlife Education Center; and, administers three summer camps for children.

The Law Enforcement program enforces fish, wildlife, and boating laws. Officers assist other federal, state, and local agencies in enforcement of all criminal laws in the Commonwealth. Officers also assist the public during times of natural disasters such as floods, forest fires, and severe winter weather.

The Administration and Support program area manages the day-to-day operations of the Department including maintaining accounting records, ensuring proper purchasing and inventory procedures, and administering hunting and fishing license sales and revenue collections. The Public Affairs Division facilitates public involvement in departmental policy and regulations.

The Marketing program is responsible for marketing, public involvement, social survey research, trend analysis, economic analysis of the benefits of wildlife-associated recreations and boating.

The Engineering program provides the labor and technical engineering services required for small construction projects, such as building small bridges, buildings, boat ramps, and roads. In addition, Engineering is responsible for surveying all property owned or being purchased by the Department.

Policy

The Governor's budget includes additional funding in the amount of \$693,900 in fiscal year 2027 and \$1,426,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Tourism, Arts and Heritage
Historical Society**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,887,700	10,310,100	10,705,100	7,071,600	7,355,300
Budget Reduction-General Fund			(321,200)		
Other	(800,000)				
Total General Fund	7,248,600	10,310,100	10,383,900	7,071,600	7,355,300
Restricted Funds					
Balance Forward	685,216	875,533	1,135,100	1,008,900	738,200
Current Receipts	419,460	409,655	190,000	190,000	190,000
Non-Revenue Receipts		(108,063)			
Total Restricted Funds	1,104,676	1,177,126	1,325,100	1,198,900	928,200
Federal Fund					
Balance Forward	77,087	77,087	77,100	77,100	77,100
Current Receipts			170,000	113,700	113,700
Total Federal Fund	77,087	77,087	247,100	190,800	190,800
TOTAL SOURCE OF FUNDS	8,430,363	11,564,313	11,956,100	8,461,300	8,474,300
EXPENDITURES BY CLASS					
Personnel Costs	4,461,468	5,131,569	5,699,800	5,227,500	5,361,300
Operating Expenses	2,612,653	2,171,550	2,990,300	2,317,500	2,343,000
Grants Loans Benefits	98,621	1,874,891	2,180,000	101,000	131,000
Debt Service		51,000			
Capital Outlay	305,000	41,992			
TOTAL EXPENDITURES	7,477,743	9,271,003	10,870,100	7,646,000	7,835,300
EXPENDITURES BY FUND SOURCE					
General Fund	7,248,600	9,229,011	10,383,900	7,071,600	7,355,300
Restricted Funds	229,143	41,992	316,200	460,700	366,300
Federal Fund			170,000	113,700	113,700
TOTAL EXPENDITURES	7,477,743	9,271,003	10,870,100	7,646,000	7,835,300
EXPENDITURES BY UNIT					
Oral History and Educational Outreach	890,109	1,072,900	1,224,600	1,069,300	1,092,100
Research and Publications	127,571	1,094,569	1,255,600	1,224,800	1,256,700
Museums	1,834,204	1,168,783	1,674,000	1,452,300	1,481,000
Administration	4,625,859	5,934,750	6,715,900	3,899,600	4,005,500
TOTAL EXPENDITURES	7,477,743	9,271,003	10,870,100	7,646,000	7,835,300

The Kentucky Historical Society (KHS) engages people in the exploration of the Commonwealth's diverse heritage. Through comprehensive and innovative services, interpretive programs, and stewardship, it provides connections to the past, perspective on the present, and inspiration for the future.

The Kentucky Historical Society's statutory mandate, pursuant to KRS 171.311, is to collect and preserve for future generations materials and information regarding Kentucky's past; to disseminate knowledge and understanding of the state's history; and to produce for people of all backgrounds an increased awareness of, and appreciation for, the Commonwealth and its heritage. The agency operates four divisions: Administration, Research and Publications, Museums, and Oral History and Educational Outreach.

The Administration Division provides overall agency direction, planning, and management. It is comprised of the following functional teams: development, director's office, finance and human resources, and communications (which includes visitor services.)

The Research and Publications Division includes the following functional teams: research and interpretation, museum collections and exhibitions, and the design studio. The research and interpretation team publishes the Society's two journals—The Register of the Kentucky Historical Society and Kentucky Ancestors—and assists with the publication of the quarterly newsletter, The Chronicle. The team also administers the historical marker program and the research fellows program. The museum collections and exhibitions team is responsible for the operation of the Historical Society's three museum facilities—the galleries located in the Thomas D. Clark Center for Kentucky History, the Kentucky Military History Museum, and the Old State Capitol. Since 1999, these facilities have hosted more than 1,000,000 visitors. The team is also responsible for the 150,000+ artifact collection. The design studio is responsible for museum exhibition design and production, along with the design and production of other KHS interpretive and promotional tools.

The Museum Division is responsible for special collections and reference services. The Museum division operates the Martin F. Schmidt Research Library housed in the History Center, which effectively serves genealogists and other researchers. It also cares for an array of manuscripts, maps, over 500,000 photographs and documents, 8,000 oral history recordings, and rare books.

The Oral History and Educational Outreach Division includes the following units: interpretive education, teacher/student outreach, and community services. Community Services consists of the local history program and the Cemetery Preservation program. Interpretive Education includes school tours, museum theatre, and other educational activities for adults and children. Since 1999, the KHS "history campus" has hosted more than 1,000,000 visitors. The primary outreach programs for students include the Kentucky Junior Historical Society and National History Day. Much of the KHS professional development for teachers is presented through Teaching American History grants awarded by the U.S. Department of Education.

Policy

The Governor's budget includes additional General Fund in the amount of \$79,200 in fiscal year 2027 and \$162,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% increment in fiscal year 2028.

**Tourism, Arts and Heritage
Arts Council**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,810,000	1,833,500	1,860,300	1,793,500	1,819,500
State Salary and Compensation Allocation	29,700				
Total General Fund	1,839,700	1,833,500	1,804,500	1,793,500	1,819,500
Restricted Funds					
Balance Forward	196,497	268,720	263,000	263,000	263,000
Current Receipts	69,723	269,166	287,200	87,200	87,200
Non-Revenue Receipts	2,500				
Total Restricted Funds	268,720	537,885	550,200	350,200	350,200
Federal Fund					
Balance Forward	(926,107)	5,963	5,900	5,900	14,200
Current Receipts	1,930,470	968,725	831,300	831,300	831,300
Total Federal Fund	1,004,363	974,688	837,200	837,200	845,500
TOTAL SOURCE OF FUNDS	3,112,783	3,346,073	3,191,900	2,980,900	3,015,200
EXPENDITURES BY CLASS					
Personnel Costs	1,034,200	1,179,676	1,347,400	1,340,800	1,370,800
Operating Expenses	207,631	202,770	242,900	242,600	242,900
Grants Loans Benefits	1,596,269	1,694,746	1,332,700	1,120,300	1,119,200
TOTAL EXPENDITURES	2,838,100	3,077,192	2,923,000	2,703,700	2,732,900
EXPENDITURES BY FUND SOURCE					
General Fund	1,839,700	1,833,500	1,804,500	1,793,500	1,819,500
Restricted Funds		274,892	287,200	87,200	87,200
Federal Fund	998,400	968,800	831,300	823,000	826,200
TOTAL EXPENDITURES	2,838,100	3,077,192	2,923,000	2,703,700	2,732,900
EXPENDITURES BY UNIT					
Arts Council	1,082,500	864,800	1,486,200	1,455,200	1,481,200
Support Grants	1,755,600	2,137,500	1,351,600	1,161,300	1,164,500
Arts Marketing		74,892	85,200	87,200	87,200
TOTAL EXPENDITURES	2,838,100	3,077,192	2,923,000	2,703,700	2,732,900

The Kentucky Arts Council's legislated purpose is to develop and promote a broadly conceived state policy of support for the arts in Kentucky, pursuant to KRS 153.210 to 153.235. As the official state arts agency, the Kentucky Arts Council (KAC) is the sole Kentucky state agency designated to receive partnership funding from the National Endowment for the Arts for any programs related to the arts. All of the KAC's programs, services, initiatives, events and activities support its mission to "create opportunities for the people of Kentucky to value, participate in, and benefit from the arts".

The Kentucky Arts Council manages a multitude of programs, activities and services for the Commonwealth by working in partnership with arts organizations, educational facilities, communities, local government, and individual artists. The work of the KAC encourages the growth and stability of the arts across the state, the promotion of cultural tourism and economic development, the enhancement of quality of life in Kentucky, and the provision of strong arts education programs.

Major program areas include community arts development, arts infrastructure capacity building, individual artists, folk arts, arts education, and arts marketing. The KAC offers an extensive array of technical assistance and training programs, public events, information services and resources, business development services, sales and performance venues, and grant programs to help ensure that the arts community in Kentucky is strong and viable. The grant funds invested by the KAC across the Commonwealth serve as an important catalyst in community building, and leverage significant funding from other sources.

Policy

The Governor's budget includes additional funding in the amount of \$19,500 in fiscal year 2027 and \$40,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$15,400 and \$31,600, respectively.

**Tourism, Arts and Heritage
Heritage Council**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,632,100	1,783,800	1,844,900	1,733,600	1,776,600
State Salary and Compensation Allocation	92,500				
Continuing Approp.-General Fund	2,389,000				
Budget Reduction-General Fund			(55,300)		
Total General Fund	4,113,600	1,783,800	1,789,600	1,733,600	1,776,600
Restricted Funds					
Balance Forward	460,212	3,347,377	3,277,000	1,420,600	1,689,300
Current Receipts	1,114,010	1,652,196	1,565,000	1,034,800	1,034,800
Non-Revenue Receipts	2,389,000				
Total Restricted Funds	3,963,223	4,999,573	4,842,000	2,455,400	2,724,100
Federal Fund					
Balance Forward	345	345	87,700		
Current Receipts	1,014,300	769,557	990,700	1,054,700	1,070,400
Total Federal Fund	1,014,645	769,902	1,078,400	1,054,700	1,070,400
TOTAL SOURCE OF FUNDS	9,091,467	7,553,274	7,710,000	5,243,700	5,571,100
EXPENDITURES BY CLASS					
Personnel Costs	2,903,461	2,722,269	3,103,300	3,041,000	3,116,300
Operating Expenses	343,436	410,718	396,400	378,400	378,400
Grants Loans Benefits	2,490,262	1,055,647	2,789,700	135,000	120,000
TOTAL EXPENDITURES	5,737,159	4,188,635	6,289,400	3,554,400	3,614,700
EXPENDITURES BY FUND SOURCE					
General Fund	4,107,013	1,783,800	1,789,600	1,733,600	1,776,600
Restricted Funds	615,846	1,722,579	3,421,400	766,100	767,700
Federal Fund	1,014,300	682,256	1,078,400	1,054,700	1,070,400
TOTAL EXPENDITURES	5,737,159	4,188,635	6,289,400	3,554,400	3,614,700
EXPENDITURES BY UNIT					
Kentucky Heritage Council	5,737,159	4,188,635	6,289,400	3,554,400	3,614,700
TOTAL EXPENDITURES	5,737,159	4,188,635	6,289,400	3,554,400	3,614,700

The Kentucky Heritage Council (the State Historic Preservation Office) administers a comprehensive state historic preservation program with structure in three areas: the Site Protection Program, the Site Identification and Evaluation Program and the Site Development Program.

The Council administers national historic preservation activities in Kentucky, monitors projects and distributes grants involving federal funds, offers programs and services involving all aspects of historic preservation, and provides technical assistance to local governments, the public, and other agencies.

Major program activities include surveying historic sites, nominating sites to the National Register of Historic Places, administering the Kentucky Main Street program in partnership with Renaissance on Main, overseeing federal and state historic preservation tax credit programs and restoration grants programs, conducting archaeological investigations, and reviewing all federally funded, licensed, and permitted projects.

Attached to the Heritage Council for administration and programmatic services are the African American Heritage Commission, Native American Heritage Commission, Military Heritage Commission, and the Kentucky Historic Preservation Review Board. The Kentucky Heritage Council is administered in accordance with KRS 171.3801.

Policy

The Governor's budget includes additional funding in the amount of \$52,300 in fiscal year 2027 and \$107,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$29,800 and \$61,300, respectively.

The base budget includes General Fund in the amount of \$50,000 in each fiscal year to support the Kentucky African American Heritage Commission.

**Tourism, Arts and Heritage
Kentucky Center for the Arts**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	558,300	622,500	622,500	603,800	603,800
Budget Reduction-General Fund			(18,700)		
Total General Fund	<u>558,300</u>	<u>622,500</u>	<u>603,800</u>	<u>603,800</u>	<u>603,800</u>
TOTAL SOURCE OF FUNDS	<u>558,300</u>	<u>622,500</u>	<u>603,800</u>	<u>603,800</u>	<u>603,800</u>
EXPENDITURES BY CLASS					
Grants Loans Benefits	558,300	622,500	603,800	603,800	603,800
TOTAL EXPENDITURES	<u>558,300</u>	<u>622,500</u>	<u>603,800</u>	<u>603,800</u>	<u>603,800</u>
EXPENDITURES BY FUND SOURCE					
General Fund	558,300	622,500	603,800	603,800	603,800
TOTAL EXPENDITURES	<u>558,300</u>	<u>622,500</u>	<u>603,800</u>	<u>603,800</u>	<u>603,800</u>
EXPENDITURES BY UNIT					
Governor's School for the Arts	558,300	622,500	603,800	603,800	603,800
TOTAL EXPENDITURES	<u>558,300</u>	<u>622,500</u>	<u>603,800</u>	<u>603,800</u>	<u>603,800</u>

Kentucky Center for the Arts ("The Kentucky Center") is the Commonwealth's premier performing arts center. The Kentucky Center serves over 400,000 people each year. It is the performance home of the state's largest orchestra, opera, ballet, Broadway and children's theatre productions. In addition, The Kentucky Center presents a variety of national and international artists.

The Kentucky Center houses three theaters: the 2,448-seat Robert S. Whitney Hall, the 619-seat Moritz von Bomhard Theater, and the 139-seat Boyd Martin Experimental Theater. The facility features a multi-tiered lobby, rehearsal halls, and spaces for social and business events.

The Kentucky Center provides a wide range of nationally recognized educational programs, including professional development for teachers, partnerships with schools and community centers, and opportunities for artists to work in classrooms. The Center is also a leader in providing award-winning access services that make the theater experience possible for patrons with disabilities. The Kentucky Center, in partnership with the Kentucky Arts Council, provides access and technical consulting services for arts and cultural organizations across Kentucky. The Kentucky Center's management also provides theatrical consulting services throughout the state.

The Governor's School for the Arts (GSA) is a model program, recognized nationally by the President's Committee on the Arts and Humanities and the National Endowment of the Arts. GSA was established in 1987 to address the needs of an underserved Kentucky population: Kentucky's artistically gifted and talented young people. Whereas opportunities for advanced academic work has been widely available to Kentucky's academically gifted students, opportunities to pursue advanced work in the arts have been considerably more limited, particularly for geographically and/or economically marginalized students. GSA not only plays a vital role in preparing students for their pursuit of careers in the arts, but also prepares them for all facets of professional life requiring leadership, critical thinking, exceptional communication skills and understanding of the multi-cultural world. The school currently serves 512 students.

Transportation

	Transportation Transportation				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	16,832,800	17,225,800	17,225,800	16,759,000	16,777,200
Budget Reserve	300,000,000	260,600,000	200,000,000		
Continuing Approp-General Fund	267,302,731	567,077,413	779,070,800		
Budget Reduction-General Fund			(516,800)		
Total General Fund	<u>584,135,531</u>	<u>844,903,213</u>	<u>995,779,800</u>	<u>16,759,000</u>	<u>16,777,200</u>
Restricted Funds					
Balance Forward	167,103,344	212,763,372	158,961,100	20,589,000	17,341,000
Current Receipts	152,153,795	164,397,609	210,641,200	212,400,900	212,649,900
Non-Revenue Receipts	70,354,311	(2,709,125)	326,342,400	30,487,700	30,489,900
Fund Transfers	(1,210,000)	(2,025,000)	(2,010,900)	(2,040,400)	(1,596,600)
Total Restricted Funds	<u>388,401,450</u>	<u>372,426,855</u>	<u>693,933,800</u>	<u>261,437,200</u>	<u>258,884,200</u>
Federal Fund					
Balance Forward	(155,472,076)	(119,433,813)	(113,750,500)		
Current Receipts	1,169,379,797	1,007,983,542	2,759,538,900	1,322,254,600	1,331,496,700
Total Federal Fund	<u>1,013,907,722</u>	<u>888,549,730</u>	<u>2,645,788,400</u>	<u>1,322,254,600</u>	<u>1,331,496,700</u>
Road Fund					
Regular Appropriation	1,623,025,800	1,929,404,900	1,826,389,200	1,782,514,300	1,852,318,900
State Salary and Compensation Allocation	12,397,500				
Surplus Expenditure Plan	55,504,572		61,645,600		
Current Year Appropriation	2,500,000		5,035,600		
Continuing Approp-Road Fund	531,452,211	422,266,201	348,283,600		
Budget Reduction-Road Fund					
Other	41,562,845	(2,991,839)	(56,584,300)		
Total Road Fund	<u>2,266,442,928</u>	<u>2,348,679,262</u>	<u>2,184,769,700</u>	<u>1,782,514,300</u>	<u>1,852,318,900</u>
TOTAL SOURCE OF FUNDS	<u>4,252,887,631</u>	<u>4,454,559,060</u>	<u>6,520,271,700</u>	<u>3,382,965,100</u>	<u>3,459,477,000</u>
EXPENDITURES BY CLASS					
Personnel Costs	726,076,871	762,289,193	1,069,590,200	779,493,300	791,534,100
Operating Expenses	393,789,895	395,891,131	447,661,200	441,548,300	475,922,500
Grants Loans Benefits	280,189,433	331,593,929	593,345,100	288,534,600	298,908,600
Debt Service	205,072,188	204,386,936	218,896,700	200,600,500	155,327,600
Capital Outlay	21,304,998	25,963,777	76,826,600	12,295,000	12,685,000
Construction	1,525,238,381	1,385,742,431	4,093,362,900	1,643,152,400	1,709,774,700
TOTAL EXPENDITURES	<u>3,151,671,767</u>	<u>3,105,867,397</u>	<u>6,499,682,700</u>	<u>3,365,624,100</u>	<u>3,444,152,500</u>

EXPENDITURES BY FUND SOURCE

General Fund	17,058,116	65,750,997	995,779,800	16,759,000	16,777,200
Restricted Funds	175,638,078	213,465,785	673,344,800	244,096,200	243,559,700
Federal Fund	1,133,341,534	1,002,300,174	2,645,788,400	1,322,254,600	1,331,496,700
Road Fund	1,825,634,038	1,824,350,441	2,184,769,700	1,782,514,300	1,852,318,900
TOTAL EXPENDITURES	3,151,671,767	3,105,867,397	6,499,682,700	3,365,624,100	3,444,152,500

EXPENDITURES BY UNIT

General Administration and Support	79,726,896	84,510,758	157,142,600	85,990,200	86,632,400
Aviation	23,763,151	34,535,004	61,285,800	21,423,500	21,465,600
Debt Service	133,854,976	134,173,692	118,683,100	100,330,300	103,213,000
Highways	2,429,325,878	2,315,866,214	5,438,393,000	2,640,039,900	2,698,558,800
Public Transportation	41,791,092	59,911,311	275,677,000	57,666,700	57,716,900
Revenue Sharing	362,750,492	383,634,441	360,187,400	341,452,400	360,734,600
Vehicle Regulation	61,909,282	73,835,977	88,313,800	108,821,100	105,381,200
Transfer to Capital Projects	18,550,000	19,400,000		9,900,000	10,450,000
TOTAL EXPENDITURES	3,151,671,767	3,105,867,397	6,499,682,700	3,365,624,100	3,444,152,500

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.

**Transportation
General Administration and Support**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	500,000	500,000	500,000	500,000	500,000
Total General Fund	500,000	500,000	500,000	500,000	500,000
Restricted Funds					
Balance Forward	230,316	210,149	150,700	73,400	
Current Receipts	1,437,435	1,412,595	2,701,900	2,727,600	2,741,700
Non-Revenue Receipts	(468,481)	(316,058)			
Total Restricted Funds	1,199,270	1,306,686	2,852,600	2,801,000	2,741,700
Federal Fund					
Current Receipts		990,707	69,456,000		
Total Federal Fund		990,707	69,456,000		
Road Fund					
Regular Appropriation	81,626,400	83,526,100	84,407,400	82,689,200	83,390,700
State Salary and Compensation Allocation	1,016,000				
Budget Reduction-Road Fund					
Total Road Fund	82,642,400	83,526,100	84,407,400	82,689,200	83,390,700
TOTAL SOURCE OF FUNDS	84,341,670	86,323,493	157,216,000	85,990,200	86,632,400
EXPENDITURES BY CLASS					
Personnel Costs	43,549,268	42,706,877	44,418,000	45,487,000	46,202,600
Operating Expenses	35,310,305	40,868,633	40,848,100	38,527,700	38,454,300
Grants Loans Benefits	503,111	502,831	502,500	502,500	502,500
Debt Service	344,988	340,888	345,000		
Capital Outlay		48,344	70,938,800	1,382,800	1,382,800
Construction	19,224	43,185	90,200	90,200	90,200
TOTAL EXPENDITURES	79,726,896	84,510,758	157,142,600	85,990,200	86,632,400
EXPENDITURES BY FUND SOURCE					
General Fund	500,000	500,000	500,000	500,000	500,000
Restricted Funds	989,121	1,156,008	2,779,200	2,801,000	2,741,700
Federal Fund		990,707	69,456,000		
Road Fund	78,237,775	81,864,043	84,407,400	82,689,200	83,390,700
TOTAL EXPENDITURES	79,726,896	84,510,758	157,142,600	85,990,200	86,632,400
EXPENDITURES BY UNIT					
Office of the Secretary	9,173,259	9,797,101	80,019,300	10,628,300	10,823,900
Legal Services	5,216,869	4,634,505	5,579,600	5,788,800	5,859,300
Office of Human Resource Management	4,321,151	4,310,427	4,335,500	4,497,500	4,589,300
Office of Support Services	16,456,235	19,652,329	21,151,400	17,707,500	17,816,800
Technology	39,238,382	41,091,882	41,005,300	42,136,000	42,213,700
Office of Audits	5,321,001	5,024,513	5,051,500	5,232,100	5,329,400
TOTAL EXPENDITURES	79,726,896	84,510,758	157,142,600	85,990,200	86,632,400

The General Administration and Support appropriation unit provides management and administrative services and ensures efficient day to day operations. This unit includes the Office of Secretary and nine other offices.

The Office of Budget and Fiscal Management, the Office for Civil Rights and Small Business Development, the Office of Legal Services, the Office of Public Affairs, the Office of Inspector General, the Office of Human Resource Management, the Office of Support Services, the Office of Audits, and the Office of Information Technology provide leadership, management, and staff support to the Transportation Cabinet and provide the Secretary with the managerial tools necessary to operate the Cabinet.

The Office of the Secretary is the central point of contact with the general public and external organizations and serves as the main policymaking arm of the Cabinet. The Office of Budget and Fiscal Management and the Office of Audits manage the planning and use of the Cabinet's financial resources. The Office for Civil Rights and Small Business Development conducts programs to provide women and minorities an equal opportunity for employment and to compete for highway construction contracts. The Office of Legal Services provides the agency with the required legal representation before administrative boards and all levels of the court system. The Office of Public Affairs is responsible for the Cabinet's communications with employees, the news media, and the general public. The Office of Inspector General exists to provide the Cabinet a mechanism for both employees and Kentuckians to report incidences of wrongdoing regarding the Cabinet's service. The Office of Human Resource Management is responsible for the Cabinet's human resources policies and personnel utilization and development programs. The Office of Support Services provides oversight and management of the Cabinet's statewide facilities, including all ongoing capital projects not associated with highway construction. Beginning in April 2013, the Office of Support Services began providing production print services for the Executive Branch through its Division of Graphic Design and Printing, a function previously performed by the Commonwealth Office of Technology. The Office of Information Technology is responsible for the technological application development and system support functions for the Cabinet.

Policy

The Governor's budget includes additional funding in the amount of \$509,400 in fiscal year 2027 and \$1,046,100 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

Road Fund in the amount of \$1,200,000 each year is included to support the ongoing costs of the AASHTOWare software.

	Transportation Aviation				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	757,000	1,150,000	1,150,000	1,165,500	1,183,700
Budget Reserve		10,600,000			
Continuing Approp-General Fund			200,000		
Budget Reduction-General Fund			(34,500)		
Total General Fund	<u>757,000</u>	<u>11,750,000</u>	<u>1,315,500</u>	<u>1,165,500</u>	<u>1,183,700</u>
Restricted Funds					
Balance Forward	35,652,526	40,566,634	39,176,400	3,714,400	6,132,500
Current Receipts	25,236,958	22,265,645	24,350,700	24,215,700	24,190,100
Non-Revenue Receipts	(835,300)	(836,935)	(837,500)	(835,900)	(833,700)
Fund Transfers	(1,210,000)	(2,025,000)	(2,010,900)	(2,040,400)	(1,596,600)
Total Restricted Funds	<u>58,844,184</u>	<u>59,970,344</u>	<u>60,678,700</u>	<u>25,053,800</u>	<u>27,892,300</u>
Federal Fund					
Balance Forward	(1,267,716)	(3,066,984)	(314,200)		
Current Receipts	1,057,108	4,186,908	2,482,700	500,800	500,800
Total Federal Fund	<u>(210,608)</u>	<u>1,119,923</u>	<u>2,168,500</u>	<u>500,800</u>	<u>500,800</u>
Road Fund					
Regular Appropriation	1,875,700	838,500	837,500	835,900	833,700
State Salary and Compensation Allocation	25,900				
Total Road Fund	<u>1,901,600</u>	<u>838,500</u>	<u>837,500</u>	<u>835,900</u>	<u>833,700</u>
TOTAL SOURCE OF FUNDS	<u>61,292,177</u>	<u>73,678,767</u>	<u>65,000,200</u>	<u>27,556,000</u>	<u>30,410,500</u>
EXPENDITURES BY CLASS					
Personnel Costs	3,929,619	3,826,478	4,194,700	3,945,000	3,989,300
Operating Expenses	1,150,485	1,121,878	1,325,300	1,368,700	1,368,700
Grants Loans Benefits	13,565,585	22,879,045	53,163,900	15,023,900	15,023,900
Debt Service	1,592,256	838,456	837,500	835,900	833,700
Capital Outlay	158,249	3,635,375			
Construction	3,366,956	2,233,771	1,764,400	250,000	250,000
TOTAL EXPENDITURES	<u>23,763,151</u>	<u>34,535,004</u>	<u>61,285,800</u>	<u>21,423,500</u>	<u>21,465,600</u>
EXPENDITURES BY FUND SOURCE					
General Fund	757,000	11,468,531	1,315,500	1,165,500	1,183,700
Restricted Funds	18,277,551	20,793,918	56,964,300	18,921,300	18,947,400
Federal Fund	2,856,377	1,434,098	2,168,500	500,800	500,800
Road Fund	1,872,223	838,456	837,500	835,900	833,700
TOTAL EXPENDITURES	<u>23,763,151</u>	<u>34,535,004</u>	<u>61,285,800</u>	<u>21,423,500</u>	<u>21,465,600</u>
EXPENDITURES BY UNIT					
Commonwealth Aviation	20,092,176	31,164,753	57,660,300	17,732,600	17,755,900
Capital City Airport	2,835,718	2,531,794	2,788,000	2,855,000	2,876,000
Aviation Administration	835,256	838,456	837,500	835,900	833,700
TOTAL EXPENDITURES	<u>23,763,151</u>	<u>34,535,004</u>	<u>61,285,800</u>	<u>21,423,500</u>	<u>21,465,600</u>

In accordance with KRS Chapter 183, the Transportation Cabinet supports the Commonwealth's Aviation program. There are two divisions within the Department of Aviation: Commonwealth Aviation and Capital City Airport. The Commonwealth Aviation division is charged with the Air Regulatory program and the Airport Development program. The Air Regulatory program is responsible for inspecting and determining the safety and efficiency of all of the Commonwealth's public use airport and heliport facilities. Pursuant to KRS 183.861, the Kentucky Airport Zoning Commission protects the navigable airspace within the state by evaluating applications for construction, issuing permits, and maintaining updated airport zoning maps. The Commission is attached to the Air Regulatory program for administrative purposes. The Airport Development program provides for administration, planning and management of airport construction, and maintenance of local airports. Airport Development also provides technical and financial assistance to the state's 59 public use airports, including updating and distributing the state aeronautical charts and airport directories.

The Capital City Airport is a public use airport located in Frankfort, Kentucky. Capital City Airport is home to 78 aircraft, including the fleet of owned and operated by state government and the National Guard located in Frankfort.

Policy

The Governor's budget includes additional funding in the amount of \$56,100 in fiscal year 2027 and \$115,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028. The General Fund portion is \$14,600 and \$30,000, respectively.

**Transportation
Debt Service**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	136,855,100	137,206,400	118,683,100	100,330,300	103,213,000
Total Road Fund	136,855,100	137,206,400	118,683,100	100,330,300	103,213,000
TOTAL SOURCE OF FUNDS	136,855,100	137,206,400	118,683,100	100,330,300	103,213,000
EXPENDITURES BY CLASS					
Personnel Costs	110,000	130,000		250,000	250,000
Debt Service	133,744,976	134,043,692	118,683,100	100,080,300	102,963,000
TOTAL EXPENDITURES	133,854,976	134,173,692	118,683,100	100,330,300	103,213,000
EXPENDITURES BY FUND SOURCE					
Road Fund	133,854,976	134,173,692	118,683,100	100,330,300	103,213,000
TOTAL EXPENDITURES	133,854,976	134,173,692	118,683,100	100,330,300	103,213,000
EXPENDITURES BY UNIT					
Economic Development Lease Rental	133,854,976	134,173,692	118,683,100	100,330,300	103,213,000
TOTAL EXPENDITURES	133,854,976	134,173,692	118,683,100	100,330,300	103,213,000

The Debt Service program is the budget entity through which lease rental payments are made on the revenue bonds the Commonwealth has issued to finance major highway construction projects.

KRS Chapter 175 authorizes the Turnpike Authority of Kentucky to issue revenue bonds to construct, maintain, repair, and operate designated roads of the Toll Road System, the Resource Recovery Road System, and the Economic Development Road System.

The first of these systems, the Toll Road System, was constructed during the mid-1960s and early 1970s. All of the Toll Road bonds that were issued to construct the state's parkways are now retired.

The Resource Recovery Road System began in the late 1970s, and most of the system's roads were built during the 1980s. The most significant project was KY 80. The final lease rental payment for the Resource Recovery Road bonds was made in fiscal year 2008-2009.

The Economic Development Road System was established and funded through a series of bond issues. The first was a \$300 million issue sold in 1984. The second was a relatively small sale of \$36.6 million in 1987. The third and largest was a \$600 million program which was implemented in bond sales during 1990, 1993, and 1995. The projects constructed with the \$600 million series were designated as "Revitalization Projects" and are now complete. The fourth issue was authorized by the 1998 General Assembly in the amount of \$200 million. The bonds were sold in 1999 and projects funded with those proceeds are now complete. The 2005 General Assembly authorized the fifth series of Economic Development Road bonds in the amount of \$450 million. The bond projects associated with the 2005 series were split to support three initiatives: \$300 million for projects in the adopted Six-Year Highway Plan; \$100 million to fund County Road Aid projects; and \$50 million to support Municipal Road Aid projects. The 2006 General Assembly authorized an additional \$350 million in Economic Development Road Bonds. The entire 2006 series was authorized to support projects in the adopted Six-Year Highway Plan. The seventh issue was authorized by the 2008 General Assembly in the amount of \$50 million for projects associated with Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. The 2009 General Assembly authorized bonds in the amount of \$400 million to support projects in the adopted Six-Year Highway Plan. The 2010 Special Session of the General Assembly authorized \$112 million in BRAC bonds to complete the projects in Fort Knox and \$400 million in bonds for projects included in the Biennial Highway Construction Plan. All but \$50 million of the \$400 million in bonds authorized by the 2010 Special Session of the General Assembly have been issued.

Through lease agreements with the Turnpike Authority of Kentucky and the Asset and Liability Commission, the Transportation Cabinet provides funds to pay the Toll Road, Resource Recovery Road, and the Economic Development Road revenue bonds. In the Debt Service program, funds are reserved exclusively for semi-annual lease rental payments to meet the principal and interest requirements of these outstanding bonds, along with any administrative costs of the Turnpike Authority.

	Transportation Highways				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Budget Reserve	300,000,000	250,000,000	200,000,000		
Continuing Approp-General Fund	250,000,000	541,797,180	754,956,000		
Total General Fund	550,000,000	791,797,180	954,956,000		
Restricted Funds					
Balance Forward	112,324,202	147,392,085	100,030,300	2,440,500	2,440,500
Current Receipts	103,614,229	116,924,021	160,837,500	166,331,300	166,971,200
Non-Revenue Receipts	71,691,193	7,207,246	331,323,600	31,323,600	31,323,600
Total Restricted Funds	287,629,623	271,523,352	592,191,400	200,095,400	200,735,300
Federal Fund					
Balance Forward	(153,532,337)	(115,383,825)	(112,117,600)		
Current Receipts	1,131,642,115	959,036,155	2,445,707,100	1,275,288,600	1,284,495,000
Total Federal Fund	978,109,777	843,652,329	2,333,589,500	1,275,288,600	1,284,495,000
Road Fund					
Regular Appropriation	974,783,400	1,244,441,900	1,150,167,400	1,167,096,400	1,215,769,000
State Salary and Compensation Allocation	10,743,400				
Surplus Expenditure Plan	55,504,572		61,645,600		
Continuing Approp-Road Fund	400,923,122	248,824,470	348,283,600		
Other		9,795,482			
Total Road Fund	1,441,954,494	1,503,061,852	1,560,096,600	1,167,096,400	1,215,769,000
TOTAL SOURCE OF FUNDS	3,257,693,894	3,410,034,713	5,440,833,500	2,642,480,400	2,700,999,300
EXPENDITURES BY CLASS					
Personnel Costs	633,171,449	663,321,009	963,881,000	655,652,600	666,318,100
Operating Expenses	318,643,429	311,887,443	369,921,600	359,128,600	397,278,700
Grants Loans Benefits	21,483,335	25,157,173	69,451,100	30,684,000	30,684,000
Debt Service	69,389,969	69,163,900	97,524,100	98,071,300	49,917,900
Capital Outlay	2,596,749	2,121,658	252,200	252,200	252,200
Construction	1,384,040,947	1,244,215,031	3,937,363,000	1,496,251,200	1,554,107,900
TOTAL EXPENDITURES	2,429,325,878	2,315,866,214	5,438,393,000	2,640,039,900	2,698,558,800
EXPENDITURES BY FUND SOURCE					

General Fund	8,202,819	36,841,221	954,956,000		
Restricted Funds	140,237,538	171,493,123	589,750,900	197,654,900	198,294,800
Federal Fund	1,093,493,603	955,769,931	2,333,589,500	1,275,288,600	1,284,495,000
Road Fund	1,187,391,918	1,151,761,940	1,560,096,600	1,167,096,400	1,215,769,000
TOTAL EXPENDITURES	2,429,325,878	2,315,866,214	5,438,393,000	2,640,039,900	2,698,558,800

EXPENDITURES BY UNIT

Research	2,914,897	1,504,686	14,488,100	4,818,600	4,818,600
Construction	1,756,350,421	1,575,802,444	4,663,171,300	1,891,317,700	1,926,716,900
Maintenance	492,504,128	516,478,383	488,665,100	500,671,500	521,581,600
Engineering Administration	19,580,815	22,173,471	20,677,900	19,595,900	20,016,200
Planning	19,435,126	20,418,972	21,164,100	21,226,900	21,464,700
Highway Operations	52,057,360	65,373,536	89,372,500	87,140,100	88,003,700
Equipment Services	66,025,279	90,827,948	104,343,700	94,603,100	95,173,300
Highway Safety	17,246,598	19,662,435	20,874,700	20,666,100	20,783,800
EKY SAFE Fund	3,211,255	3,624,340	15,635,600		
TOTAL EXPENDITURES	2,429,325,878	2,315,866,214	5,438,393,000	2,640,039,900	2,698,558,800

The Highways appropriation unit is the largest program in the Transportation Cabinet. There are eight programs in the Department of Highways: Research, Construction, Maintenance, Engineering Administration, Highway Planning, Highway Operations, Highway Safety and Equipment Services. The Construction program is divided into five subprograms: Bond Funded Construction, State Funded Construction, Federal Funded Construction, Toll Bond Funded Construction, and the TIFIA Loan program.

The Department of Highways is responsible for the construction, reconstruction, and maintenance of the State Primary Road System through authority granted by KRS 177.020. The Department is headed by a commissioner who is appointed by the Governor on recommendation of the Secretary of Transportation. This agency administers all of the programs within the Highways appropriation unit.

Combined travel by all motor vehicles over Kentucky's 80,000 miles of roads and streets equals over 48.1 billion vehicle-miles. The State Primary Road System carries about 85 percent of all traffic. This network consists of approximately 27,600 miles of interstate highways, resource recovery roads, parkways, economic development roads, primary, secondary, rural, unclassified roads, and approximately 9,100 state maintained bridges. Kentucky's interstate system, consisting of approximately 940 miles, carries 32 percent of all travel.

Policy

The Governor's budget includes additional funding in the amount of \$7,142,600 in fiscal year 2027 and \$14,669,000 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

**Transportation
Highways
Research**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	335,662	335,662	262,000		
Current Receipts	1,503,302	(28,922)	12,557,900	3,383,400	3,383,400
Total Federal Fund	1,838,964	306,740	12,819,900	3,383,400	3,383,400
Road Fund					
Regular Appropriation	1,145,600	1,146,400	1,435,600	1,435,200	1,435,200
Continuing Approp-Road Fund	812,094	546,099	232,600		
Total Road Fund	1,957,694	1,692,499	1,668,200	1,435,200	1,435,200
TOTAL SOURCE OF FUNDS	3,796,658	1,999,239	14,488,100	4,818,600	4,818,600
EXPENDITURES BY CLASS					
Personnel Costs	2,899,121	1,308,367	14,198,100	4,529,000	4,529,000
Operating Expenses	15,776	172,162	290,000	289,600	289,600
Construction		24,156			
TOTAL EXPENDITURES	2,914,897	1,504,686	14,488,100	4,818,600	4,818,600
EXPENDITURES BY FUND SOURCE					
Federal Fund	1,503,302	44,748	12,819,900	3,383,400	3,383,400
Road Fund	1,411,595	1,459,937	1,668,200	1,435,200	1,435,200
TOTAL EXPENDITURES	2,914,897	1,504,686	14,488,100	4,818,600	4,818,600

The Research program is primarily a problem-solving service available to the Department of Highways. The program provides studies of traffic safety and operations, pavement mechanics and performance, materials characteristics and behavior, and transportation policies. The Research function is mandated by the Commonwealth's use of federal highway funds in accordance with Title 23 of the Federal Code, which requires the use of 25 percent of funds for highway research and development. The Transportation Cabinet partners with the University of Kentucky Transportation Center to carry out research functions. The partnership conducts workshops on highway maintenance and management; traffic engineering, computerized signalization, signal technician certification, incident management/traffic mitigation, and provides on-demand technical assistance. The program maintains a lending library, including both written and audio-visual materials. The program also publishes a quarterly newsletter.

	Transportation Highways Construction				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Budget Reserve	300,000,000	250,000,000	200,000,000		
Continuing Approp.-General Fund	250,000,000	541,797,180	754,956,000		
Total General Fund	550,000,000	791,797,180	954,956,000		
Restricted Funds					
Balance Forward	49,982,782	77,914,288	69,907,700		
Current Receipts	10,392,508	7,807,828	16,422,000	16,535,000	16,600,100
Non-Revenue Receipts	70,343,173	28,784,226	331,323,600	31,323,600	31,323,600
Total Restricted Funds	130,718,463	114,506,342	417,653,300	47,858,600	47,923,700
Federal Fund					
Balance Forward	(153,327,928)	(113,566,081)	(110,097,700)		
Current Receipts	1,109,463,980	934,310,810	2,404,217,000	1,244,953,200	1,253,986,000
Total Federal Fund	956,136,053	820,744,729	2,294,119,300	1,244,953,200	1,253,986,000
Road Fund					
Regular Appropriation	475,689,500	717,555,100	586,859,700	598,505,900	624,807,200
State Salary and Compensation Allocation	878,800				
Surplus Expenditure Plan	55,504,572		61,645,600		
Continuing Approp-Road Fund	372,375,273	238,806,852	347,937,400		
Other	(40,000,000)	(44,904,518)			
Total Road Fund	864,448,145	911,457,434	996,442,700	598,505,900	624,807,200
TOTAL SOURCE OF FUNDS	2,501,302,661	2,638,505,685	4,663,171,300	1,891,317,700	1,926,716,900
EXPENDITURES BY CLASS					
Personnel Costs	266,799,468	272,662,712	540,773,800	257,275,900	259,821,600
Operating Expenses	56,245,142	39,634,519	98,510,800	62,635,500	85,847,600
Grants Loans Benefits	16,445,796	18,483,863	63,422,400	24,100,000	24,100,000
Debt Service	69,389,969	69,163,900	97,524,100	98,071,300	49,917,900
Capital Outlay	71,600	895,937			
Construction	1,347,398,447	1,174,961,513	3,862,940,200	1,449,235,000	1,507,029,800
TOTAL EXPENDITURES	1,756,350,421	1,575,802,444	4,663,171,300	1,891,317,700	1,926,716,900
EXPENDITURES BY FUND SOURCE					
General Fund	8,202,819	36,841,221	954,956,000		
Restricted Funds	52,804,175	44,598,742	417,653,300	47,858,600	47,923,700
Federal Fund	1,069,702,134	930,842,450	2,294,119,300	1,244,953,200	1,253,986,000
Road Fund	625,641,293	563,520,032	996,442,700	598,505,900	624,807,200
TOTAL EXPENDITURES	1,756,350,421	1,575,802,444	4,663,171,300	1,891,317,700	1,926,716,900

EXPENDITURES BY UNIT

Bond Funded Construction	8,148,428	3,161,809	335,717,400		
State Funded Construction	433,193,364	413,087,174	1,237,140,900	436,889,100	460,667,900
Federal Funded Construction	1,315,008,629	1,159,553,461	3,090,313,000	1,454,428,600	1,466,049,000
TOTAL EXPENDITURES	1,756,350,421	1,575,802,444	4,663,171,300	1,891,317,700	1,926,716,900

The Construction program is the largest single funding component within the Highways appropriation unit. It encompasses all construction and major reconstruction of roadways in the State Primary Road System. The Construction Program is divided into five sub-programs: Bond Funded Construction, State Funded Construction, Federal Funded Construction, Toll Bond Funded Construction, and the TIFIA Loan program. KRS 45.750(3) exempts road projects, including associated equipment and land acquisition purchases, from the capital construction statutes outlined in KRS Chapter 45.760 - 45.810.

Several different road systems constructed in the Commonwealth over the last 40 years have used Bond Funded Construction. General obligation bonds were sold to finance the original construction of the Interstate System. The Turnpike Authority of Kentucky sold revenue bonds to fund construction of the toll road system that crisscrosses the state. Tolls on these parkways were removed once the bonds were paid. Resource recovery bonds were sold in the late 1970s for construction of the Resource Recovery Road System, a network of highways over which coal resources could be efficiently hauled. The Turnpike Authority received authorization to sell bonds in 1984, 1987, 1990, 1993, 1995, 1999, 2005, 2006, 2008, 2009, and 2010 for projects identified as part of the Economic Development Road System. The Authority received authorization in 2008 and 2010 to issue bonds to support road projects specifically related to the Base Re-alignment and Closure (BRAC) activities in and around Fort Knox. All of the roads constructed using proceeds from Turnpike Authority bonds are built by the Cabinet on behalf of the Authority, and then are leased to the Cabinet until the bonds are retired. At that time they are transferred to the Cabinet and become a part of the state highway system.

The State Funded Construction program provides for many highway improvement needs, emergency needs, industrial access roads, parkway and primary road pavement rehabilitation, and other projects for which federal funding is not available. The state resurfacing program is a part of this sub-program area and provides for resurfacing of roads in the state maintained highway system. The Highway Construction Contingency account, authorized in KRS 45.247, is also included in the State-Funded Construction program.

The Federal Construction program addresses the major construction, reconstruction, and rehabilitation needs for nearly 12,000 miles of interstate, primary, secondary, urban systems, and Appalachian routes across the state. This funding is provided under Titles 23 and 40 of the US Code. From fiscal year 2005 to fiscal year 2008, \$440 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds were appropriated to support interstate projects along I-64, I-75, and I-65. In addition, GARVEE bonds totaling \$336 million were authorized in 2008 and 2010 for the Louisville Bridges project. The 2010 Special Session of the General Assembly authorized \$330 million in GARVEE bonds for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project. For display purposes, the GARVEE bonds are located in the Bond Funded Construction program. However, the debt service to support the GARVEE bonds is located in the Federal Fund Construction program.

House Bill 4 from the 2009 Special Session of the General Assembly created the Kentucky Public Transportation Infrastructure Authority (KPTIA) to facilitate the construction, financing, operation, and oversight of mega-projects. According to the Federal Highway Administration, mega-projects are projects that have a total cost of \$500 million or more. The Authority has the power to finance mega-projects through the use of tolls, funds from any GARVEE, funds appropriated by the state or federal government, and any other funds pledged for their purpose. House Bill 241 from the 2022 Regular Session of the General Assembly approved \$150 million in GARVEE Bond Funds to be issued for the Brent Spence Bridge Project. House Bill 265 from the 2024 Regular Session of the General Assembly approved \$150 million in GARVEE Bond funds to be issued for the I-69 Ohio River Crossing Project.

Policy

The budget authorizes the Secretary of Transportation to continue the Cash Management program, formerly known as the Pre-financing Road Projects program, authorized by the Appropriations Act since the 2000-2002 biennium. The Cash Management program allows the Cabinet to expedite projects in the Biennial Highway Construction Plan by managing Road Fund cash, while ensuring that expenditures remain within enacted appropriations.

Included in the State Supported Construction Program is \$20,000,000 in each fiscal year from the Road Fund for the County Priority Projects Program and \$25,000,000 in each fiscal year from the Road Fund for the County Bridge Improvement program. Both of these programs were new in the 2024-26 biennial budget.

**Transportation
Highways
Maintenance**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	123,119	1,499,034	33,200		
Current Receipts	5,505,030	3,361,156	3,857,000	6,957,000	6,957,000
Non-Revenue Receipts	224,076	164,144			
Total Restricted Funds	5,852,226	5,024,334	3,890,200	6,957,000	6,957,000
Road Fund					
Regular Appropriation	423,427,500	445,929,400	484,661,300	493,714,500	514,624,600
State Salary and Compensation Allocation	6,459,200				
Continuing Approp-Road Fund	27,735,755	9,471,519	113,600		
Other	40,000,000	56,200,000			
Total Road Fund	497,622,455	511,600,919	484,774,900	493,714,500	514,624,600
TOTAL SOURCE OF FUNDS	503,474,681	516,625,253	488,665,100	500,671,500	521,581,600
EXPENDITURES BY CLASS					
Personnel Costs	252,375,685	265,730,668	263,952,400	251,794,800	257,704,900
Operating Expenses	225,010,218	231,337,795	218,567,300	242,490,000	257,490,000
Grants Loans Benefits	15,576	50,112			
Capital Outlay	1,346,850	788,681			
Construction	13,755,798	18,571,126	6,145,400	6,386,700	6,386,700
TOTAL EXPENDITURES	492,504,128	516,478,383	488,665,100	500,671,500	521,581,600
EXPENDITURES BY FUND SOURCE					
Restricted Funds	4,353,192	4,991,097	3,890,200	6,957,000	6,957,000
Road Fund	488,150,936	511,487,285	484,774,900	493,714,500	514,624,600
TOTAL EXPENDITURES	492,504,128	516,478,383	488,665,100	500,671,500	521,581,600

Kentucky has invested approximately \$19 billion in its highway infrastructure which is comprised of right-of-way, roadways, and bridges. KRS 176.050 assigns the responsibility for operating and maintaining this highway infrastructure to the Department of Highways. The Maintenance program's role is to operate and maintain the roadways, bridges, rest areas, and traffic control devices on all state-maintained highways. Two organizational units under the Office of Project Delivery and Preservation administer the Maintenance program: the Division of Maintenance and the Division of Traffic Operations. The duties of this unit are explained in Kentucky Revised Statutes 175.580, 175.610, 176.050, 176.051, 177.020, 177.410, 177.530, 177.550, 177.830-890, 177.905-990, and 180.290.

The Division of Maintenance responsibilities are broken down into two areas. The Roadway Preservation program maintains approximately 15,000 miles of state primary highways and 13,000 miles of rural secondary highways. The Pavement and Operations Management personnel inspect and evaluate pavement conditions on over 27,000 miles of state-maintained roads, determine strategies for improvement, estimate funding needs, and recommend annual priorities. The Bridge Preservation program is responsible for all state-maintained bridges, except those on the Rural Secondary system.

Revolving Maintenance serves as a materials revolving mechanism for refurbishing damaged guardrail. Damaged guardrail is shipped to Frankfort, straightened and re-galvanized, and is placed back into service as needs arise.

Capital Improvements is a subset of the Division of Maintenance for coordinating with the Kentucky State Police vehicle accident data in order to establish priorities for installing new guardrail in locations it does not currently exist.

The Rest Area Operations/Maintenance program provides sanitary and accessible restroom facilities and other convenient services for motorists traveling through the state. There are 26 rest area and welcome center locations and two truck rest haven locations.

The Division of Traffic Operations is responsible for the installation and maintenance of traffic control devices on over 27,000 miles of highways. This division uses a multitude of Intelligent Transportation Systems to communicate, control, detect and process data to effectively move traffic through the state in the safest manner possible.

Policy

Included in the above restricted fund appropriation is an additional \$3.1 million in each year to support increased contract services with Trimark and Cumberland Gap.

The budget includes additional Road Fund in the amount of \$23,605,400 in fiscal year 2027 and \$38,605,400 in fiscal year 2028 to support the Maintenance Program. These funds will be used for the increased costs of the upkeep of roads, winter operations, including snow and ice removal, resurfacing, guardrails, drainage, emergency response, pavement needs, management of roadside vegetation, and bridge repair.

	Transportation Highways Engineering Administration				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	19,886,700	23,362,600	20,677,900	19,595,900	20,016,200
State Salary and Compensation Allocation	1,017,400				
Total Road Fund	20,904,100	23,362,600	20,677,900	19,595,900	20,016,200
TOTAL SOURCE OF FUNDS	20,904,100	23,362,600	20,677,900	19,595,900	20,016,200
EXPENDITURES BY CLASS					
Personnel Costs	16,960,444	16,926,455	17,884,800	16,776,300	17,196,600
Operating Expenses	2,021,447	4,718,204	2,364,300	2,385,100	2,385,100
Grants Loans Benefits	166	2,776			
Capital Outlay	590,127	409,665	252,200	252,200	252,200
Construction	8,632	116,372	176,600	182,300	182,300
TOTAL EXPENDITURES	19,580,815	22,173,471	20,677,900	19,595,900	20,016,200
EXPENDITURES BY FUND SOURCE					
Road Fund	19,580,815	22,173,471	20,677,900	19,595,900	20,016,200
TOTAL EXPENDITURES	19,580,815	22,173,471	20,677,900	19,595,900	20,016,200

There are nine divisions organized under the State Highway Engineer's Office.

The Division of Construction supervises highway construction projects, providing administrative support for central office and district construction projects. It also assists the Division of Materials staff in sampling and testing materials used in construction projects.

The Division of Materials establishes standards and controls relating to the quality of materials for the construction, maintenance, and operation of highways and bridges. The Division also develops, coordinates, and controls testing procedures that are conducted in the field.

The Division of Structural Design develops and prepares contract plans for all highway structures, as well as any special structures that the Transportation Cabinet builds as part of Kentucky's system of roads. The Division also designs and prepares plans for structural repair and rehabilitation of existing bridges, as well as the design of all overhead sign structures.

The Division of Highway Design, in conjunction with the district design offices, is responsible for the required design activities of the Cabinet's Six-Year Road Plan projects, including the preparation, assembly, and reproduction of construction plans for a project's award.

The Division of Environmental Analysis provides all environmental studies and documents required by federal agencies for federal-aid transportation projects and for state funded projects that require federal permits. The division ensures compliance with all federal laws and regulations.

The Division of Right-of-Way and Utilities acquires property required for the construction and reconstruction of highways. This function involves obtaining title reports, performing appraisals and appraisal reviews, conducting negotiations, providing relocation assistance, facilitating property management, and initiating condemnation procedures on properties affected by proposed projects.

The Division of Program Management is responsible for developing Kentucky's Biennial Six-Year Road Plan.

The Division of Planning provides the day-to-day administration and support for personnel involved in the Highway Planning program activities, including management, clerical support, training, and other overhead expenditures.

The Division of Professional Services is responsible for procuring the Cabinet's professional services relating to road contracts. This division advertises for engineering services, administers the pre-qualification process for consulting services, provides assistance to selection committees for contract awards, negotiates fees for consulting work sought by the Cabinet, and routinely confers with the Finance and Administration Cabinet and the Legislative Research Commission with respect to contract awards.

	Transportation Highways Planning				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Federal Fund					
Balance Forward	333,981	(139,655)	189,900		
Current Receipts	13,503,406	15,077,126	15,363,400	15,820,400	15,974,100
Total Federal Fund	13,837,387	14,937,471	15,553,300	15,820,400	15,974,100
Road Fund					
Regular Appropriation	4,889,300	5,335,800	5,610,800	5,406,500	5,490,600
State Salary and Compensation Allocation	502,600				
Other	350,000	850,000			
Total Road Fund	5,741,900	6,185,800	5,610,800	5,406,500	5,490,600
TOTAL SOURCE OF FUNDS	19,579,287	21,123,271	21,164,100	21,226,900	21,464,700
EXPENDITURES BY CLASS					
Personnel Costs	18,290,811	19,366,876	18,884,200	18,956,700	19,194,500
Operating Expenses	940,455	1,044,388	2,279,900	2,270,200	2,270,200
Construction	203,860	7,707			
TOTAL EXPENDITURES	19,435,126	20,418,972	21,164,100	21,226,900	21,464,700
EXPENDITURES BY FUND SOURCE					
Federal Fund	13,977,042	14,747,585	15,553,300	15,820,400	15,974,100
Road Fund	5,458,084	5,671,386	5,610,800	5,406,500	5,490,600
TOTAL EXPENDITURES	19,435,126	20,418,972	21,164,100	21,226,900	21,464,700

The Planning program is responsible for administrative and technical support and implements transportation planning activities statewide. The program is charged with a variety of statewide planning initiatives including: rail planning, carpooling, alternative fuel, bikeway, pedway, and ferry operations. In addition, it coordinates the Kentucky Scenic Highway and Byway System, manages the traffic data collection and processing equipment, maintains the Highway Information System, and coordinates air quality conformity with several state and federal agencies.

Highway Planning evaluates state-maintained streets and highways to ensure that available federal and state funds are utilized to maximum efficiency. The Planning unit maintains an inventory of all roadway classifications and prepares city, county, and state road maps for sale and distribution. The program also furnishes statistics required by the Federal Highway Administration and state and local government decision-makers.

Metropolitan Planning maintains and distributes federal funding to nine metropolitan planning organizations (MPOs) to implement the continuing, comprehensive, and cooperative planning process, which is mandated by federal law. The MPOs study the impact of transportation operations in urbanized areas concerning congestion management, air quality, environmental issues, public involvement, land use and development, and public transportation.

Area Development Districts (ADDs) Assistance administers a regional planning and public participation process in the state's 15 ADDs as part of the Cabinet's overall statewide transportation planning process, as required by 23 USC and 23 CFR 450. The Cabinet contracts with each ADD for activities in support of the regional and statewide planning process, including public involvement, data collection, analysis, identification of needs, project recommendations, regional prioritization of projects, and technical assistance and review.

**Transportation
Highways
Highway Operations**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Current Receipts	11,966,928	26,156,590	47,078,100	47,086,200	47,090,800
Non-Revenue Receipts	1,114,592	258,876			
Total Restricted Funds	13,081,521	26,415,466	47,078,100	47,086,200	47,090,800
Road Fund					
Regular Appropriation	40,991,200	42,214,800	42,294,400	40,053,900	40,912,900
State Salary and Compensation Allocation	1,879,200				
Other	(350,000)	(2,350,000)			
Total Road Fund	42,520,400	39,864,800	42,294,400	40,053,900	40,912,900
TOTAL SOURCE OF FUNDS	55,601,921	66,280,266	89,372,500	87,140,100	88,003,700
EXPENDITURES BY CLASS					
Personnel Costs	45,804,892	55,845,513	72,906,700	70,631,500	71,495,200
Operating Expenses	3,202,283	3,508,981	13,850,900	14,111,600	14,049,600
Grants Loans Benefits	667	9,737			
Capital Outlay	20,858				
Construction	3,028,661	6,009,304	2,614,900	2,397,000	2,458,900
TOTAL EXPENDITURES	52,057,360	65,373,536	89,372,500	87,140,100	88,003,700
EXPENDITURES BY FUND SOURCE					
Restricted Funds	13,081,521	26,415,466	47,078,100	47,086,200	47,090,800
Road Fund	38,975,840	38,958,071	42,294,400	40,053,900	40,912,900
TOTAL EXPENDITURES	52,057,360	65,373,536	89,372,500	87,140,100	88,003,700

In accordance with KRS Chapter 176, the Highway Operations program provides leadership, management, and central administrative support and funding for central office and district operations for the Transportation Cabinet's Department of Highways. The Commissioner of Highways oversees the Department, which includes the State Highway Engineer's Office, three offices which include 14 divisions, and 12 district offices across the state. In the 12 district offices, the Chief District Engineer manages the road project functions and reports to the State Highway Engineer.

The State Highway Engineer's Office manages and coordinates the engineering functions of the Cabinet, reviews management, engineering, and personnel reports and recommendations from the engineering and professional divisions, staff and Deputy State Highway Engineers. In addition, the Office administers the Cabinet's Engineering Scholarship program and the Engineering Graduate Training program, coordinates the Research program, and manages special projects, such as the Louisville Bridges project.

Contract procurement activities are also a part of the Highway Operations program and include prequalifying road contractors, advertising bids for road construction projects, awarding contracts, and issuing work orders and monitoring required contract provisions.

In fiscal year 2016-2017, the Transportation Cabinet began collecting a portion of the toll revenue from the Louisville- Southern Indiana Ohio River Bridges project to fund toll system operations and maintenance and administrative costs of the Kentucky Public Transportation Infrastructure Authority (KPTIA). The toll revenue is collected in an enterprise fund within the Transportation Cabinet, and the costs that it supports are included in the above restricted funds.

**Transportation
Highways
Equipment Services**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	16,804,973	24,203,043	12,005,700		
Current Receipts	73,423,349	78,630,640	92,338,000	94,603,100	95,173,300
Non-Revenue Receipts					
Total Restricted Funds	90,228,322	102,833,683	104,343,700	94,603,100	95,173,300
TOTAL SOURCE OF FUNDS	90,228,322	102,833,683	104,343,700	94,603,100	95,173,300
EXPENDITURES BY CLASS					
Personnel Costs	20,571,598	20,605,870	22,216,700	23,262,000	23,832,200
Operating Expenses	26,398,433	26,884,970	33,221,600	34,154,600	34,154,600
Grants Loans Benefits		10,674			
Capital Outlay	50,000	14,191			
Construction	19,005,248	43,312,243	48,905,400	37,186,500	37,186,500
TOTAL EXPENDITURES	66,025,279	90,827,948	104,343,700	94,603,100	95,173,300
EXPENDITURES BY FUND SOURCE					
Restricted Funds	66,025,279	90,827,948	104,343,700	94,603,100	95,173,300
TOTAL EXPENDITURES	66,025,279	90,827,948	104,343,700	94,603,100	95,173,300

The mission of the Equipment Services program is to provide highway construction and maintenance equipment for use by the Department of Highways. The unit purchases and maintains all the Cabinet's trucks, heavy equipment, and various pieces of support machinery. This program provides its services through the central office garage in Frankfort and a network of 12 repair garages located throughout the state.

	Transportation Highways Highway Safety				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	2,279,420	2,516,081	2,448,100	2,440,500	2,440,500
Current Receipts	989,427	967,457	1,142,400	1,150,000	1,150,000
Non-Revenue Receipts	9,352				
Total Restricted Funds	<u>3,278,199</u>	<u>3,483,539</u>	<u>3,590,500</u>	<u>3,590,500</u>	<u>3,590,500</u>
Federal Fund					
Balance Forward	(874,053)	(2,013,751)	(2,471,800)		
Current Receipts	7,171,427	9,677,141	13,568,800	11,131,600	11,151,500
Total Federal Fund	<u>6,297,374</u>	<u>7,663,390</u>	<u>11,097,000</u>	<u>11,131,600</u>	<u>11,151,500</u>
Road Fund					
Regular Appropriation	8,753,600	8,897,800	8,627,700	8,384,500	8,482,300
State Salary and Compensation Allocation	6,200				
Total Road Fund	<u>8,759,800</u>	<u>8,897,800</u>	<u>8,627,700</u>	<u>8,384,500</u>	<u>8,482,300</u>
TOTAL SOURCE OF FUNDS	<u>18,335,372</u>	<u>20,044,728</u>	<u>23,315,200</u>	<u>23,106,600</u>	<u>23,224,300</u>
EXPENDITURES BY CLASS					
Personnel Costs	9,429,551	10,799,916	13,064,300	12,426,400	12,544,100
Operating Expenses	1,806,322	2,086,411	795,100	792,000	792,000
Grants Loans Benefits	5,021,130	6,600,011	6,028,700	6,584,000	6,584,000
Capital Outlay	517,315	13,184			
Construction	472,279	162,913	986,600	863,700	863,700
TOTAL EXPENDITURES	<u>17,246,598</u>	<u>19,662,435</u>	<u>20,874,700</u>	<u>20,666,100</u>	<u>20,783,800</u>
EXPENDITURES BY FUND SOURCE					
Restricted Funds	762,117	1,035,530	1,150,000	1,150,000	1,150,000
Federal Fund	8,311,125	10,135,147	11,097,000	11,131,600	11,151,500
Road Fund	8,173,356	8,491,758	8,627,700	8,384,500	8,482,300
TOTAL EXPENDITURES	<u>17,246,598</u>	<u>19,662,435</u>	<u>20,874,700</u>	<u>20,666,100</u>	<u>20,783,800</u>

The Office of Transportation Safety is headed by an Executive Director who reports directly to the State Highway Engineer. The Office includes the Division of Incident Management and the Division of Highway Safety Programs. The Motorcycle Advisory Commission for Highway Safety is attached for administrative purposes.

The Division of Incident Management manages the Transportation Operations Center and coordinates highway incident management including providing information to travelers and providing assistance to stranded motorists and law enforcement agencies at the scene of highway incidents.

The Division of Highway Safety Programs is charged with coordinating efforts to reduce fatalities, injuries, and crashes on Kentucky's highway systems.

	Transportation Highways East Kentucky SAFE Fund				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	43,133,907	41,259,638	15,635,600		
Current Receipts	1,336,986	351			
Non-Revenue Receipts		(22,000,000)			
Total Restricted Funds	44,470,893	19,259,989	15,635,600		
TOTAL SOURCE OF FUNDS	44,470,893	19,259,989	15,635,600		
EXPENDITURES BY CLASS					
Personnel Costs	39,880	74,631			
Operating Expenses	3,003,354	2,500,012	41,700		
Construction	168,021	1,049,696	15,593,900		
TOTAL EXPENDITURES	3,211,255	3,624,340	15,635,600		
EXPENDITURES BY FUND SOURCE					
Restricted Funds	3,211,255	3,624,340	15,635,600		
TOTAL EXPENDITURES	3,211,255	3,624,340	15,635,600		

The EKY SAFE Fund was established to provide financial assistance for those located in the areas named in the Presidential Declaration of a Major Disaster, designated FEMA 4663-DR-KY, and impacted by the July 2022 storms and flooding that occurred in the eastern Kentucky region. House Bill 1 of the 2022 Special Session of the General Assembly appropriated \$45 million for the non-federal share of state road and bridge repair projects that are eligible for reimbursement from federal emergency disaster assistance for areas named in the Declaration. House Bill 244 of the 2025 Regular Session of the General Assembly authorized the transfer of remaining appropriations from the EKY Safe fund to the SAFE 4860 fund. In fiscal year 2025, \$22,000,000 was transferred to the SAFE 4860 fund.

**Transportation
Public Transportation**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,575,800	15,575,800	15,575,800	15,093,500	15,093,500
Continuing Approp-General Fund	17,302,731	25,280,233	23,914,800		
Budget Reduction-General Fund			(482,300)		
Total General Fund	32,878,531	40,856,033	39,008,300	15,093,500	15,093,500
Restricted Funds					
Balance Forward		12,601			
Current Receipts	681,053	2,042,425	865,100	735,100	749,600
Non-Revenue Receipts	(33,100)	143,654	(143,700)		
Total Restricted Funds	647,953	2,198,680	721,400	735,100	749,600
Federal Fund					
Balance Forward	220,037	140,077	(128,900)		
Current Receipts	33,477,482	40,502,356	236,076,200	41,838,100	41,873,800
Total Federal Fund	33,697,519	40,642,433	235,947,300	41,838,100	41,873,800
TOTAL SOURCE OF FUNDS	67,224,004	83,697,146	275,677,000	57,666,700	57,716,900
EXPENDITURES BY CLASS					
Personnel Costs	2,431,018	2,280,112	3,043,100	3,132,000	3,182,200
Operating Expenses	92,151	90,673	109,200	109,400	109,400
Grants Loans Benefits	39,267,923	57,540,526	272,524,700	54,425,300	54,425,300
TOTAL EXPENDITURES	41,791,092	59,911,311	275,677,000	57,666,700	57,716,900
EXPENDITURES BY FUND SOURCE					
General Fund	7,598,297	16,941,245	39,008,300	15,093,500	15,093,500
Restricted Funds	635,352	2,198,680	721,400	735,100	749,600
Federal Fund	33,557,443	40,771,386	235,947,300	41,838,100	41,873,800
TOTAL EXPENDITURES	41,791,092	59,911,311	275,677,000	57,666,700	57,716,900
EXPENDITURES BY UNIT					
Public Transportation	40,674,941	58,719,975	274,470,600	56,446,600	56,482,300
Multi-Modal Transportation	480,799	485,000	485,000	485,000	485,000
Human Services Delivery	635,352	706,336	721,400	735,100	749,600
TOTAL EXPENDITURES	41,791,092	59,911,311	275,677,000	57,666,700	57,716,900

The Public Transportation appropriation unit is comprised of three programs: Public Transportation, Multi-Modal, and Human Services Transportation Delivery. The Public Transportation program offers technical and financial assistance to public transportation providers and the metropolitan planning organizations throughout the state through the following federal programs: Sections 5303, 5307, 5309, 5310, 5311, 5316, and 5317. Federal Funds, combined with General Fund and local matching funds, allow public transit authorities to acquire buses and vans.

Also included in the Public Transportation program is funding for Non-public School Transportation, a program that provides grants to non-public schools so that they may offer bus service to their students.

The Multi-Modal program partners with the 15 area development districts with respect to regional and statewide transportation planning processes. This partnership generates public involvement with respect to identifying and prioritizing needs and assists in the project recommendation process, including the coordination of the Statewide Transportation Plan, the State Transportation Improvement program, and the Six-Year Highway Plan.

The Human Service Transportation Delivery program is a partnership between the Transportation Cabinet, the Medicaid program, the Office for Vocational Rehabilitation, and the Office for the Blind. This partnership provides non-emergency medical transportation, jobs access transportation, and transportation to day care facilities. The program also partners with the Veterans' Program Trust Fund to provide transportation services for veterans.

Policy

The base budget includes General Fund in the amount of \$5,000,000 in both fiscal years for nonpublic school transportation.

The Governor's budget includes additional funding in the amount of \$38,100 in fiscal year 2027 and \$78,300 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

	Transportation Revenue Sharing				
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Road Fund					
Regular Appropriation	364,783,000	389,335,000	416,771,700	341,452,400	360,734,600
State Salary and Compensation Allocation	77,800				
Continuing Approp-Road Fund	130,529,089	173,441,731			
Other	41,562,845	(12,787,321)	(56,584,300)		
Total Road Fund	536,952,734	549,989,410	360,187,400	341,452,400	360,734,600
TOTAL SOURCE OF FUNDS	536,952,734	549,989,410	360,187,400	341,452,400	360,734,600
EXPENDITURES BY CLASS					
Personnel Costs	4,163,565	3,753,928	2,518,600	2,358,600	2,408,900
Operating Expenses	20,176,451	20,053,304	10,720,600	10,033,900	10,126,200
Grants Loans Benefits	200,893,459	220,913,787	193,102,900	183,298,900	193,672,900
Construction	137,517,016	138,913,423	153,845,300	145,761,000	154,526,600
TOTAL EXPENDITURES	362,750,492	383,634,441	360,187,400	341,452,400	360,734,600
EXPENDITURES BY FUND SOURCE					
Road Fund	362,750,492	383,634,441	360,187,400	341,452,400	360,734,600
TOTAL EXPENDITURES	362,750,492	383,634,441	360,187,400	341,452,400	360,734,600
EXPENDITURES BY UNIT					
County Road Aid	138,568,056	161,208,135	135,863,800	128,963,300	136,265,000
Rural Secondary	160,972,743	161,353,886	164,818,400	156,447,400	165,305,200
Municipal Aid	62,230,946	59,625,624	57,166,700	54,263,200	57,335,500
Energy Recovery	96,458	539,299	181,000	181,000	181,000
Rural and Municipal Aid	882,289	907,497	2,157,500	1,597,500	1,647,900
TOTAL EXPENDITURES	362,750,492	383,634,441	360,187,400	341,452,400	360,734,600

There are five components of the Revenue Sharing program: the County Road Aid program, authorized by KRS 179.410 - 179.440; the Rural Secondary Aid program, authorized by KRS 177.320; the Municipal Road Aid program, authorized by KRS 177.365 – 177.366; the Energy Recovery Road program, authorized by KRS 177.977-177.978; and other Special Programs.

The County Road Aid, Rural Secondary Aid, and Municipal Aid programs receive a portion of the state's motor fuels tax collections. The County Road Aid program receives 18.3 percent of motor fuels tax collections which is distributed to counties for the construction, reconstruction and maintenance of county roads and bridges. The Rural Secondary Aid program receives 22.2 percent of motor fuels tax collections, and funds are used to repair and maintain rural and secondary roads. Funds for both programs are allocated through a formula known as the "formula of fifths," as stated in KRS 177.360. Each county receives a portion of the statewide total as follows: one fifth is divided evenly among all counties, one fifth is divided proportionately based on the amount of rural population in each county, one fifth is distributed on the basis of rural road mileage in each county, and two fifths is apportioned according to each county's share of the total land area in the state.

The Municipal Road Aid program is funded by 7.7 percent of motor fuels tax collections. Distribution is made through a formula based upon the population contained in each city or unincorporated urban area.

Pursuant to KRS 183.220(3), two and one-tenth cents (\$0.021) of the tax collected under the motor fuel tax are excluded from the calculations of revenue sharing distributions as prescribed in KRS 177.320(1) (the Rural Secondary program), KRS 177.320(2) (the County Road Aid program), and KRS 177.365 (the Municipal Road Aid program).

Forty percent of the revenues collected from extended vehicle weight fees support the Energy Recovery Road System. Funds are distributed to the counties for the county-maintained portion of that system. The fund distribution is based on (1) the ratio of miles of roads in each county within this system to the total system miles, and (2) the ratio of the total tons of coal transported over the roads in each county to the total tons reported for the entire state. The Transportation Cabinet has the authority to expend the remaining 60 percent on the roads in the system.

The Special Programs budget unit includes the Commissioner's Office, the Office of Local Programs, the Kentucky Bicycle and Bikeway Commission, and the Bicycle and Pedestrian Program.

Policy

The original fiscal year 2026 Motor Fuels revenue estimate was \$922.6 million, the updated estimate is \$805.4 million. This decreased the revenue sharing appropriation by \$56.5 million in fiscal year 2026.

The Motor Fuels revenue estimate upon which the Road Fund appropriations in the Revenue Sharing program are based, is \$767,925,000 in fiscal year 2027 and \$807,825,000 in fiscal year 2028, increasing the amount for cities and counties allocated through the Revenue Sharing formula.

**Transportation
Vehicle Regulation**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	18,896,299	24,581,904	19,603,700	14,360,700	8,768,000
Current Receipts	21,184,121	21,752,922	21,886,000	18,391,200	17,997,300
Non-Revenue Receipts		(8,907,032)	(4,000,000)		
Total Restricted Funds	40,080,420	37,427,794	37,489,700	32,751,900	26,765,300
Federal Fund					
Balance Forward	(892,060)	(1,123,079)	(1,189,800)		
Current Receipts	3,203,093	3,267,417	5,816,900	4,627,100	4,627,100
Total Federal Fund	2,311,033	2,144,337	4,627,100	4,627,100	4,627,100
Road Fund					
Regular Appropriation	47,052,200	54,657,000	55,522,100	80,210,100	77,927,900
State Salary and Compensation Allocation	534,400				
Current Year Appropriation			5,035,600		
Total Road Fund	47,586,600	54,657,000	60,557,700	80,210,100	77,927,900
TOTAL SOURCE OF FUNDS	89,978,052	94,229,131	102,674,500	117,589,100	109,320,300
EXPENDITURES BY CLASS					
Personnel Costs	38,721,952	46,270,790	51,534,800	68,668,100	69,183,000
Operating Expenses	18,417,074	21,869,200	24,736,400	32,380,000	28,585,200
Grants Loans Benefits	4,476,019	4,600,567	4,600,000	4,600,000	4,600,000
Debt Service			1,507,000	1,613,000	1,613,000
Capital Outlay		758,400	5,635,600	760,000	600,000
Construction	294,238	337,021	300,000	800,000	800,000
TOTAL EXPENDITURES	61,909,282	73,835,977	88,313,800	108,821,100	105,381,200
EXPENDITURES BY FUND SOURCE					
Restricted Funds	15,498,516	17,824,057	23,129,000	23,983,900	22,826,200
Federal Fund	3,434,112	3,334,051	4,627,100	4,627,100	4,627,100
Road Fund	42,976,654	52,677,869	60,557,700	80,210,100	77,927,900
TOTAL EXPENDITURES	61,909,282	73,835,977	88,313,800	108,821,100	105,381,200
EXPENDITURES BY UNIT					
Commissioner	1,002,275	1,141,547	1,341,800	1,806,500	1,836,100
Drivers Licensing	30,432,373	39,904,292	50,647,800	67,884,200	65,400,200
Motor Carriers	7,500,561	7,571,463	9,100,600	8,978,000	9,080,600
Motor Vehicle Licensing	19,402,152	21,889,499	22,845,200	25,819,600	24,672,600
Customer Service	2,068,435	1,709,172	1,733,400	1,706,800	1,729,100
Motor Vehicle Commission	1,503,487	1,620,005	2,645,000	2,626,000	2,662,600
TOTAL EXPENDITURES	61,909,282	73,835,977	88,313,800	108,821,100	105,381,200

The Department of Vehicle Regulation includes the Commissioner's Office and the following divisions: Driver Licensing, Motor Carriers, Motor Vehicle Licensing, and Customer Service. The Motor Vehicle Commission is also attached to the Department for administrative purposes.

Under KRS Chapters 186, 187, 189A, 218A, 281A, and KRS 159.051, the Division of Driver Licensing maintains driver history records for approximately three million drivers. The Division issues licenses to commercial drivers who meet statutory requirements. The Division also enforces driver's license suspensions, revocations, and driver limitation programs. It operates State Traffic School programs, including the Graduated Licensing program.

The Division of Motor Carriers is responsible for the regulation of the trucking and lease/rental industries. The division also collects various taxes from the motor carrier industry, including the weight-distance tax.

The Division of Motor Vehicle Licensing provides for the titling and registration of motor vehicles and boats in accordance with KRS Chapters 186, 186A, 235, and 376. It maintains the Automated Vehicle Information System (AVIS) and controls title distribution functions. Registration and title applications are initiated through local county clerks' offices.

Newly created in 2012, the Division of Customer Service provides a single point of contact for all telephone calls to the Department of Vehicle Regulation in support of over 3 million public customers, Circuit Clerks, County Clerks, and commercial businesses.

Pursuant to KRS Chapter 190, the Kentucky Motor Vehicle Commission licenses and regulates motor vehicle manufacturers, dealers, and salespersons. It is funded through license fees that are deposited into a Restricted Fund account.

Policy

Additional Road Fund of \$5,035,600 in fiscal year 2026, \$20,380,600 in fiscal year 2027, and \$19,848,100 in fiscal year 2028 has been included to support the opening of six new driver licensing offices, making the total number of regional driver license offices 40, and to increase staffing at existing offices. This will address the wait times experienced by residents renewing driver licenses and Real ID's or obtaining credentials for the first time.

The Governor's budget includes additional funding in the amount of \$542,800 in fiscal year 2027 and \$1,114,600 in fiscal year 2028 to fund a 2% salary increment in fiscal year 2027 and an additional 2% in fiscal year 2028.

An additional \$3,600,000 restricted funds each year has been added to support the ongoing operations of the KAVIS system.

Additional Road Fund of \$5,000,000 in fiscal year 2027 and \$2,500,000 in fiscal year 2028 has been added to support maintenance of the new drivers licensing system, known as KINDLE.

Statewide

**Statewide
Budget Reserve Trust Fund**

	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		873,650,500			
Surplus Expenditure Plan	1,452,921,410	15,044,859	251,340,200		
Current Year Appropriation	2,017,591,200				
Continuing Approp-General Fund	2,260,597,156	5,226,409,766	4,560,189,400	3,764,123,100	2,968,473,100
Other	(504,700,000)	(1,554,915,746)	(1,047,406,500)	(795,650,000)	(166,500,000)
Total General Fund	5,226,409,766	4,560,189,379	3,764,123,100	2,968,473,100	2,801,973,100
TOTAL SOURCE OF FUNDS	5,226,409,766	4,560,189,379	3,764,123,100	2,968,473,100	2,801,973,100
EXPENDITURES BY CLASS					
TOTAL EXPENDITURES					
EXPENDITURES BY FUND SOURCE					
TOTAL EXPENDITURES					

The Budget Reserve Trust Fund is the Commonwealth's "Rainy Day Fund." The statutory method of contributions within KRS 48.705 provide for deposits to the Budget Reserve Trust Fund from half of each fiscal year's General Fund surplus until the balance reaches five percent of the prior year's General Fund revenue receipts. That statute has been suspended in the many consecutive budget bills so that all of the General Fund surplus at year's end is deposited into the Budget Reserve Trust Fund, except for the amounts used to finance Necessary Government expenses. Past budget bills have also appropriated amounts directly to the Budget Reserve Trust Fund. The fund may be used when there is a revenue shortfall, for appropriations, and for necessary government expenses.

Policy

The current unobligated balance of the Budget Reserve Trust Fund is \$3,764,123,047. The 2024-26 budget appropriated the use of \$3.1 billion through House Bill 1 and Senate Bill 91 from the 2024 session, and there were deposits of \$873.7 million from the budget bill and \$251.3 million from the fiscal year 2024-25 surplus.

Statewide Kentucky Permanent Pension Fund					
	Actual FY 2024	Actual FY 2025	Revised FY 2026	Recommended FY 2027	Recommended FY 2028
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	200,000,000				
Special Appropriation	(127,320,800)				
Budget Reduction-General Fund			(1,954,500)		
Other	(3,000,000)		(67,724,700)		
Continuing Approp-General Fund		69,679,200	69,679,200		
Total General Fund	69,679,200	69,679,200			
Restricted Funds					
Balance Forward		35,371,191	75,518,600	118,518,600	108,018,600
Current Receipts	528,047	2,270,910	3,300,000	2,300,000	800,000
Non-Revenue Receipts	34,843,144	37,786,534	39,700,000	39,700,000	39,700,000
Total Restricted Funds	35,371,191	75,428,635	118,518,600	160,518,600	148,518,600
TOTAL SOURCE OF FUNDS	105,050,391	145,107,835	118,518,600	160,518,600	148,518,600
EXPENDITURES BY CLASS					
Grants Loans Benefits				52,500,000	72,771,000
TOTAL EXPENDITURES				52,500,000	72,771,000
EXPENDITURES BY FUND SOURCE					
General Fund					
Restricted Funds				52,500,000	72,771,000
TOTAL EXPENDITURES				52,500,000	72,771,000

The Kentucky Permanent Pension Fund appropriation unit was used to contain \$200 million to provide financing in fiscal year 2023-24 to state agencies for salary improvement efforts.

Most of the revenues from the new sports wagering law, 87.5 percent of the excise taxes and application and license fees, are transferred to the Fund. Of the remaining amount, 10% is for the Kentucky Horse Racing and Gaming Commission and 2.5% for the Kentucky problem gambling assistance account.

Policy

The \$67.7 million unexpended General Fund amount is directed in the Governor's 2026-28 budget to the beginning General Fund balance for fiscal year 2027.

The Governor's budget provides \$40.5 million from sports wagering revenues to the Pre-K for All initiative in fiscal year 2028 to be administered by the Department of Education.

The expected balance at the end of fiscal year 2026 is estimated to be over \$115 million. Of that amount, \$52.5 million in fiscal year 2027 and \$32,271,000 in fiscal year 2028 is transferred to support the health insurance costs of Kentucky's local school districts.